Annual Report and Consolidated Financial Statements

For the year ended 31 March 2022

POPLAR HARCA

Creating Opportunities Together

Contents

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

Over the past year, our focus continued to be delivering a high quality service to residents and the community, progressing our regeneration projects and consolidating risk.

The Board is very proud of our best resident satisfaction result of 85%, an improvement on 81% in 2019.

The headline satisfaction result is for all residents, not just tenants, and is a reflection of our purpose of creating opportunities together that realise community potential through exceptional homes and thriving places with social justice at our core.

The Board is pleased to see progress and evidence of risk consolidation. Of particular note is the Chrisp Street regeneration scheme starting on site, which will deliver new shops, a cinema and market and 645 new homes of which 50% will be affordable. The project not only delivers an improvement to the heart of Poplar, it avoids the high cost of refurbishment of existing blocks and delivers an increase in affordable homes for the area.

Our funding position and liquidity is strong thanks to the completion of our bond sales and bank debt re-finance. The result is lower exposure to rising interest rates through a higher proportion of fixed debt and additional flexibility in bank loan covenants that enables greater investment in our homes. This flexibility has enabled us to replace almost 1,200 boilers saving residents £28k per year and reducing carbon emissions by 1,500 tonnes.

Fire safety works for buildings with external wall systems and balconies has been a challenge for the industry and it has been another busy year for us on this front. We have made excellent progress in the period and are on track to complete the majority of works by March 2023.

Inflation and disruption to supply chains has not had a material impact on our service delivery however our attention is very much on the viability of future development schemes.

We work closely with our strategic partners to solve viability challenges and continue to build new homes and improve infrastructure. A good example of these partnerships is the Stroudley Walk development starting on site with enabling works, another significant risk mitigation and strategic milestone for us.

An exciting development achieved in the year is completion of year one of our carbon strategy. The result is much improved data and knowledge allowing the Board to approve funding for a programme to achieve an EPC of C for all the homes we own. The programme is now included in our base business plan and will begin in 2023 and is anticipated to take approximately five years to complete.

Our people and work continue to be recognised locally and nationally. We won several awards again this year thanks to the hard work and talent of our staff. We are especially proud of and delighted for Nahim Ahmed, Spotlight's Youth and Community Engagement Manager, awarded an MBE for services to young people in Tower Hamlets.

On behalf of my fellow Directors, thank you to everyone who supports Poplar HARCA to Create Opportunity, Together. 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 particularly grateful to our residents and volunteers whose contributions inspire Poplar HARCA to do more, and do better.

Paul Brickell

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.

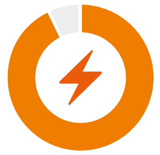
Being Inspirational, Collaborative, Considered, Agile and Equitable are the behaviors which will support us to deliver our purpose.

Our Workforce

Poplar HARCA employs 361 committed people.

In a survey of staff in the summer of 2021, they told us:

96%
understand what is expected from them



93%
find their job challenging and stimulating

93%
feel people treat each other with respect

92%
believe Poplar HARCA values their health and well being

We believe that engaged people provide the best services, evidenced by our highest-ever resident satisfaction this year with 86% of tenants and 82% of homeowners satisfied with Poplar HARCA as their landlord.

People indicators are reported quarterly to Poplar Board, which approved our Organisational Development Strategy and Equality, Diversity, and Inclusion Strategy this year.

Both strategies are developed by staff and focus on creating a healthy and harmonious environment where everyone can be their best selves.

The Board has spent time this year considering staff succession and talent management; acknowledging that we want our senior roles to be more reflective of our community.

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.

Creating Opportunity Together 2021/22

Poplar HARCA launched its 2021-26 Corporate Strategic Plan 'Creating Opportunity Together'. The plan celebrates our purpose, and captures our aspirations and is available online **www.poplarharca.co.uk**.

The first year achievements compared to targets set by the Board as CEO KPIs for 2021/22 are:

Service Satisfaction

KPI	Target	Outcome
Resident satisfaction	81%	85%
5,000 MyHARCA self-service accounts	5,000	5,396
Real-time performance reporting on our website launch	Mar-22	Mar-22
3 new ways for residents to influence services	3	3
3 technology innovations to improve efficiency	3	4
Implement year 1 of carbon management and sustainability strategy	Mar-22	Mar-22
Implement new asset management software	Mar-22	Ongoing

Successful Places

KPI	Target	Outcome
Chrisp Street to start on site	Mar-22	Nov-21
Detailed planning consent for Aberfeldy West submitted	Mar-22	Nov-21
Commence Teviot pre-app planning	Mar-22	Mar-22
18 to 24 year olds into paid Kickstart work placements	20	20
Positive pathways for young people to move away from violence	50	200
Launch food and climate change programme	Mar-22	Mar-22

Strong Foundations

KPI	Target	Outcome
Outperform 2021/22 interest cover	165%	166%
Maintain BAA1 stable outlook credit rating	BAA1 stable	BAA1 stable
Poplar Works achieves financial expectations	(£45k)	£67k
No new rent arrears legal proceedings	0	1

Committed workforce

KPI	Target	Outcome
3 initiatives to support staff in new ways of working	3	3

Awards

We are especially proud of, and delighted for, Nahim Ahmed, Spotlight's Youth and Community Engagement Manager, awarded an MBE for services to young people in Tower Hamlets.

Our people and work continue to be recognised locally and nationally:

ASSOCIATION OF SAFETY & COMPLIANCE PROFESSIONALS, RISING STAR AWARD: AWARDED TO CLARIZZA MURRAY, COMPLIANCE CO-ORDINATOR, FOR MAKING POSITIVE CHANGE IN BUILDING COMPLIANCE AND SAFETY IN SOCIAL HOUSING

HOUSING DESIGN AWARDS, RICHARD FEILDEN AWARD: AWARDED TO SQUIRE & PARTNERS AND CHARLEGROVE PROPERTIES FOR OUR ISLAND POINT DEVELOPMENT OF 173 AFFORDABLE HOMES

POPLAR WORKS ACHIEVED A HAT TRICK THIS YEAR: CIVIC TRUST AWARDS, HIGHLY COMMENDED; PINEAPPLE AWARDS FOR PLACE, CONTRIBUTION TO PLACE; AND RIBA LONDON AWARDS, REGIONAL AWARD. FROM UNDERUSED AND DERELICT GARAGES, POPLAR WORKS PROVIDES ASPIRATIONAL WORK AND TRAINING SPACE TO EAST LONDON'S FASHION ECONOMY

RESIDENT & EMPLOYMENT TRAINING AWARD, UK HOUSING AWARDS: FOR SUPPORTING LOCAL PEOPLE INTO JOBS AND TRAINING DESPITE THE CHALLENGES OF THE PANDEMIC

TOWER HAMLETS CIVIC AWARD: AWARDED TO BABU BHATTACHERJEE, DIRECTOR OF COMMUNITY AND NEIGHBOURHOODS, FOR 15 YEARS DEDICATED TO IMPROVING LOCAL PEOPLE'S LIVES

TOWER HAMLETS COMMUNITY CHAMPION AWARD: AWARDED IN RECOGNITION OF AN OUTSTANDING CONTRIBUTION SUPPORTING THE LOCAL COMMUNITY DURING THE COVID-19 PANDEMIC

Achieving The Vision

The financial and operational strategy that is in place to deliver 'Creating Opportunity' is called 'Achieving the Vision'. In response to rent reduction, the Group has implemented a number of strategic initiatives as part of Achieving the Vision. The initiatives have developed further since achieving the original targets set post rent reduction, with the targets now set to ensure sufficient financial capacity and resilience to deliver our corporate strategy.

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 2022 a total of 414 homes (2021: 369) were let at Local Housing Allowance or market rent and the target is to get to 425 which we will achieve in 2022/23. 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 1.6 new affordable homes for every home sold.

A total of 120 sales completed in the year to bring the total sales to 437. The Board has approved development schemes to be funded from RACO proceeds that will deliver 731 new affordable homes. To fund the net cost (after first tranche shared ownership proceeds) of the 731 new homes requires 470 void sales. We therefore now only have 33 further void sales to complete to fully fund the programme.

Summary Of Financial Performance

MAINTAINING FINANCIAL RESILIENCE

Group operating surplus for the year of £37.3m (2021: £11.1m) was driven by gain on disposal of fixed assets of £27m (2021: £9m). An increase in surplus on social housing lettings of £2.0m to £7.2m (2021: £5.2m), an increase in surplus on shared ownership sales to £2.8m (2021: £1.8m) and an increase in value of investment property of £1.2m (2021: £2.1m reduction) also increased operating surplus.

Joint venture activity resulted in a surplus of £1.1m (2021: loss of £0.9m) in the year as both the Balfron Tower Development LLP and Aberfeldy New Village LLP continue in the construction phase with relatively low volume of off plan sales.

Stripping out joint venture activity, gain on fixed asset disposal and changes in value of investment property shows a 'core' operating surplus of £9.9m up 11% on 2021 (£8.9m). The higher core-operating surplus is principally due to a higher surplus on shared ownership first tranche sales of £2.8m (2021: £1.8m).

£000s	2022	2021
Turnover £k	71,825	65,115
Operating surplus £k	37,343	11,070
Operating margin %	52%	17%
Core operating surplus £k [1]	9,876	8,888
Core operating margin	14%	14%
Surplus on 1st tranche sales £k	2,809	1,825
Debt per unit £k [2]	50.9	49.4
Net assets £k	**179,506**	**168,896**

[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

OTHER COSTS AND ACTIVITIES

Interest payments of £32.3m for the year (2021: £12.5m) includes breakage cost of £19.7m incurred after repaying bank fixed debt. Stripping that out leaves £12.6m of interest payable and similar charges.

GROUP STATEMENT OF FINANCIAL POSITION

The Group statement of financial position has strengthened as shown by the increase in net assets of £10.6m due to the £6.4m surplus after tax and a decrease in net pension liabilities of £4.2m. 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 2022 business plan results in 1,016 new affordable homes over the next 10 years (1,200 units over 11 years in the June 2021 plan).

Including uncommitted capital expenditure, debt for the Group averages approximately £350m over the 10 years to 2032 peaking at £397m in 2025.

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) show the carbon impact and energy use for the year as:

- 1,102 tonnes of carbon dioxide equivalent (2021: 1,111 tonnes)
- 5.7 million kWh of energy (2021: 5.6 million kWh)

The Group previously refurbished their head office implementing LED lighting in FY 2019/20. Senior management have developed a Carbon Management Plan with an external consultancy, which has generated a plan to cover physical energy efficiency improvements to sites, procurement decisions pushing towards renewable energy sources, and the potential to offset remaining carbon emissions.

The above shows the carbon emissions of the Group itself, which covers the head office, community centres and communal areas of residential blocks. Regarding the homes owned by the Group, the Board approved a £12m programme that will fund works to achieve an EPC of C and above for all homes owned by 2030.

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 variable bank funding from Allied Irish Bank and Santander as short term Revolving Credit Facilities (RCF). Both RCFs are SONIA indexed linked.

TREASURY AND LIQUIDITY RISK

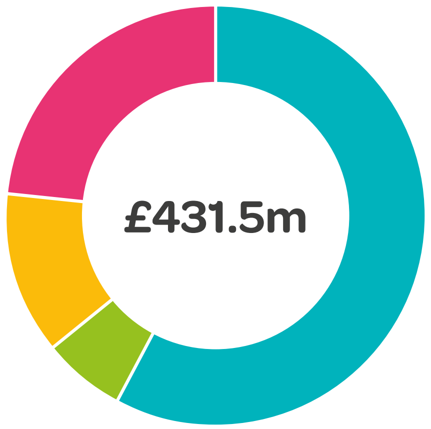
In the financial year 2021/22, the group completed on the Treasury strategy approved by the board in 2020/21. This included the selling of new bonds to capital markets, using premiums to pay back on previously held fixed debt. The group now has £250m of bond debt fully issued (£85m retained as at 31 March 2021) receiving premiums totalling £29.4m. Bonds receive coupon at 4.843%.

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 2021 the company sold £35 million bonds to one investor on a spot sale and later in August the proceeds were used to repay RCF, leaving all £100m RCF undrawn.

All of the £110m bonds issued in November 2020 are now sold.

TOTAL DEBT FUNDING 31 MARCH 2022



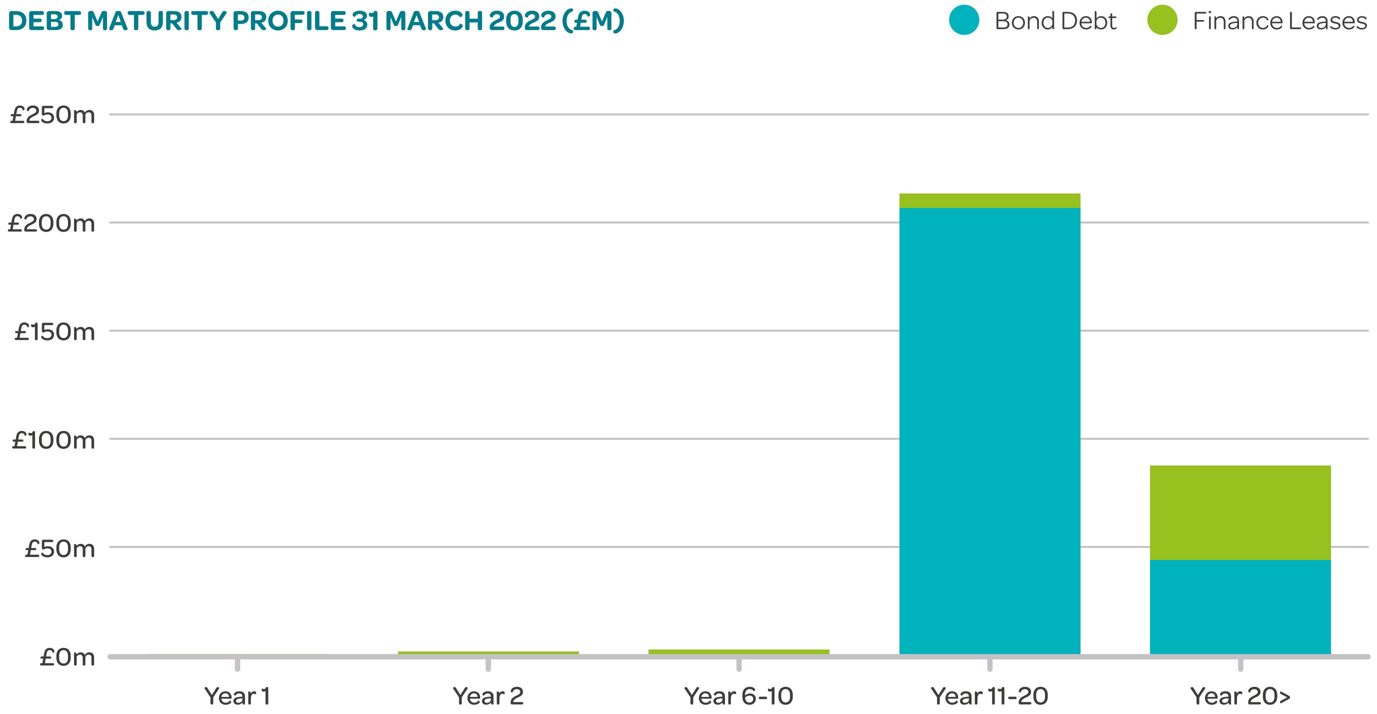
- Bond **£250m**
- Bond premiums **£27.2m**
- Finance Lease **£54.3m**
- SONIA indexed RCF Undrawn **£100m**

All debt facilities are secured and charged to housing properties valued at a mix of EUV-SH and MV-STT.

The Group continues to be risk averse in its approach to interest rate management. As at 31 March 2022, the group is undrawn on variable debt exposed to the risk of rising SONIA. In addition, 16% of debt is RPI linked finance lease funding (£54.3m). The remaining 84% of debt is at fixed rates. Fixed debt is currently above Group policy to maintain between 50% and 80% of outstanding net debt on a fixed rate basis, however is comfortable with this in the current environment. Current forecasts show drawdowns on the facilities will start in 2023/24.

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

DEBT MATURITY PROFILE 31 MARCH 2022 (£M)



INFLATION RISK

The current inflationary environment has been considered at Group level, and the risk score relating to viability of development schemes has increased. The company's investment in joint ventures are not significantly affected because Balfron Tower has a fixed cost agreement and Teviot is in the early design and planning phase and is not committed to construction yet. The risk score increase relates to the Group's uncommitted future pipeline due to the potential difficulty in achieving viability in the current climate. Risks are reviewed at Group level on a quarterly basis.

If the current uncertain economic climate were to result in a further credit rating downgrade to the UK, there would be a strategic response by Poplar HARCA including a reduction in discretionary operating expenditure to improve operating margin and asset sales to reduce its debt.

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. In 2021/22 the Group continued the strong cost control and mitigated the impact of slow 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 2022/23 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 completed 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.

LOAN COVENANTS

The Board approved and implemented a refinancing strategy, completed in the financial year, as discussed in the Treasury section of this report. This resulted in the restatement of two Revolving Credit Facilities held with Santander and Allied Irish Bank, separately. Both facilities now have an interest cover covenant that excludes capital repairs and therefore does not impede the Group's ability to invest in its stock. The covenant continues to exclude gift aid, movements in fair value of investment property, impairment, depreciation, amortisation and gains/losses from disposal of tangible fixed assets.

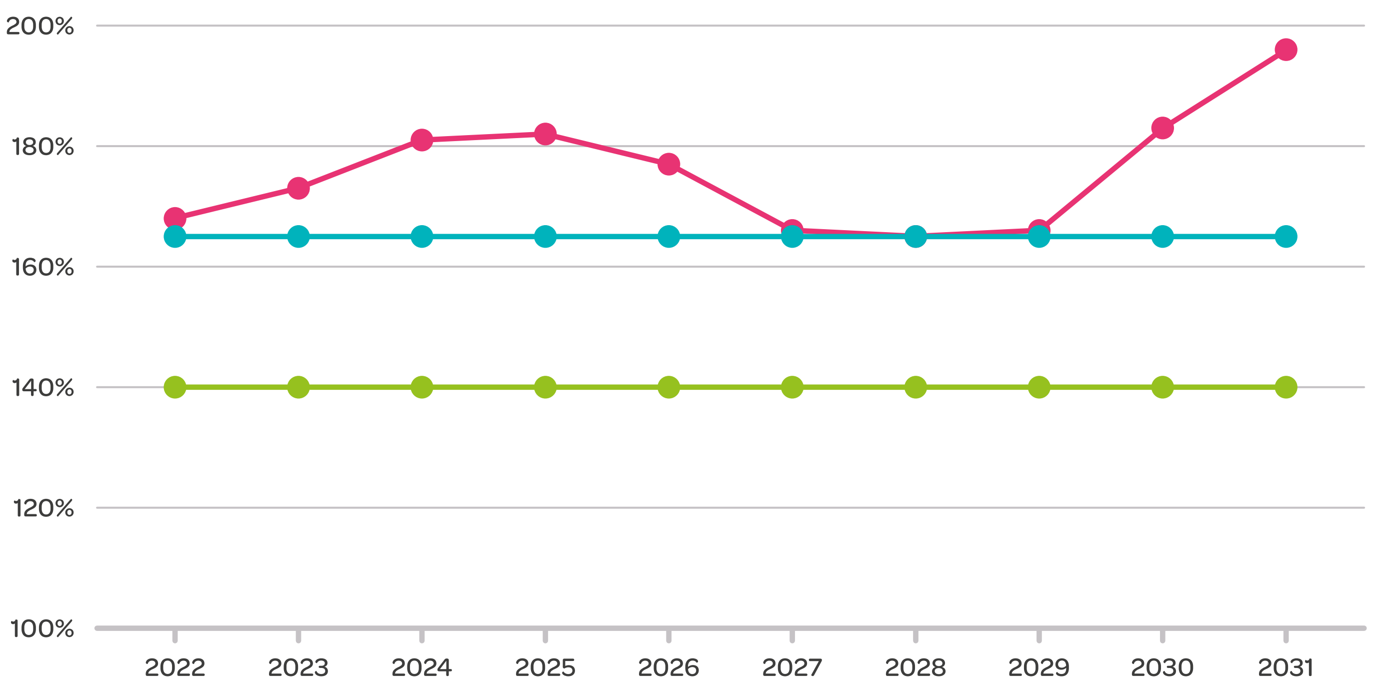
The covenant limit for interest cover now stands at 140% (previously 110% including capital repairs).

The Board has set the internal target for interest cover in the financial control framework at 165%. The result for 2021/22 was 168%.

Our tenanted homes were valued at £696 million on a security basis resulting in a gearing of 48% (2021: 61%). The covenant requirement is 80%. The result of 48% is the lowest gearing result we have seen in over a decade and is a result of our commitment to maintain modest debt levels and also due to a strong uplift in valuation. We remain cautious on future valuations and our assumption for the 2023 rent increase. However gearing is no longer a loan covenant that presents material risk to the Group and our stress testing shows the significant resilience we have on this measure.

Focus in terms of stress testing and loan covenants continues to be on interest cover. The internal limit set by the Board of 165% gives sufficient headroom to mitigate the Board's stress test with partial use of a recovery plan. Our June 2022 stress testing results showed less reliance on our recovery plan which is encouraging and is a result of the consolidation phase the Board has employed in recent years which has reduced risk. The chart below shows our projections of interest cover are on the internal limit for years 2026/27 through 2028/29. This is principally driven by peak regeneration activity, with debt higher from leaseholder buybacks and lending to the Aberfeldy New Village LLP. As new homes complete and land receipts reduce debt, we see improvement and a trend moving above 190% by 2031.

INTEREST COVER BANK COVENANT



Operational Performance

HOUSING MANAGEMENT

Local demand for affordable housing remains overwhelming, with almost 22,000 applications on the Tower Hamlets Common Housing Register. There are over 1,000 Poplar HARCA tenants registered to move, 58% need to move due to overcrowding; and 10% are being rehoused due to major regeneration projects.

We let 78 homes to applicants from the Common Housing Register: 62 of whom were overcrowded; 9 under-occupying and 25 with long-term limiting health conditions and disabilities. 77 Poplar HARCA tenants were transferred: 49 of whom were overcrowded; 18 under-occupying and 20 with long-term limiting health conditions and disabilities. (Note: applicants can have multiple needs e.g. overcrowding and disability). We also sustained 11 Housing First tenancies, providing homes direct to supported street sleepers.

Over 30% of our tenants receive Universal Credit. With the cost-of-living crisis hitting tenants particularly hard, we have focussed on intervening sooner when residents start to accrue arrears, with a target to reduce the number of new cases referred to Court. It was therefore pleasing that just one new case was referred to Court this year for rent arrears, and that was only after significant efforts to engage.

An increasing number of transactions are carried out by residents online with 5,400 MyHARCA accounts, representing over 50% of all residents, carrying out over 38,000 interactions and paying over £1.9m online.

We remain committed to ensuring residents genuinely influence what we do, and how we do it. This is reflected in the results of this year's resident survey with 83% saying they would recommend Poplar HARCA to others; 84% saying we make a positive difference to the local area and 83% satisfied with our services.

In the same survey, residents told us that making the area safer should be our highest priority. We opened 905 anti-social behaviour cases this year, with over 2,200 incidents reported resulting in 298 ASB warnings and 727 warning letters issued, 11 legal notices, 49 injunctions and 36 referrals to specialist support.

The internal audit of our Safeguarding Adults service gave substantial assurance, with no recommendations. Given the increasing scrutiny and importance of this work, it is comforting to note this validation of our processes.

TECHNICAL AND ESTATE SERVICES

Resident satisfaction with repairs remains top quartile, with transactional surveys reporting 93.73% satisfaction. In the financial year we completed over 22,950 repairs (2021: 18,000), replaced 1179 boilers (2021: 283 boilers) and carried out more than 12,000 safety checks. It takes on average 9.16 days (2021: 5.29 days) from the initial report to complete a repair, with 99% completed in target.

Approximately 3,500 estate inspections were completed and documented. These inspections include observations relating to general health and safety and fire safety. The estate teams carried out 400 visits to new residents to deliver useful information and answer any questions.

Bulk refuse tonnage is still equating to around 800 metric tonnes per year. With tipping fees rising, and special disposal charges becoming increasingly high for things like white goods and mattresses, we are experiencing bigger spends each year.

Our vehicle fleet is greener than ever before with the introduction of two 100% electric vehicles. Estate Services have had two charging units installed on our estates. The units have an output of 7kw which can be increased to 22kw without the need to replace the units. This ensures reasonable future proofing and VFM on install costs.

We installed over 1,000 new boilers in the year, the majority of a programme delivering almost 1,200 which will complete in summer 2022. The programme will save residents £28k per year and reduce carbon emissions by 1,500 tonnes.

DEVELOPMENT AND REGENERATION

In the year we completed Aberfeldy Phase 3 Block G and Devons infills a total of 44 new affordable homes.

The remaining block on Aberfeldy phase 3B, a further 17 affordable homes, is nearing completion with hand over scheduled for late June. The new Aberfeldy medical centre, café, pharmacy and community centre fit out has commenced and we are targeting completion in December 2022. This phase will bring forward a lively new village centre benefiting the whole area. Planning has been submitted for a further 1625 homes on Aberfeldy West and we expect the project to go to Planning committee in September with a start on site in late 2022.

Design continues at our Teviot Estate Regeneration project following the appointment of our Joint Venture partner, Hill Partnerships. We have started the master planning process and have held numerous meeting with LBTH Planning and Regeneration team and are working towards a planning application later this year with a view to commencing works on site in late 2023/24. The scheme will deliver circa 1,800 new homes and associated infrastructure.

Chrisp Street regeneration scheme has now commenced on site and is progressing in accordance with programme. In addition to new shops, cinema and market this project will deliver 645 new homes of which 50% will be affordable.

Stroudley Walk development has now commenced on site with enabling works. Detailed design for the main scheme is being developed and we will be procuring a contractor for the main works over the summer with a view to commencing main works on site in the autumn. The project will deliver a total of 274 new homes of which 50% will be affordable.

At Balfron Tower we have now agreed a fixed price to complete the works and have agreed revised terms with the bank to ensure the project is fully funded. On site the project is now progressing well with a completion scheduled for late 2022 and sales launch in mid-July.

Our two section 106 projects Leven Road and Marsh Wall are progressing well and are both on programme and will deliver a total of 290 affordable homes when completed which is anticipated in 2024.

Fire safety works for buildings with external wall systems and balconies have been a challenge for the industry and it has been another busy year for us on this front. We have made excellent progress in the period and are on track to complete the majority of works by March 2023. A total of 42 buildings still require some level of remediation. Remediation to 4 buildings over 18m have been completed so far. Remediation works are underway to another 11 buildings and following completion of the tendering process, contracts have now been placed and works are due to commence shortly on another 5 buildings with the remaining buildings being procured.

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 £7.4m (2021: £6.6m) was partially offset by external funding of £2.6m (2021: £2.3m) resulting in a net investment by Poplar HARCA of £4.8m for the year (2021: £4.3m).

SPOTLIGHT

We have expanded our Spotlight Youth Service and collaborated with One Housing to deliver youth programmes for those aged 11-19 years on the Isle of Dogs. The service offers a range of activities including detached youth work, chill out and games, football (roof-top 3G pitch), workshops and more from 4pm every Monday, Tuesday and Wednesday.

Spotlight has also re-established Poplar HARCA's Youth Empowerment Board (YEB). It has been re-activated by the team at Spotlight to function as a way of bringing youth voice into the heart of the decision making processes at Poplar HARCA. The group, made up of 25 young people, meet on a monthly basis to share ideas, meet people within positions of authority from the local area and participate in high quality skills-based sessions. The group contribute to the Teviot Regen Masterplan Documents.

EMPLOYMENT & TRAINING

This year, 1,102 learners completed accredited courses with us. They have achieved a combined total of 1,118 qualifications. Not all of them have found jobs but the confidence that they have gained through their new-found skills have given them the perfect starting point to progress into something positive. We work with a wide variety of jobseekers, the majority of whom have multiple and complex barriers and are quite far away from the labour market.

In this period, we have supported 100 over 50s residents to learn basic digital skills and provided them with a device. 82 trainees received and completed an accredited Digital Skills Courses.

We are confident that those who have completed their courses will move on to find the right jobs for them in due course. They would join the 291 jobseekers whom our employment advisers have successfully helped this year to get hired for work. Of these, 73 got jobs in Barts NHS Trust.

Our colleagues' hard work has been recognised in the 2021 UK Housing Awards under the Resident Training and Employment category. Afterwards, the Employment & Training Hub, as an accredited Learning Centre, has earned for Poplar HARCA an OUSTANDING Ofsted mark for over-all effectiveness. Ofsted has commended Poplar HARCA's leadership in supporting this excellent work from service staff to the very top of PH governance.

We will continue to cater for the vulnerable groups of jobseekers and provide them with the necessary tools to successfully enter the world of work. We will also expand our work with young people in search of jobs which this year included working with those who have taken up the government's Kickstart Programme. We have so far engaged with 250 young people and 60 have completed accredited training with us. We have also supported 57 into jobs. The work continues through to 2022/23 financial year.

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 2021 to 31 March 2022:

Organisation	2022 £	2021 £
Action for Bow	-	5,000
Apple Music	82,327	41,439
Barts Health NHS Trust	9,800	12,000
Big Lottery Fund (Reaching Communities)	160,787	88,919
Clarion Futures	-	2,000
Department for Work and Pensions (Kickstart)	85,843	-
Educations and Skills Funding Agency	-	513
Elysium	-	10,000
European Social Fund	375,184	-
Good Things Foundation	33,857	94,070
Hill Grant	16,500	-
London Borough of Tower Hamlets	450,750	897,904
London Marathon Fund	-	18,000
Mayor’s Fund for London	1,600	-
Peabody Trust	500	5,000
Rangoola Foundation	7,500	7,500
South Gloucestershire College	56,942	-
Sony	20,322	-
The Greater London Authority	763,239	758,257
UNITAS	-	6,000
	2,065,151	**1,923,602**

Our Value for Money strategy

Our five-year corporate strategy 2021-26 states our purpose is creating opportunities together that realise community potential through exceptional homes and thriving places with social justice at our core.

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 ‘Achieving 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 ‘Achieve the Vision’ and to deliver the ambitious Corporate Strategic Plan.

The VFM Strategy SMART targets for 2026 are the following (as per RSH VFM Scorecard definitions):

- Social housing cost per unit of £5,200
- Management cost per unit of £1,600
- 150% EBITDA MRI
- 50% gearing
- 20% operating margin

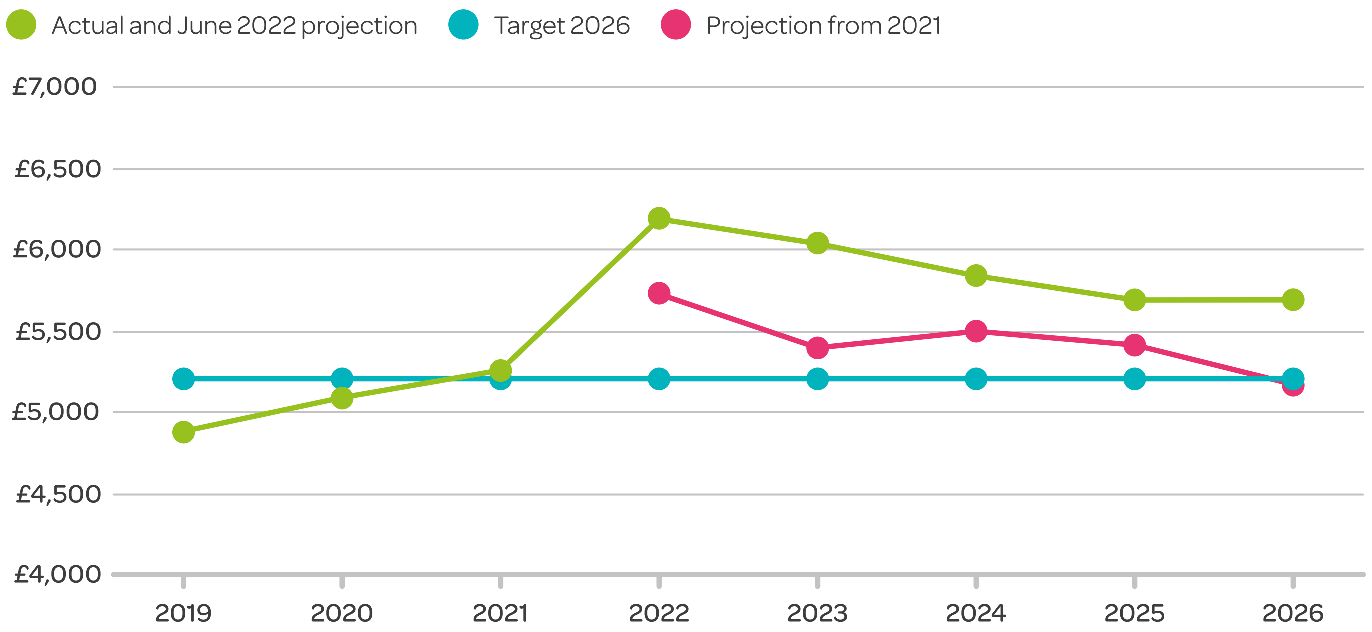
The purpose of the VFM 2026 targets is ultimately maintaining financial resilience whilst delivering our corporate strategy within risk tolerance.

The targets were set using the June 2021 business plan meaning the five-year targets enable the Board to hold itself to account against its financial projections.

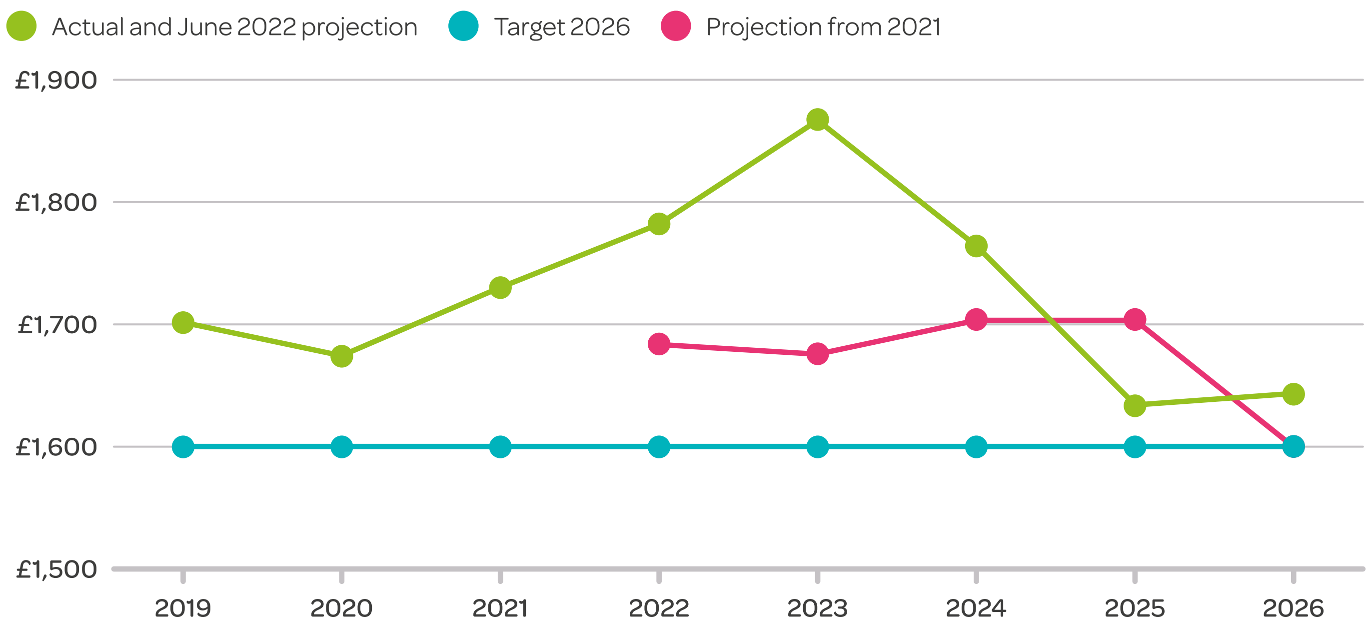
Our current approach to maximising the return on assets is characterised by extensive stock option appraisals based on detailed density calculations and net present value analysis. The progress of the Aberfeldy New Village LLP and completion of Jolles House are examples of regeneration increasing the 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.

Costs per unit are now projected to be 10% higher in 2026, largely caused by inflation. The upward pressure is more on social housing cost per unit, particularly around maintenance costs. The £12m programme to get to EPC of C for all our rented stock is excluded from the cost per unit projections to enable a better comparison to the original targets set in 2021.

SOCIAL HOUSING COST PER UNIT

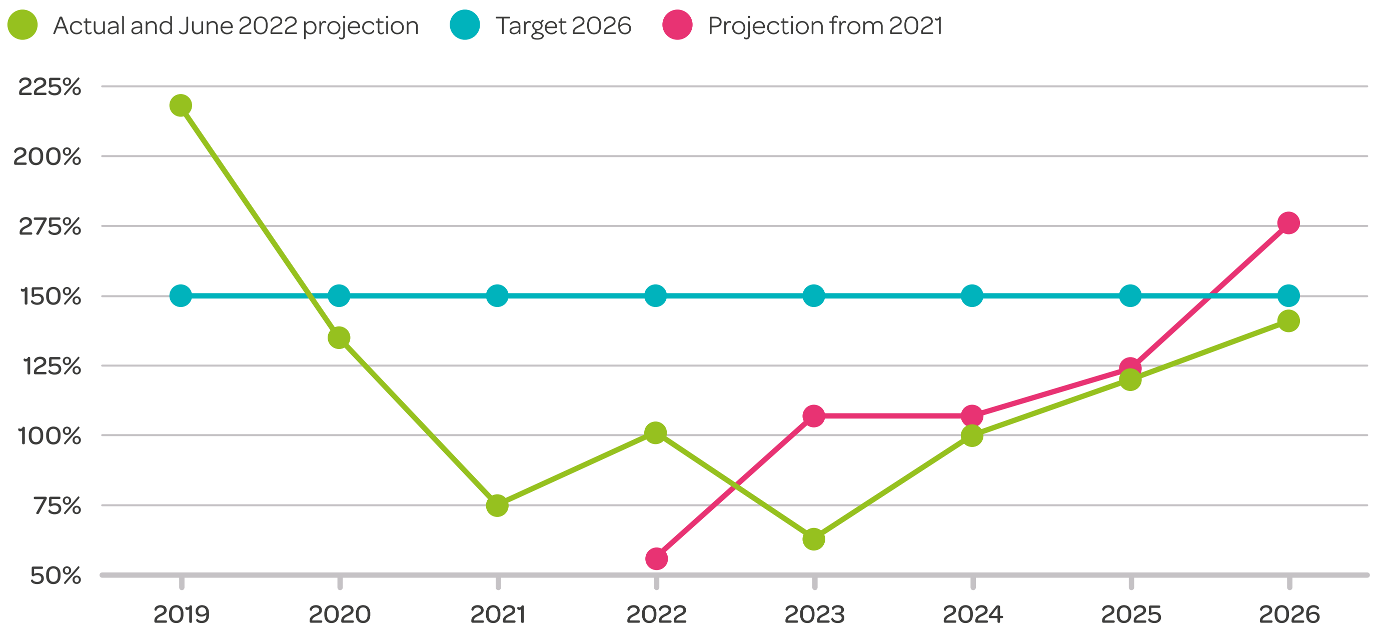


MANAGEMENT COST PER UNIT

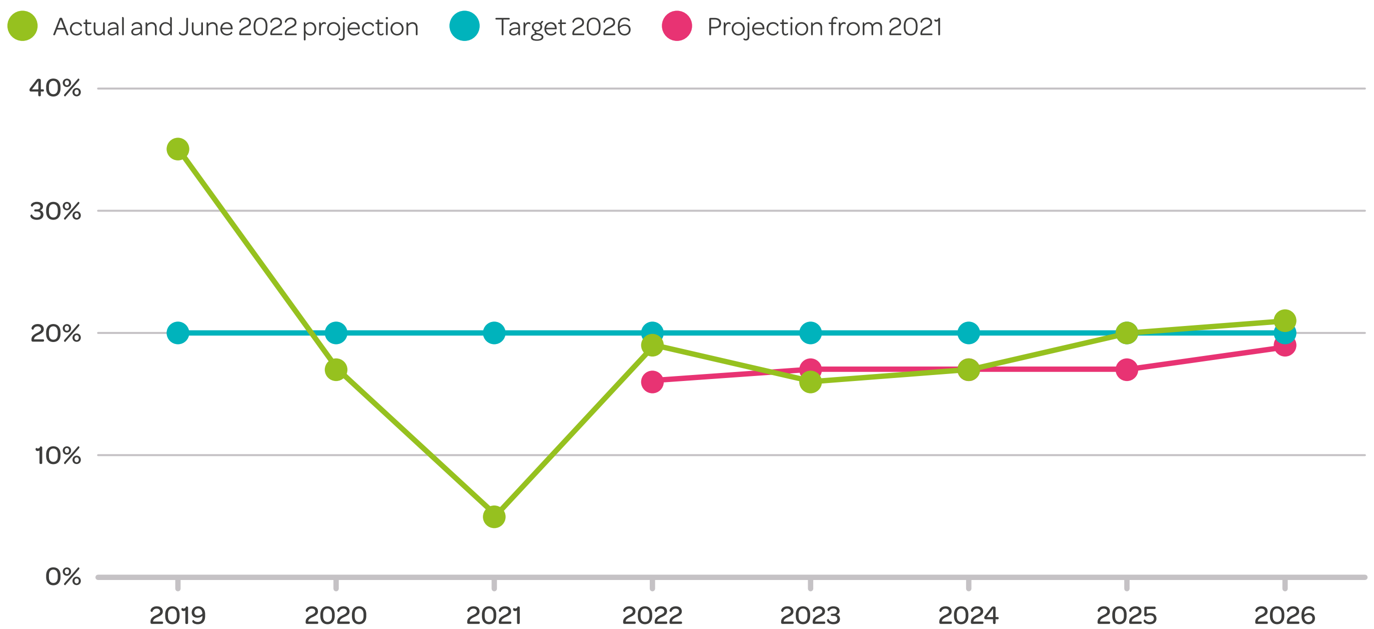


The planned £12m EPC programme is a key reason we now project being below the 150% target in 2026, along with inflation in cost. The Board has taken a prudent approach to its April 2023 rent increase assumption given the cost of living pressure on our tenants. This is another factor weighing on EBITDA MRI and operating margin. However despite that and the cost inflation environment, operating margin is now projected to be above our target of 20% in 2026. The improvement is due to higher capitalisation of maintenance costs. Note the low margin in 2021 was caused by the investment in Carredale House through a subsidiary making it an operating cost.

EBITDA MRI (RSH DEFINITION)



OPERATING MARGIN EXCLUDING SALES (RSH DEFINITION)



Value For Money Scorecard

The table on the following page is the Poplar HARCA Value for Money Scorecard. The performance measures are set by the Board and includes those specifically required to be published annually under the "Value for Money Standard 2018" issued by the Regulator.

The result from the 2021/22 resident satisfaction survey of 85% (for tenants and leaseholders) compares to 81% from 2019/20 and 75% for the survey prior to that. This upward trend is something the Board is very proud of and we continue to set a target of maintaining this high level.

Reinvestment levels are high due to our S106 investment programme funded from void sales, in line with our RACO strategy. The void sales pushes up return on capital employed resulting in the relatively high result of 6% for 2021/22.

The ratio of responsive repairs to planned maintenance of 0.5 is a good result, partly helped by the external wall system investment programme. The Board has set an objective of achieving a ratio of 0.5 as part of our asset management strategy. Excluding the external wall system programme, the result for 2021/22 is 0.6 with the improvement on the previous year driven largely by the 2021/22 boiler replacement programme.

Sector scorecard	PH Group 2022	PH Group 2021	PH Group 2020
Business health			
Operating margin excluding surplus on disposals	12%	5%	17%
Operating margin- social housing lettings	19%	14%	14%
EBITDA MRI % interest cover [1]	79%	75%	135%
Development - capacity and supply			
New supply delivered (absolute)			
- Units developed social housing units	44	160	251
- Units developed non-social housing units	0	0	0
New supply delivered (as % of units owned)			
- Units developed social housing units	1%	3%	4%
- Units developed non-social housing units	0%	0%	0%
Gearing [2]	50%	51%	48%
Outcomes delivered			
Resident satisfaction with services provided by landlord	85%	-	81%
Reinvestment % [3]	8%	9%	5%
Investment in Communities (spend in year)	£7.4m	£6.6m	£6.7m
£s invested in Communities for every £ generated from operations	0.35	4.68	0.54
Effective asset management			
Return on capital employed [4]	6%	2%	4%
Occupancy	97.5%	98.0%	99.0%
Ratio of responsive repairs to planned maintenance	0.5	0.7	0.8
Operating efficiencies			
Headline social housing cost per unit	£6,186	£5,251	£5,082
- Management cost per unit	£1,782	£1,730	£1,674
- Service charge cost per unit	£1,271	£1,153	£1,180
- Maintenance cost per unit	£1,184	£1,124	£1,344
- Major repairs cost per unit	£1,209	£436	£368
- Lease costs per unit	£248	£241	-
- Other social housing cost per unit	£490	£567	£516
Rent collected	100.1%	99.9%	100.7%

[1] 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

[2] 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

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

[4] 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 have been considered by our Audit and Risk Committee.

The organisation's cross-directorate Covid-19 recovery team continued to help plan the organisation's response throughout the business year as we emerged out of the third national lockdown, through the various roadmap out of lockdown phases and into the period where restrictions were lifted. Covid-safe risk assessments for activities were conducted as appropriate. There was continued liaison with the Borough's Resilience Forum and we assisted Public Health by making our Burcham Street Centre available as a lateral flow test centre until July 2021. The St. Paul's Way Centre and Aberfeldy Neighbourhood Centre were used as Community Test Collection centres throughout the business year.

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. Work to manage out the risks in line with the recommendations of the fire risk assessment reports continues. Fire work figures are presented to Services as part of the reporting on compliance. We have continued to work closely with the Development Team's programme to conduct external wall system assessments of those buildings which require these. For example, we changed the evacuation strategy and communicated this to residents as temporary alarm systems were installed pending remediation work.

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

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 eleven directors who are also shareholders.

CORPORATE GOVERNANCE

The Board has adopted the National Housing Federation's (NHF) Code of Governance published in 2020. Poplar HARCA complies with the code in all areas except for requirements regarding tenure.

The Board has decided that the six year tenure requirement will not apply to any members appointed on or before March 2021. This is because the Board is of the opinion that it has a successful model of governance that has allowed an effective and diverse board to flourish. The nature of many of Poplar HARCA's projects means long lead and implementation times. Initial conception to final delivery can take more than six years and a collective understanding and memory of how projects have been considered and developed over time is important for the ongoing of vision of Poplar HARCA, especially in its role as a place maker. Poplar HARCA has achieved great success with involving people with lived experiences on the committees and Board. It has been able to achieve this by recognising that some local people will require support, development opportunities and time to get used to and gain confidence in a board room setting whilst others have the skills and experience of a professional board and are able to hit the ground running on appointment. The committees have also provided environments for members to develop their understanding of the organisation and build their skills before potentially moving on to the Board. The Board will keep its decision on tenure requirements under review and an external review of governance in November 2021 endorsed its current approach.

Currently five board members are serving their third term which means they will have served a total of nine years as Board members when they retire. The decision to extend the tenure for an additional term for each member was decided on individual merit and it was agreed that this was in the organisation's best interest. Four of the five will retire by September 2023 and the final member, the Chair, will retire in September 2024.

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 this 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.

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
- John Norman
- Matthew Rowe
- Simon Turek
- Alexandra Woolmore
- Kyle Rosevear
- Shabana Yousaf
- Rafi Mannan (retired October 2021)

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 eleven Board members, two are local residents and three are former residents. Three members are Poplar HARCA tenants or leaseholders.

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 Resident Empowerment & Support Team and CaN teams, Youth Empowerment Board and Joint Estate Panel. We also use LinkedIn, social media, the Poplar HARCA website and email newsletters, Women on Boards and Volunteer Centre Tower Hamlets. At 31 May 2022 the Board had a gender balance of 45% female, 55% male, and a broad distribution of members across age brackets (as below).

18-25	26-45	46-64	65+
0	6	3	2

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

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, this was 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 83% Board attendance, and average 86% attendance across the following Committees.

- **Finance Committee**
  The Finance Committee oversees finance strategy and performance, the development programme and asset management. 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.

- **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.

  There has been an extensive recruitment programme taking place 2021/22 for the committees and we will be appointing five new committee members between September and November 2022.

  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. The YEB was re-launched in 2021 as a formal programme including one-to-one mentoring.

- **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 Group 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

Neal Hunt
Director of Development (retired April 2021)

Paul Dooley
Director of Development (from April 2021)

Kevin Wright
Director of Technical Resources

Andrea Baker
Director of Housing & Corporate Services

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 (2021: £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 2020 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 seven 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 were published in October 2021. The IDA resulted in no change to the highest governance rating of G1 and no change to the compliant viability rating of V2.

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 13 September 2022.

By order of the Board

Paul Brickell

Dr Paul Brickell - Chair

Date: 13 September 2022

155 East India Dock Road
Poplar
London E14 6DA

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 Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2022 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 2022 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 2019.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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:

- the parent company has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; 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 32, 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 Poplar HARCA Limited, its subsidiary undertakings and their industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, 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 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.

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.

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.

Vincent.S.Marke

Vincent Marke (Senior Statutory Auditor) for and on behalf of Mazars LLP

Date: 20 October 2022

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Financial Statements

Statement of Comprehensive Income - Group and Association

for the year ended 31 March 2022

		Group		Association	
	Notes	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Turnover	2a	71,825	65,115	71,775	65,160
Cost of sales	2a	(4,969)	(1,994)	(4,969)	(1,994)
Operating costs	2a	(56,980)	(57,998)	(55,608)	(53,983)
Share of operating (loss)/surplus of joint ventures	2a, 16	1,099	(895)	-	-
Write down of investment in subsidiaries	15	-	-	-	(9,874)
Write down of investment in joint ventures	16	(464)	-	(464)	-
Gain on disposal of fixed assets and investment property	2a, 5	27,331	8,892	27,331	8,892
Change in value of investment property	14	(499)	(2,050)	(1,430)	(2,050)
Operating surplus	**2a**	**37,343**	**11,070**	**36,635**	**6,151**
Interest receivable and similar income	6	1,414	1,429	1,858	1,521
Interest payable and similar charges	7	(32,324)	(12,488)	(32,324)	(12,488)
Surplus before tax	**4**	**6,433**	**11**	**6,169**	**(4,816)**
Tax on surplus on ordinary activities	10	(32)	2	-	-
Surplus for the year		**6,401**	**13**	**6,169**	**(4,816)**
Other comprehensive income					
Re-measurement of pension schemes	8	4,210	(4,844)	4,210	(4,844)
Total comprehensive income for the year		**10,611**	**(4,831)**	**10,379**	**(9,660)**

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

Dr Paul Brickell
Chair

Tanya Martin
Trustee

Jonathan Spearing
Company Secretary

Statement of Financial Position - Group and Association

as at 31 March 2022

		Group		Association	
	Notes	2022 £'000	2021 (Restated) £'000	2022 £'000	2021 £'000
Fixed assets					
Housing properties	11	507,415	468,345	507,415	468,345
Other fixed assets	12	12,902	13,375	12,902	13,375
Intangible assets	13	447	454	447	454
Investment in commercial properties	14	59,848	60,341	54,679	56,103
Investment in subsidiaries	15	-	-	8,884	8,884
Joint ventures	16	10,177	8,467	-	
		590,789	**550,982**	**584,327**	**547,161**
Current assets					
Stock	17	11,820	13,183	11,820	13,183
Debtors falling due within one year	18	11,561	12,353	21,002	20,521
Debtors due after more than one year	18	26,440	27,399	26,581	26,728
Short term investment	20	6,586	16,686	6,586	6,586
Cash and cash equivalents	19	18,418	18,412	14,325	13,976
		74,825	**88,033**	**80,314**	**80,994**
Creditors: amounts falling due within one year	23	(28,779)	(21,258)	(28,709)	(21,111)
Net current assets		**46,046**	**66,775**	**51,605**	**59,883**
Total assets less current liabilities		**636,835**	**617,757**	**635,932**	**607,044**
Creditors: amounts falling due after more than one year	24	(449,843)	(437,015)	(449,738)	(426,868)
Provisions for liabilities	25	(7,485)	(11,846)	(7,485)	(11,846)
Net Assets		**179,507**	**168,896**	**178,709**	**168,330**
Reserves					
Income and expenditure reserve		175,507	164,896	174,709	164,330
Revaluation reserve		4,000	4,000	4,000	4,000
Total reserves		**179,507**	**168,896**	**178,709**	**168,330**

These financial statements were approved by the Board of Directors on 13 September 2022 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 2022

Group	Notes	Called up share capital £'000	Revaluation reserve £'000	Income and expenditure reserve £'000	Total equity £'000
Balance at 1 April 2020		-	1,500	170,604	172,104
Prior year adjustment*		-	-	1,623	1,623
Restated balances at 1 April 2020		-	1,500	172,227	173,727
Surplus for the year after tax		-	-	13	13
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**	**164,896**	**168,896**
Surplus for the year after tax		-	-	6,401	6,401
Re-measurement of pension scheme		-	-	4,210	4,210
Balance at 31 March 2022		**-**	**4,000**	**175,507**	**179,507**

Association	Notes	Called up share capital £'000	Revaluation reserve £'000	Income and expenditure reserve £'000	Total equity £'000
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**
Surplus for the year after tax		-	-	6,169	6,169
Re-measurement of pension scheme	8	-	-	4,210	4,210
Balance at 31 March 2022		**-**	**4,000**	**174,709**	**178,709**

*Balfron LLP decided in the year that the members have equal entitlement to the profits of the partnerships where as 100 % of the losses are attributed to St Leonards development LLP. The Poplar HARCA Project limited surrender £1,623k year to date losses to St Leonards development LLP.

**£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 2022

	Notes	2022 £'000	2021 £'000
Net cash received from operating activities	21	**21,508**	**4,836**
Cash flows from investing activities			
Acquisition of housing properties		(50,417)	(32,372)
Acquisition of other fixed assets		(964)	(595)
Proceeds from sale of housing properties		32,176	10,234
Proceeds from sales of other fixed assets		-	548
Acquisition of investment property		(6)	(2,718)
Distribution from joint ventures		-	1,140
Loan provided to joint ventures		2,265	(9,873)
Grants received		10,879	5,912
Interest received		6	-
Net cash flows from investing activities		**(6,061)**	**(27,724)**
Cash flows from financing activities			
Interest paid		(12,171)	(11,697)
Loan breakage cost paid		(19,682)	-
Interest element of finance lease rental payments		(2,458)	(2,472)
Capital element of finance lease rental payments		(331)	(318)
Loans paid		(98,500)	-
Deposit released with interest /(held) for new bond issued		10,100	(10,000)
New borrowing		107,601	52,246
Net cash paid in financing activities		**(15,441)**	**27,759**
Net cash (decrease)/increase in cash and cash equivalents		6	4,871
Cash and cash equivalents at beginning of year		**18,412**	13,541
Cash and cash equivalents at end of year	22	**18,418**	**18,412**

Notes to the Financial Statements for the year ended 31 March 2022

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.

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 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 2022/23 and forecast for future years, and based on normal strategic business planning and control procedures, and following the 13 September 2022 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, Balfron Tower Developments LLP and Teviot Estate 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 deprecation. 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
Photovotaics	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 3.94% (2021: 4.64%) 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 early part of 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, operating costs and operating surplus.

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 31st March 2021.

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 2022 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 or 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 2022, 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 2022 – External professional valuation

  31 March 2021 – Directors' valuation

  31 March 2020 – Directors' 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.

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	2022 Turnover	2022 Cost of Sales	2022 Operating Costs	2022 Other operating items	2022 Operating Surplus /(Deficit)	2021 Turnover	2021 Cost of Sales	2021 Operating Costs	2021 Other operating items	2021 Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings										
Rental accommodation	41,749	-	(36,557)	-	5,192	40,912	-	(34,775)	-	6,137
Leasehold accommodation	7,207	-	(5,649)	-	1,558	5,507	-	(6,456)	-	(949)
	48,956	-	(42,206)	-	6,750	46,419	-	(41,231)	-	5,188
Amortised government grants	3,213	-	-	-	3,213	3,235	-	-	-	3,235
Refurbishment administration	-	-	(4,152)	-	(4,152)	-	-	(4,032)	-	(4,032)
Refurbishment administration costs capitalised	-	-	1,398	-	1,398	-	-	777	-	777
	52,169	**-**	**(44,960)**	**-**	**7,209**	**49,654**	**-**	**(44,486)**	**-**	**5,168**
Other social housing activities										
Shared ownership sales – First tranche	7,778	(4,969)	-	-	2,809	3,819	(1,994)	-	-	1,825
Gain on disposal of fixed assets and investment property	-	-	-	27,331	27,331	-	-	-	8,892	8,892
	7,778	**(4,969)**	**-**	**27,331**	**30,140**	**3,819**	**(1,994)**	**-**	**8,892**	**10,717**
Non-social housing activities										
Community regeneration	2,617	-	(7,444)	-	(4,827)	2,265	-	(6,573)	-	(4,308)
Garages and commercial properties	1,084	-	(398)	-	686	911	-	(685)	-	226
Market rent	2,537	-	(239)	-	2,298	2,660	-	(145)	-	2,515
Other*	5,640	-	(4,455)	-	1,185	5,806	-	(6,597)	-	(791)
Change in value of investment property	-	-	-	(499)	(499)	-	-	-	(2,050)	(2,050)
Share of operating surplus/(loss) of joint ventures	-	-	-	1,099	1,099	-	-	-	(895)	(895)
Write down of investment in joint ventures	-	-	-	(464)	(464)	-	-	-	-	-
	11,878	-	(12,536)	136	(522)	11,642	-	(14,000)	(2,945)	(5,303)
Total on ordinary activities	**71,825**	**(4,969)**	**(57,496)**	**27,467**	**36,827**	**65,115**	**(1,994)**	**(58,486)**	**5,947**	**10,582**
Leaseholder works and recharges	-	-	516	-	516	-	-	488	-	488
Total	**71,825**	**(4,969)**	**(56,980)**	**27,467**	**37,343**	**65,115**	**(1,994)**	**(57,998)**	**5,947**	**11,070**

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

Association	2022 Turnover	2022 Cost of Sales	2022 Operating Costs	2022 Other operating items	2022 Operating Surplus /(Deficit)	2021 Turnover	2021 Cost of Sales	2021 Operating Costs	2021 Other operating items	2021 Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings										
Rental accommodation	41,749	-	(36,557)	-	5,192	40,911	-	(34,775)	-	6,136
Leasehold accommodation	7,207	-	(5,649)	-	1,558	5,507	-	(6,456)	-	(949)
	48,956		(42,206)		6,750	46,418		(41,231)	-	5,187
Amortised government grants	3,213	-	-	-	3,213	3,235	-	-	-	3,235
Refurbishment administration	-	-	(4,152)	-	(4,152)	-	-	(4,032)	-	(4,032)
Refurbishment administration costs capitalised	-	-	1,398	-	1,398	-	-	777	-	777
Refurbishment administration recharged to Group Company	384	-	-	-	384	477	-	-	-	477
	52,553	**-**	**(44,960)**	**-**	**7,593**	**50,130**	**-**	**(44,486)**	**-**	**5,644**
Other social housing activities										
Shared ownership sales – First tranche	7,778	(4,969)	-	-	2,809	3,819	(1,994)	-	-	1,825
Gain on disposal of fixed assets and investment property	-	-	-	27,331	27,331	-	-	-	8,892	8,892
	7,778	(4,969)	-	27,331	30,140	3,819	(1,994)	-	8,892	10,717
Non-social housing activities										
Community regeneration	2,617	-	(7,444)	-	(4,827)	2,265	-	(6,572)	-	(4,307)
Garages and commercial properties	948	-	(260)	-	688	776	-	(590)	-	186
Market rent	2,537	-	(239)	-	2,298	2,660	-	(145)	-	2,515
Other	5,342		(3,221)		2,121	5,510		(2,679)	-	2,831
Change in value of investment property	-	-	-	(1,430)	(1,430)	-	-	-	(2,050)	(2,050)
Written down of investment in subsidiaries	-	-	-	(464)	(464)	-	-	-	(9,874)	(9,874)
	11,444	**-**	**(11,164)**	**(1,894)**	**(1,614)**	**11,211**	**-**	**(9,986)**	**(11,924)**	**(10,699)**
Total on ordinary activities	**71,775**	**(4,969)**	**(56,124)**	**25,437**	**36,119**	**65,160**	**(1,994)**	**(54,472)**	**(3,032)**	**5,662**
Leaseholder works and recharges	-	-	516	-	516	-	-	489	-	489
Total	**71,775**	**(4,969)**	**(55,608)**	**25,437**	**36,635**	**65,160**	**(1,994)**	**(53,983)**	**(3,032)**	**6,151**

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

Group	General needs housing £'000	Other social housing £'000	2022 Total £'000	2021 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and void losses	37,254	-	37,254	36,550
Service income	4,495	-	4,495	4,362
Amortisation of social housing and other capital grants	3,213	-	3,213	3,235
Leasehold rents and service charges	-	7,207	7,207	5,507
Total income from social housing lettings	**44,962**	**7,207**	**52,169**	**49,654**
Expenditure on lettings				
Services	(7,141)	(1,893)	(9,034)	(8,355)
Management	(10,010)	(1,872)	(11,882)	(12,151)
Responsive maintenance	(8,413)	(1,870)	(10,283)	(8,524)
Planned maintenance	(185)	-	(185)	(1,129)
Lease costs	(1,396)	-	(1,396)	(1,383)
Rent and service charges losses from bad debts	(178)	(13)	(191)	(613)
Depreciation of social housing properties	(9,235)	-	(9,235)	(9,076)
Refurbishment administration net of capitalised costs	(2,754)	-	(2,754)	(3,255)
Total expenditure on social housing lettings	**(39,312)**	**(5,648)**	**(44,960)**	**(44,486)**
Operating surplus on social housing letting activities	**5,650**	**1,559**	**7,209**	**5,168**
Rent losses from voids.			(356)	(779)

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

Association	General needs housing £'000	Other social housing £'000	2022 Total £'000	2021 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and void losses	37,638	-	37,638	37,026
Service income	4,495	-	4,495	4,362
Amortisation of social housing and other capital grants	3,213	-	3,213	3,235
Leasehold rents and service charges	-	7,207	7,207	5,507
Total income from social housing lettings	**45,346**	**7,207**	**52,553**	**50,130**
Expenditure on lettings				
Services	(7,141)	(1,893)	(9,034)	(8,355)
Management	(10,010)	(1,872)	(11,882)	(12,151)
Responsive maintenance	(8,413)	(1,870)	(10,283)	(8,524)
Planned maintenance	(185)	-	(185)	(1,129)
Lease costs	(1,396)	-	(1,396)	(1,383)
Rent and service charges losses from bad debts	(178)	(13)	(191)	(613)
Depreciation of social housing properties	(9,235)	-	(9,235)	(9,076)
Refurbishment administration net of capitalised costs	(2,754)	-	(2,754)	(3,255)
Total expenditure on social housing lettings	**(39,312)**	**(5,648)**	**(44,960)**	**(44,486)**
Operating surplus on social housing letting activities	**6,034**	**1,559**	**7,593**	**5,644**
Rent losses from voids.			(356)	(779)

3. Housing stock

Group	2022 No.	2021 No.
Social housing accommodation		
General needs housing	4,991	5,129
Affordable rent	284	275
Low-cost home ownership	323	315
Intermediate market rent	19	20
Total social housing managed	**5,617**	**5,739**
Non-social housing managed		
Leaseholders	3,982	3,644
Market rent	196	186
Non-social other	333	298
Total non-social housing managed	**4,511**	**4,128**
Total units managed	**10,128**	**9,867**
Housing units in development pipeline	**1,016**	**1,030**

The group added 44 new social units under management (2021: 160 units), 35 units were converted to non-social units which are let at Local Housing Allowance rates (2021: 21 units) in line with Mixed Income Tenure Scheme strategy, and 120 units were sold (2021: 37 units) as part of Recycling Assets Creating Opportunity strategy.

4. Surplus on ordinary activities before tax

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Is stated after charging:				
Depreciation:				
- Housing properties	9,873	9,720	9,873	9,720
Regular	9,235	9,076	9,235	9,076
Community centres	638	644	638	644
- Other fixed assets	1,437	1,836	1,437	1,836
Amortisation of intangible assets	7	8	7	8
Auditor's remuneration (excluding VAT):	64	62	45	44
Audit of these financial statements	63	61	44	43
Audit Certificates	1	1	1	1
Current service charges for pension scheme	300	210	300	210
Change in value of investment property	(499)	(2,050)	(1,430)	(2,050)
Gain on disposal of fixed assets and investment property	27,331	8,892	27,331	8,892

5. Surplus on sale of fixed assets and other investments

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Disposal proceeds	29,392	10,429	29,392	10,429
Shared Ownership Subsequent Tranche proceeds	2,271	200	2,271	200
Cost of disposals	(4,332)	(1,737)	(4,332)	(1,737)
	27,331	**8,892**	**27,331**	**8,892**

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 (2021: £nil) was attributed to disposal proceeds.

6. Interest receivable and similar income

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank interest receivable	2	-	2	-
Other interest receivable	1,412	1,429	9	23
Interest received from group companies	-	-	1,847	1,498
	1,414	**1,429**	**1,858**	**1,521**

7. Interest payable and similar charges

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest expense and finance costs on liabilities at amortised cost	14,143	14,155	3,825	6,966
Financing break costs	19,682	-	19,682	-
Interest payable to group companies	-	-	10,318	7,189
Interest on Disposal Proceeds Fund and Recycled Capital Grant Fund	1	-	1	-
Interest on pension scheme liabilities	240	166	240	166
Interest capitalised in fixed assets	(1,742)	(1,833)	(1,742)	(1,833)
	32,324	**12,488**	**32,324**	**12,488**

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. During the year the Poplar Harca refinance and paid the fixed bank loan debts that incurred £19.7m loan breakage cost.

Interest charges at an average rate of 3.94% (2021: 4.64%) 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	
	2022 No.	2021 No.	2022 No.	2021 No.
Administration	55	53	55	53
Development	11	10	11	10
Housing, maintenance and estate services	188	195	188	195
	254	258	254	258
Community regeneration	76	73	76	73
	330	**331**	**330**	**331**

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Administration				
Wages and salaries	3,088	2,798	3,088	2,798
Social security	351	316	351	316
Pension costs	152	154	152	154
	3,591	**3,268**	**3,591**	**3,268**
Development				
Wages and salaries	780	791	780	791
Social security	94	97	94	97
Pension costs	66	55	66	55
	940	**943**	**940**	**943**
Housing				
Wages and salaries	6,773	6,808	6,773	6,808
Social security	687	681	687	681
Pension costs	274	330	274	330
	7,734	**7,819**	**7,734**	**7,819**
	12,265	**12,030**	**12,265**	**12,030**
Community regeneration				
Wages and salaries	3,195	2,836	3,195	2,836
Social security	318	286	318	286
Pension costs	114	141	114	141
	3,627	**3,263**	**3,627**	**3,263**
	15,892	**15,293**	**15,892**	**15,293**

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	2022 No.	2021 No.
£60,000 to £70,000	9	9
£70,001 to £80,000	5	12
£80,001 to £90,000	10	5
£90,001 to £100,000	8	2
£100,001 to £110,000	-	2
£110,001 to £120,000	-	0
£120,001 to £140,000	-	0
£140,001 to £160,000	-	2
£160,001 to £180,000	5	3
£180,001 to £210,000	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	2022 £'000	2021 £'000
LGPS defined benefit scheme	4,457	6,915
SHPS defined benefit scheme	3,028	4,931
Net pension liability	**7,485**	**11,846**

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

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the 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 2022 the deficit contributions that are required from the Association are £670,497per year. These payments will increase annually by 2% from 1 April 2023 and on each 1 April thereafter until 31st March 2028.

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

	31 March 2022 £'000	31 March 2021 £'000
Fair value of plan assets	21,259	19,676
Present value of defined benefit obligation	24,287	24,607
Deficit in plan	(3,028)	(4,931)
Total defined benefit liability to be recognised	**(3,028)**	**(4,931)**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000
Defined benefit obligation at start of period	24,607	19,526
Current service cost	144	91
Expenses	11	11
Interest expense	535	461
Contributions by plan participants	102	106
Actuarial losses due to scheme experience	1,564	(350)
Actuarial losses due to changes in demographic assumptions	(370)	86
Actuarial losses due to changes in financial assumptions	(1,959)	5,019
Benefits paid and expenses	(347)	(343)
Total defined benefit obligation at end of period	**24,287**	**24,607**

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

	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000
Fair value of plan assets at start of period	19,676	17,203
Interest income	433	412
Experience on plan assets (excluding amounts included in interest income)- gain	740	1,652
Contributions by the employer	655	646
Contributions by plan participants	102	106
Benefits paid and expenses	(347)	(343)
Total fair value of plan assets at end of period	**21,259**	**19,676**

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £1,173,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2021 to 31 March 2022 £'000	Period from 31 March 2020 to 31 March 2021 £'000
Current service cost	144	91
Expenses	11	11
Net interest expense	102	49
Total defined benefit costs recognised in statement of comprehensive income (SoCI)	**257**	**151**

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) – loss	740	1,652
Experience gains and losses arising on the plan liabilities- gain	(1,564)	350
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation- gain	370	(86)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation- gain	1,959	(5,019)
Total actuarial (losses) and gains - recognised in other comprehensive income	**1,505**	**(3,103)**

ASSETS

	31 March 2022 £'000	31 March 2021 £'000
Global Equity	4,079	3,136
Absolute Return	853	1,086
Distressed Opportunities	761	568
Credit Relative Value	707	619
Alternative Risk Premia	701	741
Fund of Hedge Funds	-	2
Emerging Markets Debt	619	794
Risk Sharing	700	716
Insurance-Linked Securities	496	473
Property	574	409
Infrastructure	1,514	1,312
Private Debt	545	469
Opportunistic Illiquid Credit	714	500
High Yield	183	589
Opportunistic Credit	76	539
Cash	72	-
Corporate Bond Fund	1,418	1,163
Liquid Credit	-	235
Long Lease Property	547	386
Secured Income	792	818
Liability Driven Investment	5,932	5,001
Currency Hedging	(83)	-
Net Current Assets	59	120
Total assets	**21,259**	**19,676**

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 2022 % per annum	31 March 2021 % per annum
Discount Rate	2.79	2.18
Inflation (RPI)	3.54	3.27
Inflation (CPI)	3.17	2.87
Salary Growth	4.17	3.87
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 2022 Life expectancy at age 65 (years)	31 March 2021 Life expectancy at age 65 (years)
Male retiring in 2022, 2021	21.1	21.6
Female retiring in 2022, 2021	23.7	23.5
Male retiring in 2042, 2041	22.4	22.9
Female retiring in 2042, 2041	25.2	25.1

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 2021/22 disclosures, the full AA corporate bond yield curve is based on the UK Mercer Yield Curve. 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 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. same rate adjustment applied in 2021/22.

CPI

At present there is no indicator of market expectations of CPI inflation. For the 2020/21 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 2021/22 disclosures, same assumption applied RPI assumption less 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.

The Continues Mortality Instigation (CMI) model for projecting future improvements is updated each year to build in its latest analysis of mortality rates over the previous year. This includes both a re-estimation of observed past improvements and a new projection of future improvements. The most recent version of the model, CMI_2021, was published in March 2022.

In response to the COVID-19 pandemic, which caused exceptional mortality experience in 2022 and 2021, the CMI 2021 model includes flexibility to place more weight on mortality data for individual years in forming the projections. The default parameters are to place no weight on the 2020 or 2021 data, and full weight on all other years, essentially setting aside the 2020 and 2021 experience. Therefore, all other things being equal, updating to the 2021 model using the default approach, would only expect to result in a small reduction to the life expectancies compared to the 2020 model. At this time there is still considerable uncertainty around the long term impact of the pandemic, hence it would be difficult to justify any significant changes to life expectancies based on the evidence of current data.

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 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 2022. There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements. Remedial regulations are expected in 2022 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised. There is no explicit adjustment made in this year.

VALUATION APPROACH

Valuation of the Employer's liabilities
To assess the value of the Group's liabilities at 31 March 2022, we have rolled forward the value of the Group's liabilities calculated for the funding valuation as at 31 March 2021, 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 2022 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2022 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.

Valuation of the employer's liabilities
To value the employer's liabilities at 31 March 2022, we roll forward the value of the liabilities calculated for the latest full funding valuation using financial assumptions compliant with IAS19 and FRS102.

The full actuarial valuation involved projecting future cashflows to be paid from the fund and placing a value on them. These cashflows 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 2022 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2022 should not introduce any material distortions in the results provided that the actual experience of the employer 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.

As required under FRS102 accounting standards, we have used the projected unit credit method of valuation.

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 up to the accounting date. 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 2022, as shown in in Asset and benefit obligation reconciliation for the year ended 31 March 2022 - page 71 and Re-measurement in other comprehensive income - page 72.

GUARANTEED MINIMUM PENSION (GMP) EQUALISATION AND INDEXATION

Impact of Lloyds judgement on past transfer values
The latest news on the Lloyds Banking Group court case involved a ruling that, in cases where a member exercised their right to a transfer value out of the scheme, the trustee had the duty to make a transfer payment that reflects the member's right to equalised benefits and remains liable if an inadequate transfer payment had been paid.

It is not yet known if, or how, this will affect the LGPS. Whilst no guidance nor data is available, our standard approach currently is to make no allowance to reflect this judgement.

GMP Indexation
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.

Goodwin case
We don't made any adjustments to accounting valuations as a result of the Goodwin case.

DEMOGRAPHIC/STATISTICAL ASSUMPTIONS

We have adopted standard approach is to use demographic assumptions in line with the latest actuarial valuation.

For the assumptions as at 31 March 2022, we adopted the CMI_2020 model.

MORTALITY ASSUMPTION

The key demographic assumption is the mortality assumption and there are two main steps in setting this assumption:

- Making a current assumption of members' mortality (the base mortality). The base table mortality assumption adopted for the funds' latest triennial funding valuation.
- Projecting these current mortality rates into the future, allowing for further potential improvements in mortality. To project future improvements in mortality, we used a model prepared by the Continuous Mortality Investigation Bureau (CMI). The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.

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 2022 - page 71 and Re-measurement in other comprehensive income - page 72 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 2022	31 March 2021
Retiring today	Males	21.5	21.5
	Females	23.8	23.8
Retiring in 20 years	Males	22.7	22.6
	Females	25.6	25.5

FINANCIAL ASSUMPTIONS

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

Assumptions as at	31 March 2022	31 March 2021
	% p.a.	% p.a.
Discount rate	2.60%	2.00%
Pension increases (CPI)	3.30%	2.85%
Salary increases	4.30%	3.85%

These assumptions are set with reference to market conditions at 31 March 2022.

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

DISCOUNT RATE

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.

INFLATION EXPECTATIONS

Whilst the change in corporate bond yields is an important factor affecting the valuation of the liabilities, so too is the assumed level of future inflation as this determines the rate at which the benefits increase.

IAS19 suggests that in assessing future levels of long-term inflation we should use assumptions that would result in a best estimate of the ultimate cost of providing benefits whilst also giving consideration to the gilt market (in line with general price levels) to give us an indication of market expectation. FRS102 simply refers to a best estimate of the financial variables used in the liability calculation.

Pension increases in the LGPS are expected to be based on the Consumer Prices Index (CPI). As there is limited market information on CPI-linked assets, to derive our CPI assumption we first make an assumption on the Retail Prices Index (RPI) then make an adjustment.

RETAIL PRICES INDEX (RPI) ASSUMPTION

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.

Following a recent review of the market, and in particular noting the muted market reaction to the likely alignment of RPI with CPIH (Consumer Prices Index with Housing) from 2030, our view is that gilt-implied inflation rates are currently distorted by supply and demand factors at medium and longer terms. We have therefore allowed for an Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 10 years). This results in an overall IRP of between 0.0% p.a. and 0.3% p.a. depending on the term of the liabilities (for terms ranging from 2 years up to 30 years).

Consistent with the SEDR approach, assumptions are rounded to the nearest 0.05% and we intend to use sample cashflows for employers at each duration year (from 2 to 30 years) in deriving the assumptions for employers.

DIFFERENCE BETWEEN RPI AND CPI

It is expected that RPI will be on average 1.0% p.a. lower than it would have otherwise been from 2030 as a result of the proposed alignment of RPI to CPIH (and CPI) from that date. We have therefore assumed that the annual increase in CPI inflation will be 1.0% p.a. lower than the market implied increases in RPI for each year prior to 2030, and will be in line with RPI inflation thereafter. This results in an assumed gap between the two inflation measures of between 0.25% p.a. and 0.85% p.a. depending on the term of the liabilities (for terms ranging from 30 years down to 5 years).

CONSUMER PRICES INDEX (CPI) ASSUMPTION

Using a similar approach described above to calculate the SEIR for our RPI assumption, we have calculated a single equivalent rate of CPI increase that results in the same liability value as would be calculated by applying the implied CPI curve. This approach is the same as the previous accounting date.

SALARY INCREASES

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

UKRAINE CRISIS – IMPACT ON APPROACH

As a result of this crisis, many equity markets across the globe have witnessed significant falls, but so far the impact has been felt most prominently in equities with a close link to Russian markets, i.e. Russian equities themselves and in European tilted funds. Beyond equity markets, we have also seen volatility in government bond and credit markets. However, there has been no large directional move to date. The expected longer-term impact on gilt yields will largely depend on how these developments affect inflation (for example, through disruption to the supply of energy and commodities), and how central banks react to this.

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 2022.

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 2022

Net pension liability as at	31 March 2022 £'000	31 March 2021 £'000
Present value of the defined benefit obligation	21,810	22,409
Fair value of Fund assets (bid value)	(17,353)	(15,494)
Net defined benefit liability (Deficit)	**4,457**	**6,915**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

The amounts recognised in the Statement of Comprehensive Income:	2022 £'000	2021 £'000
Current Service cost	156	119
Net interest on the defined benefit liability/(asset)	138	117
Administration expenses	20	18
Total Expenditure	**314**	**254**

ASSET AND BENEFIT OBLIGATION RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2022

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	2022 £'000	2021 £'000
Opening defined benefit obligation	22,409	18,632
Current service cost	156	119
Interest cost	443	433
Change in financial assumptions	(689)	4,126
Change in demographic assumptions	-	(189)
Experience gain on defined benefit obligation	49	(282)
Estimated benefits paid net of transfers in	(583)	(455)
Contributions by Scheme participants	25	25
Closing defined benefit obligation	**21,810**	**22,409**

Reconciliation of opening and closing balances of the fair value of Fund assets	2022 £'000	2021 £'000
Opening fair value of Fund assets	15,494	13,643
Interest on assets	305	316
Return on assets less interest	2,065	1,914
Administration expenses	(20)	(18)
Contributions by employer	67	69
Contributions by Fund participants	24	25
Estimated benefits paid plus unfunded net of transfers in	(583)	(455)
Closing fair value of Fund assets	**17,352**	**15,494**

Asset Breakdown	2022		2021	
	£'000	%	£'000	%
Equities	9,877	57%	8,603	56%
Target Return Portfolio	3,738	22%	3,555	23%
Infrastructure	1,768	10%	1,323	9%
Property	1,557	9%	1,366	9%
Cash	413	2%	647	4%
Total	**17,353**	**100%**	**15,494**	**100%**

The total return on the fund assets for the year to 31 March 2022 is £2,370k (2021: £2,230k).

Sensitivity analysis	£'000	£'000	£'000
Adjustments to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	21,429	21,810	22,199
Projected service cost	142	146	149
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	21,827	21,810	21,793
Projected service cost	146	146	146
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	22,178	21,810	21,448
Projected service cost	150	146	142
Adjustment to life expectancy assumptions	+1 year	None	-1 Year
Present value of total obligation	22,759	21,810	20,901
Projected service cost	153	146	139

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)	**2022** £'000	**2021** £'000
Return on Fund assets in excess of interest	2,065	1,914
Change in financial assumptions	689	(4,126)
Change in demographic assumptions	-	189
Experience gain on defined benefit obligation	(49)	282
Total actuarial (losses) gains - recognised in other comprehensive income	**2,705**	**(1,741)**

PROJECTED PENSION EXPENSE FOR THE YEAR TO 31 MARCH 2023

Projections for the year to 31 March 2023	**2023** £'000
Service cost	146
Net interest on the defined liability and (asset)	115
Administration expenses	23
Total	**284**
Employer contributions	68

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2022. These projections are based on the assumptions as at 31 March 2022, 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	**2021** £'000
Re-measurement of the net assets/(defined liability) – Social Housing Pension Scheme	1,505	(3,103)
Re-measurement of the net assets/(defined liability) – Local Government Pension Scheme	2,705	(1,741)
Total Re-measurement of the (defined liability)/net assets recognised in Other Comprehensive Income	**4,210**	**(4,844)**

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:

	2022 £'000	2021 £'000
Aggregate emoluments payable to the Corporate Management		
Salaries including bonuses	1,010	1,122
Employers national insurance contribution	132	147
Pension contributions	36	31
Benefit in kind	4	4
Total emoluments	**1,182**	**1,304**
Emoluments payable to the highest paid employee		
Salary including bonus	202	202
Employers national insurance contribution	27	27
Benefit in kind (car allowance)	4	4
Total emoluments	**233**	**233**

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

During the year ending March 2022, 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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current tax				
Current tax on income for the period	-	-	-	-
Adjustments in respect of prior year	-	(160)	-	-
Tax charge/(credit)	**-**	**(160)**	**-**	**-**
Deferred tax				
Revaluation of investment property	62	-		
Adjustment in respect of prior period	-	211	-	-
Deferred tax on provisions	(22)	-		
Deferred tax recognised on losses in Balfron Tower Developments LLP	(8)	(53)	-	-
	32	**158**	**-**	**-**
Tax on surplus on ordinary activities	**32**	**(2)**	**-**	**-**

The tax charge for the Group and Association is at 19% (2021: 19%), the standard rate of corporation tax in the UK as explained below.

TAX RECONCILIATION

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Surplus/l(deficit) on ordinary activities before tax	6,433	11	6,169	(4,816)
Deficit on charitable activities	(7,853)	(3,031)	(6,143)	4,807
(Deficit)/surplus on non-charitable activities	**(1,420)**	**(3,020)**	**26**	**(9)**
Current tax at 19% (2021: 19%)	(270)	(574)	5	(2)
Effects of:				
Expenses not deductible for corporation tax	221	724	(11)	(3)
Adjustments in respect of prior years	-	(160)	-	-
Deferred tax on investment property not previously recognised	(129)	-	-	-
Difference between deferred tax and current tax rates	12	-		
Share of taxable profit received from Aberfeldy New Village LLP in excess of accounting profit	209	(308)	-	-
Deferred tax not recognised	6	5	6	5
Impairment of joint ventures	-	-	-	-
Prior year adjustment on deferred tax	-	211	-	-
Changes to deferred tax rate	(17)	-	-	-
Group relief surrendered/(claimed)	-	100	-	-
Total tax charge recognised in the Statement of Comprehensive Income	**32**	**(2)**	**-**	**-**

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 2022, the group had tax losses of £1.7m allocated from LLPs in the Group. A deferred tax asset has not been recognised in the Group accounts as it is not expected that there will be sufficient profitability in Balfron Tower Developments LLP in order to utilise these losses.

Poplar HARCA Projects Limited has utilised brought forward property losses and non-trade loan relationship deficits during the year totalling £35,420 meaning that the company has carried forward losses of £241,172 (2021: £276,592). A deferred tax asset was previously recognised on the company's losses on the basis that there would be sufficient profitability in the company to utilise the losses. The deferred tax asset has accordingly been reduced during the year to reflect the losses utilised.

Poplar HARCA Developments Limited has recognised a deferred tax liability of £62,414 during the year (2021: nil) relating to William Cotton Place. This deferred tax liability has been recognised on the basis that the net book value of the property now exceeds its tax base cost, resulting in a potential future chargeable gain for the company of £249,657.

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 2021	68,755	18,362	2,586	412,720	39,040	27,885	569,348
Acquisitions and new build	35,092	10,938	(490)	-	-	-	45,540
Capitalised repairs	-	-	-	8,412	-	-	8,412
Disposals – voluntary sales	-	-	-	(7,045)	(1,124)	-	(8,169)
Components written off	-	-	-	(266)	-	-	(266)
Transfer to completed housing properties	(5,082)	(3,164)	-	5,082	3,164	-	-
At 31 March 2022	**98,765**	**26,136**	**2,096**	**418,903**	**41,080**	**27,885**	**614,865**
Depreciation							
At 1 April 2021	-	-	-	93,744	1,458	5,801	101,003
Charge for the period	-	-	-	8,387	702	784	9,873
Disposals – voluntary sales	-	-	-	(3,221)	(103)	-	(3,324)
Components written off	-	-	-	(102)	-	-	(102)
At 31 March 2022	**-**	**-**	**-**	**98,808**	**2,057**	**6,585**	**107,450**
Net book value							
At 31 March 2022	**98,765**	**26,136**	**2,096**	**320,095**	**39,023**	**21,300**	**507,415**
At 1 April 2021	68,755	18,362	2,586	318,976	37,582	22,084	468,345

11. Fixed assets, housing properties - Association

Association	Properties under construction			Properties held for lettings			
	Social housing lettings	Low-cost home ownership	Non-social housing lettings	Social housing lettings	Low-cost home ownership	Non-social housing lettings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2021	68,755	18,362	2,586	412,720	39,040	27,885	569,348
Acquisitions and new build	35,092	10,938	(490)	-	-	-	45,540
Capitalised repairs	-	-	-	8,412	-	-	8,412
Disposals – voluntary sales	-	-	-	(7,045)	(1,124)	-	(8,169)
Components written off	-	-	-	(266)	-	-	(266)
Transfer to completed housing properties	(5,082)	(3,164)	-	5,082	3,164	-	-
At 31 March 2022	**98,765**	**26,136**	**2,096**	**418,903**	**41,080**	**27,885**	**614,865**
Depreciation							
At 1 April 2021	-	-	-	93,744	1,458	5,801	101,003
Charge for the period	-	-	-	8,387	702	784	9,873
Disposals – voluntary sales	-	-	-	(3,221)	(103)	-	(3,324)
Components written off	-	-	-	(102)	-	-	(102)
At 31 March 2022	**-**	**-**	**-**	**98,808**	**2,057**	**6,585**	**107,450**
Net book value							
At 31 March 2022	**98,765**	**26,136**	**2,096**	**320,095**	**39,023**	**21,300**	**507,415**
At 1 April 2021	68,755	18,362	2,586	318,976	37,582	22,084	468,345

Included in Group's acquisitions during the year is capitalised interest of £1,742k (2021: £1,833k). 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 £8,412k (2021: £1,373k) included £4,064k relates to future EWS capital work.

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 2022 therefore no impairment cost on housing properties was recognised for the current financial year (2021: nil).

12. Other fixed assets - Group and Association

	Office premises	Furniture and equipment	Computer equipment and software	Vehicles and estate equipment	Work-in-Progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2021	11,350	1,363	9,207	1,487	479	23,886
Additions	18	23	86	145	692	964
Disposals	-	-	-	(53)	-	(53)
At 31 March 2022	**11,368**	**1,386**	**9,293**	**1,579**	**1,171**	**24,797**
Depreciation						
At 1 April 2021	914	1,116	7,481	1,000	-	10,511
Charge for the period	265	96	904	172	-	1,437
Disposals	-	-	-	(53)	-	(53)
At 31 March 2022	**1,179**	**1,212**	**8,385**	**1,119**	**-**	**11,895**
Net book value						
At 31 March 2022	**10,189**	**174**	**908**	**460**	**1,171**	**12,902**
At 1 April 2021	10,436	247	1,726	487	479	13,375

13. Intangible assets

	Group and Association
	£'000
Cost	
At 1 April 2021	493
Franchise licence fee	-
At 31 March 2022	**493**
Amortisation	
At 1 April 2021	39
Charge for the period	7
At 31 March 2022	**46**
Net book value	
At 31 March 2022	**447**
At 1 April 2021	454

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 2021		Group 2022
	Total		Total
	£'000		£'000
Balance at 1 April 2020	69,673	Balance at 1 April 2021	60,341
Additions	2,718	Additions	6
Disposals	(10,000)	Disposals	-
Change in fair value	(2,050)	Change in fair value	(499)
Balance at 31 March 2021	**60,341**	**Balance at 31 March 2022**	**59,848**

	Association 2021		Association 2022
	Total		Total
	£'000		£'000
Balance at 1 April 2020	65,435	Balance at 1 April 2021	56,103
Additions	2,718	Additions	6
Disposals	(10,000)	Disposals	-
Change in fair value	(2,050)	Change in fair value	(1,430)
Balance at 31 March 2021	**56,103**	**Balance at 31 March 2022**	**54,679**

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.

A professional independently valuation was obtained during the year for the Stroudley Walk and others, leaside properties, Aberfeldy GP surgery, St Paul way's Shops and William Cotton Place by SFP Property Chartered Surveyors.

The investment method (also known as capitalised rental method) subject to the various Occupational leases was used to determine the fair value. At the reporting date the fair value was measured at £13,388k and and the historical cost £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. A professional independently valuation was obtained during the year by Jones Lang LaSalle Ltd (JLL). The Valuation method was used on the bases Market Value subject to the existing assured Tenancies (MV-T).

At the reporting date the fair value of the private residential units was measured at £46,460k (2021: £48,551k). The historical costs of investment were £44,700k (2021: £44,700k).

15. Investment in subsidiary companies

	Association	
	2022	2021
	£'000	£'000
Poplar HARCA Capital PLC	50	50
Poplar HARCA (Developments) Limited	8.834	8,834
	8,884	**8,884**

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 £464k (2021:nil) 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 Parents company Poplar HARCA Ltd 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, £25m in August 2020, £50m in April 2021 and £35m in July 2021. 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.

Teviot Estate Developments LLP
This is a joint venture between Poplar HARCA Projects Limited and Hill Residential Limited for the regeneration of the Teviot Estate with future profits to be shared equally. The LLP issued 2 shares of £1 each, 1 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:

2022	Aberfeldy £'000	Balfron £'000	Teviot Estate £'000	Total £'000
Share of profit (loss) from joint ventures	**1,099**	**-**	**-**	**1,099**
Share of:				
Gross assets	31,187	21,869	2,783	55,839
Gross liabilities	(29,846)	(21,869)	(2,783)	(54,498)
Net assets	**1,341**	**-**	**-**	**1,341**
As at 1 April 2021	8,467	-	-	8,467
Share of profit/(loss) from joint ventures	1,099	-	-	1,099
Distribution reversal previous year	611	-	-	611
Investment in joint ventures	**10,177**	**-**	**-**	**10,177**

16. Joint ventures - continued

2021	Aberfeldy £'000	Balfron £'000	Teviot Estate £'000	Total £'000
Share of (loss) from joint ventures	**(475)**	**(420)**	**-**	**(895)**
Share of:				
Gross assets	25,442	33,280	-	58,722
Gross liabilities	(25,810)	(33,280)	-	(59,090)
Net assets	**(368)**	**-**	**-**	**(368)**
As at 1 April 2020	10,082	(1,203)	-	8,879
Share of profit/(loss) from joint ventures	(475)	(420)	-	(895)
*Previous years losses surrender to joint venture partner	-	1,623	-	1,623
Distribution paid during the year	(1,140)	-	-	(1,140)
Investment in joint ventures	**8,467**	**-**	**-**	**8,467**

*Balfron LLP decided the members have equal entitlement to the profits of the partnerships where 100% of the losses are attributed to St Leonards development LLP.

During the year, the Poplar HARCA Projects Limited invested £464k (2021: £nil) 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. The Parents company Poplar HARCA Ltd written off all the investment in Poplar HARCA Project Ltd during the year due to no profit forecast in Poplar HARCA Project Ltd.

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

17. Stocks

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Shared ownership completed	3,733	7,070	3,733	7,070
Shared ownership under construction	8,087	6,073	8,087	6,073
Maintenance and cleaning materials	-	40	-	40
	11,820	**13,183**	**11,820**	**13,183**

18. Debtors

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Debtors falling due within one year:				
Rent and service charge arrears	5,592	5,882	5,100	5,529
Less: provision for bad and doubtful debts	(3,097)	(3,099)	(2,793)	(2,885)
	2,495	**2,783**	**2,307**	**2,644**
Other debtors and prepayments	9,066	9,570	8,903	8,201
Amounts owing from subsidiaries	-	-	9,792	9,676
	11,561	**12,353**	**21,002**	**20,521**
Debtors due after more than one year:				
Amounts owing from subsidiaries	-	-	24,827	24,795
Amounts owed by joint venture	24,569	25,417	-	-
	24,569	**25,417**	**24,827**	**24,795**
Other debtors	490	452	455	455
Deferred tax asset	83	52	-	-
Leaseholder refurbishment debtors	1,828	2,032	1,829	2,032
Less: provision for bad and doubtful debts	(530)	(554)	(530)	(554)
	26,440	**27,399**	**26,581**	**26,728**
	38,001	**39,752**	**47,583**	**47,249**

Included in the amounts owing from subsidiaries was a loan of £6,687k (2021: £6,317k) provided to Poplar HARCA (Developments) Limited, a wholly owned subsidiary, on an arms-length basis.

A further £15,132k (2021: £17,068k) 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 £5,125k (2021: £4,447k) to Poplar HARCA Projects Limited, a wholly owned subsidiary, on an arms-length basis. Poplar HARCA Projects ltd then on lent £4,275k (2021: £4,447k) to Balfron Tower Developments LLP, in which it has a 50% interest.

A further loaned £1,233 to Poplar HARCA Projects Limited on an arms-length basis, for onward lending to Teviot Estate Development 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.

19. Cash and cash equivalents

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash and cash equivalents	18,418	18,412	14,325	13,976
	18,418	**18,412**	**14,325**	**13,976**

20. Short term investment

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts held in escrow	6,586	16,686	6,586	6,586
	6,586	**16,686**	**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	
	2022 £'000	2021 £'000
Cash flow from operating activities		
Surplus for the year	6,433	13
Tax on ordinary activities	(32)	(2)
Adjustment for non-cash items:		
Depreciation and amortisation of assets	11,318	11,564
Grant amortisation	(5,142)	(3,920)
Bad debts and release of provisions	(882)	(1,057)
Pension costs less contributions payable	(391)	(476)
Cost less depreciation on components written off	164	223
Loan amortisation fee	114	-
Change in the value of investment property	499	2,050
Share of profit from joint ventures	(1,099)	895
Distribution from joint venture	(611)	-
Gain on disposal of fixed assets and investment property	(27,331)	(8,892)
Net financing costs	30,909	11,059
Deferred tax	32	158
Adjustments for working capital movement:		
Increase in stocks	1,363	(5,709)
(Increase)/decrease in trade and other debtors	1,806	(13)
Increase/(decrease) in trade and other creditors	4,358	(1,057)
Cash generated by operations	**21,508**	**4,836**

22. Analysis of change in net debt

	At 1 April 2021 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2022 £'000
Cash and cash equivalents				
Cash	18,412	6	-	18,418
Total cash and cash equivalents	**18,412**	**6**	**-**	**18,418**
Borrowings				
Debt due with 1 year	(331)	331	(345)	(345)
Debt due more than 1 year	(270,746)	(8,556)	1,130	(278,172)
Finance lease more than 1 year	(54,344)	-	345	(53,999)
Total borrowings	**(325,421)**	**(8,225)**	**1,130**	**(332,516)**
Net Debts	**(307,009)**	**(8,219)**	**1,130**	**(314,098)**

23. Creditors: amounts falling due within one year

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	4,883	2,228	4,876	2,191
Corporation and other taxes	873	413	873	413
*Other creditors and accruals	19,268	14,821	19,117	14,637
Current lease liability	345	331	345	331
Amount owing to subsidiaries	-	-	88	74
Grant on housing properties (note 28)	3,391	3,446	3,391	3,446
Recycled Capital Grant Fund (note 26)	19	19	19	19
	28,779	**21,258**	**28,709**	**21,111**

*4,064k EWS future capital work provision was included during the year relates to Glencoe house, Ann Mathew court and William Cotton court.

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

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bond finance and financing costs	248,539	163,763	-	-
Bond Premium	28,172	7,246	-	-
Long term loans and financing costs	(784)	97,600	(784)	97,600
Loan from group company	-	-	276,668	160,862
Long term lease liability	53,999	54,344	53,999	54,344
Grant on housing properties (note 28)	119,586	113,977	119,586	113,977
Recycled Capital Grant Fund (note 26)	269	85	269	85
Deferred tax on revaluation of investment properties	62	-	-	-
	449,843	**437,015**	**449,738**	**426,868**

The Group has a total agreed facility to a value of £431.5m (2021: £347.8m) of which £331.5m (2021: £317.8m) had been drawn as at 31 March 2022. At the end of the financial period the total drawn facility includes 84% fixed loan at the average borrowing cost of 3.91%, 0% floating charge loan (ranges between 135 bps to 150bps over the bank reference rate) and 16% 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 2022 of £138.5m, 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. Ref to note 14 for details.

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
In one year or less	345	331	345	331
Between one and two years	353	345	353	345
Between two and five years	1,168	68,116	1,168	68,116
In more than five years	329,146	256,629	329,146	84,383
	331,012	**325,421**	**331,012**	**153,175**

25. Provisions for liabilities

	Group and Association		
	Pension liability - SHPS £'000	Pension liability - LGPS £'000	2022 Total £'000
At beginning of period	4,931	6,915	11,846
Provision for the year	(1,903)	(2,458)	(4,361)
At end of period	**3,028**	**4,457**	**7,485**

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

26. Recycled Capital Grant Fund

	Group and Association	
	2022 £'000	2021 £'000
At beginning of period	104	77
Amount paid in from shared ownership sales	184	57
Amount utilised for new build programme	-	(30)
At end of period	**288**	**104**
Amounts to be utilised within a year	19	19
Amounts that may be utilised after more than one year	269	85
	288	**104**

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

27. Deferred Capital Grant

	Group and Association	
	2022 £'000	2021 £'000
At beginning of period	117,423	115,488
Grant received in the year	10,695	5,855
Released to income in the year	(5,142)	(3,920)
At end of period	**122,976**	**117,423**
Amounts to be utilised within a year	3,391	3,446
Amounts that may be utilised after more than one year	119,585	113,977
	122,976	**117,423**

28. Financial assets and liabilities

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

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial assets measured at amortised cost				
Cash and cash equivalents (note 19)	18,418	18,412	14,325	13,976
Short term investment (note 20)	6,586	16,686	6,586	6,586
Debtors (note 18)	38,001	39,752	47,583	47,249
	63,005	**74,850**	**68,494**	**67,811**
Financial liabilities measured at amortised cost				
Trade creditors (note 23)	4,883	2,228	4,876	2,191
Interest payable	-	469	-	469
Loans and borrowings (note 24)	275,927	268,609	275,884	258,462
	280,810	**271,306**	**280,760**	**261,122**

29. Capital commitments

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Capital expenditure contracted less certified that has not been provided for in the Financial Statements	149,125	143,066	149,125	143,066
Capital expenditure that has been authorised by the Board but has not yet been contracted for	36,531	92,105	36,531	92,105
	185,656	**235,171**	**185,656**	**235,171**
Financed by:				
Social Housing Grants	16,031	51,551	16,031	51,551
Receipts from sale of assets	113,293	159,736	113,293	159,736
Unutilised loan facilities & available funds	56,332	23,884	56,332	23,884
	185,656	**235,171**	**185,656**	**235,171**

The Group's development pipeline as at 31 March 2022 had an estimated cost of £186m (2020: £235m) 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.

30. Operating lease

As at 31 March 2022 there are 142 Island Point properties were leased consisting of 79 affordable homes and 63 general needs and 14 Landmark Pinnacle properties were leased and they are all shared ownership.

	Group and Association	
	2022 £'000	2021 £'000
Not later than one year	1,934	1,814
Later than one year and not later than five years	8,491	7,782
Later than five years	30,231	33,227
Lease payments recognised as an expense	1,396	1,383

31. 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. A second joint venture, Teviot Estate Developments LLP (TED), between Poplar HARCA Projects Limited and Hill Residential Limited for the regeneration of the Teviot Estate.

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 2022 year a £469k (2021: £nil) 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 £469k (2021: £nil) for the year. Poplar HARCA Projects will receive a profit share on the sale of the flats once sales commence.

As at 31 March 2022 Poplar HARCA Projects owed Poplar HARCA Ltd a balance of £9,464k (2021: £7,807k).

Poplar HARCA Projects ltd then on lent £4,275k (2021: £4,447k) to Balfron Tower Developments LLP and £1,233 to Teviot Estate Development LLP. Those balances are included within note 18 of these accounts. There is no overage receipt during the year.

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 £250 million by issuing bonds from the capital markets for on-lending to Poplar HARCA. The bonds maturity date is 25 July 2043 fixed rate with a coupon of 4.843%.

As at 31 March 2022 Poplar HARCA Capital PLC has a long-term debtor balance of £276,668k (2021: £160,863k) with parent Poplar HARCA Ltd (note 24).

As at 31 March 2022 Poplar HARCA Capital PLC has a short-term debtor balance of £88k (2021: £74k) 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 2022 this intercompany creditor balance to Poplar HARCA is £6,687k (2021: £6,317k) and will be repaid on sale of the remaining commercial units.

As at 31 March 2022 the long-term balance of £15,132k (2021: £17,068k) 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.

During the year Poplar HARCA (Developments) Limited received £nil (2021: £1,141k) 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:

	2022 £'000	2021 £'000
Interest charged by Poplar HARCA to DevCo	1,476	1,251
Management fees charged by Poplar HARCA to DevCo	214	194
Interest charged by Poplar HARCA to Projects	384	247
Management and admin fees charged by Poplar HARCA to Projects	436	404
Consultancy service charged by Poplar HARCA to Projects	170	283
Operating lease charges by Poplar HARCA to Projects	3,089	2,803
Interest charged by Capital to Poplar HARCA	10,318	9,447
	16,087	**14,629**

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 Kevin Wright, the Director of Technical Resources.

Poplar HARCA holds a long term debtor amount of £455k as at 31 March 2022 (2021: £455k). Poplar HARCA charged Geocapita a total of £18k (2021: £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. Total amount paid to The Bromley by Bow Centre in the year was £298k as at 31 March 2022 (2021: £256k).

32. Subsequent Events

The directors are of the opinion that the judgements taken within the financial statements as at 31 March 2022 are still the appropriate judgements at the time of signing. The directors are not aware of any further material matters or circumstances arising between 31 March 2022 and the sign off date of this report which will impact the financial statements.

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