Soho Housing
Annual Report and Accounts
2021-2022

Group Information

Chair	Lesley Roberts	Resigned 8 September 2021
	Kerry Tromanhauser	Interim Chair 9 September 2021 – 31 March 2022
Board members	Andrew Billany	Appointed 31 January 2022; Chair from 1 April 2022
	Mark Ewing	
	Rosemary Farrar	
	Mark Gilkes	
	Wendy Hardcastle	
	Harry Harris	
	Rachel Miller	
	Dickon Robinson	
	Kath Scanlon	Appointed 31 January 2022
	Jeremy Titchen	Resigned 13 June 2022
	Barbara Brownlee	Ex officio, appointed 13 September 2021
Secretary	Jane Harrison	
Executive team	Barbara Brownlee	Chief Executive appointed 13 September 2021
	Jane Harrison	Interim Chief Executive to 12 September 2021; and Finance Director
	Richard Smith	Operations Director
	John Wallace	Commercial Director

Registered office	18 Hanway St, London W1T 1UF	
Principal solicitors	Devonshires	30 Finsbury Circus, London EC2M 7DT
Principal bankers	Lloyds Bank	39 Threadneedle Street, London EC2R 8AU
Independent auditors	BDO LLP	2 City Place, Beehive Ring Road, Gatwick RH6 0PA
Registrations	Registered provider: LH1321	
	Registered Co-operative & Community Benefit Society: 20784R	

Contents

Performance Highlights 2021-22

2,375
Repairs

25%
Operating margin (excluding sales)

£1,957k
Repairing homes

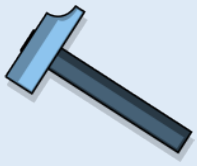
£924k Investment works to individual homes and blocks

18%
Operating margin – social housing lettings

14 new kitchens and bathrooms

20 homes with new windows

16 new boilers



7 new roofs

37 homes let

£3,320k
Growth in Investment Value (commercial and market rent)

Gas compliance
100%

Chair's Report

Looking back over Soho Housing's achievements over the past year is a great way to start my own journey with the organisation having joined the Board in January.

The impact of Covid 19 continued to be felt throughout the financial year and this, together with fallout from Brexit and most recently the war in Ukraine, has meant economic uncertainty and a continued strong demand for affordable housing. As Soho Housing moves towards it's 50th anniversary the need for warm, safe and secure homes for people on low incomes remains high.

Our growth strategy is modest, but achievable and builds on the successful development of eight new flats in Greek Street which we took on and let quickly in April. We are really proud that some of these flats went to people working in industries at the heart of Soho: the pubs, clubs and music venues that are so important to the area. Maintaining the link between residents and businesses in the area is an important part of our strategy and one which we believe makes the area very special.

The development strategy looks to deliver 30 more new homes over the next 5 years through a mix of acquisition, working with development partners, and land-led development using existing sites identified in our 'hidden homes' programme. Alongside the development of new homes we are continuing to invest in existing property: during 2021-22 we spent almost £1m on improvements including roof replacement, window replacement, boiler upgrades and new kitchens and bathrooms. We will continue a programme of substantial investment in our existing homes, consulting with residents to make sure we're tackling the issues that matter most to them.

We need to make sure our finances remain strong and plan to use a mix of borrowing, grant funding and some limited property disposals to deliver our investment and growth plans, as well as exploring options to work in partnership with organisations that share our ambitions to deliver affordable homes in thriving communities. During 2021-22 we refinanced one of our more expensive loans with long-term funding through The Housing Finance Corporation (THFC) and also agreed a revolving credit facility with Barclays, providing short-term support and mitigating liquidity risk.

Our residents remain front and centre to everything we do and our new housing team will make sure we deliver effective customer service through visible presence at our properties. During lock down our traditional "in-person" approach fell away and we want to use estate visits to get to know our residents better. We've also appointed specialist rent collectors who work alongside our housing officers to increase the amount of rent we collect as well as direct residents to benefit support or debt advisory services should this be needed.

We know that times are getting tougher for everyone with eye-watering inflation levels predicted by the end of the year and we've increased our own Hardship Fund so that the housing team can offer some targeted support where its most needed. We're also driving forward plans to arrange for smart meters for landlord power supplies, with a view to minimising utility costs that are passed on to residents through service charges. In addition, the investment works to our properties, in line with our 'fabric first' response to environmental policy change, will improve efficiency, mitigating some of the impact of fuel cost rises.

I'd like to take this opportunity to thank my predecessor, Lesley Roberts, for leaving Soho Housing on a firm footing, ready to move forward as the city reopens. Thanks also go to my fellow Board members; and Barbara Brownlee and the wider Executive and staff team. This is a great place to be, with great ambition and with firm roots in the heart of the West End and we are setting out positively to meet our challenges head on and with confidence.

Andrew Billany
Chair of the Board

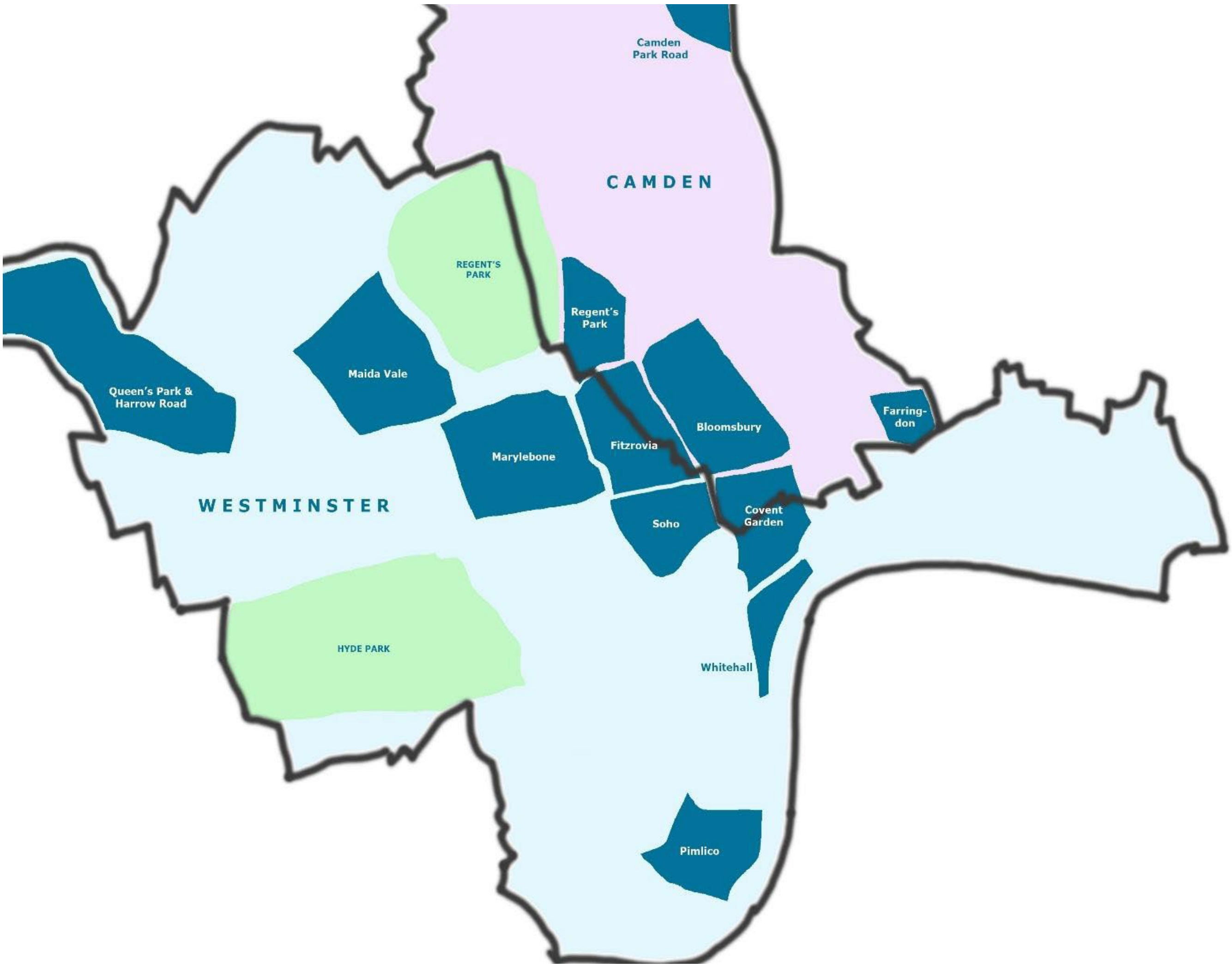
Report of the Board and Strategic Report

Background

Established in 1974, Soho Housing (the Association) provides homes for some 1,500 people in Central London, across two Boroughs: Westminster and Camden. Many of our properties are in Soho and Covent Garden, as well as in the Queens Park and St John's Wood areas. The Association is a charity and most homes are at social rents, less than 50% of market rent levels, making them more affordable for people on low incomes.

The Association works closely with local community groups and stakeholders such as the Soho Society to strengthen local communities. Investment income generated from the small market rent and commercial property portfolio is used to support community activities as well as investment in new and existing homes. It is this aspect, together with the focus on a tight geographic area of Central London, that differentiates the Association from other housing associations.

Last year's Strategic Report reflected the constraints imposed through the Coved-19 pandemic, including lower planned and routine repairs due to restrictions accessing individual homes and a cessation in development activity when sites shut down during the lockdown period. Investment and development activity recommenced during 2021-22 and the Association's Development Strategy, launched in May 2022 outlines a 5-year programme to develop at least 30 new homes and this will run alongside a substantial major works programme that will focus on building safety and affordable warmth.



Structure

The Association is the parent of a wholly owned subsidiary, Soho Limited, a company limited by shares, which was established as a brand to oversee commercial and joint venture activities. The joint venture, West Smithfield Development LLP, in which Soho Limited has a 50% share, is complete with a small residual balance to be returned to Soho Limited.

Soho Housing Association

Community Benefit Society

Exempt from registration with the Charities Commission

Soho Limited

Company limited by shares

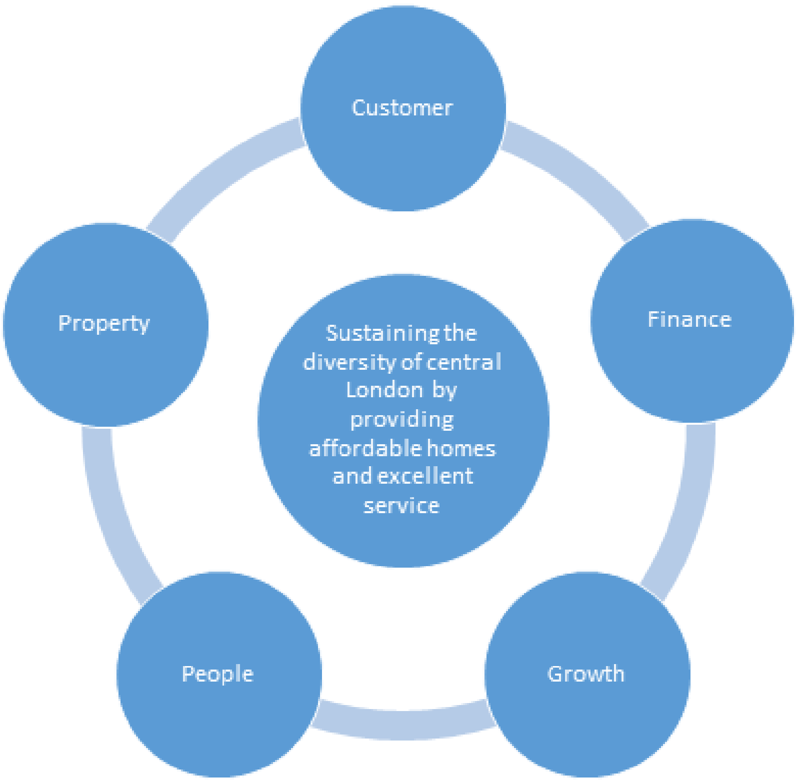
Non-charitable

West Smithfield Development LLP

50% owned by Soho Limited

Strategic objectives

The Association has a clear mission: to provide quality homes that people are proud to live in, in environments they want to be in and enjoy. The business strategy covers five key areas, underpinned by a focus to be recognised for sustaining the diversity of central London by providing affordable homes and excellent service with core values: Enterprise, Inclusion, Guardianship.



Performance against targets for 2021-22 is summarised overleaf. At the start of the year we were still in lockdown with all staff working remotely, although restrictions were easing. We continued to deliver services throughout, although experienced some disruption with a number of staff changes, particularly in the resident-facing housing team. Our office at 18 Hanway Street provides a hub for staff and residents at the heart of our community. However, all staff continue to mix remote, office and on-site working to deliver services for our residents and commercial tenants. The ‘next steps’ reflect unchanged strategic imperatives: to provide safe, secure and affordable homes for our residents; maintain a financially sound business; manage our investment portfolio to support future developments and investments; and ensure risks are appropriately managed and mitigated.

Customer

Secure high levels of customer satisfaction and engagement through our local expertise and commitment to customer service.

Key Target	Outcomes	Next Steps
Increase customer satisfaction year on year	• The number or repairs increased during the year and the regular transactional surveys (satisfaction with repairs) undertaken in the year showed a small increase in customer satisfaction to 65% (2021: 63%). Whilst an improvement on last year this below target (80%) • From April 2021, the new housing operating model places the customer front and centre, with the housing officer as a 'one stop shop' to improve the customer experience. Frequent changes in team members have had a detrimental impact on resident satisfaction which was 46% overall against a target of 66%.	• Repairs capacity increased by subscribing to an on-line 'platform', Plentific, that enables the housing team to order repairs quickly from a range of suppliers, monitor progress and confirm completion. The arrangement started in the latter part of the financial year and will be reviewed to confirm outcomes are delivered in terms of both customer satisfaction and value for money
Best in class modern customer processes	• Initial work on resident portal (Microsoft Dynamics CRM project) for improving self-serve capability and experience, although this has progressed at a slower pace than originally anticipated and the website review has been deferred until 2022-23	• Website review commencing in 2022-23 will include seamless link to the Dynamics portal as first stage of self-serve project
Know our customers	• Planned tenancy audits together with project to capture enhanced data on our customers deferred during pandemic lockdown and then delayed due to high staff turnover within the housing team	• Revised approach for tenancy audits introduced in Q1 2022-23 with newly established and settled housing team leading

Finance

Growing surpluses to enhance capital value.

Key Target	Outcomes	Next Steps
Strong financial management to achieve target operating margin	• Budgets scrutinised throughout the year to identify and implement cost savings that offset lower commercial income, delivering operating margin of 25% (target: 22%) • Impact of Covid lockdown and Brexit reflected in delays to non-urgent and planned repairs - saving cost in the short-term but this is delayed rather than permanent saving	• Continuing targeted cost reduction across all areas of the business to deliver improved operating margin and strengthen interest cover
Drive business performance and value for money	• IT support re-procurement deferred until 2022-23 following initial review of value for money and improved contract management • High level approach to ESG includes 'fabric first'.	• Review of procurement policy and practice to identify scope for VfM savings and strengthen service quality • Confirm and monitor specific Environmental, Social, Governance (ESG) targets
Internal controls effectively mitigate risk and secure compliance	• Early in the financial year shifted on-premises systems to the cloud, strengthening resilience and business continuity • Finance system upgrade (purchase to pay) deferred in light of possible replacement in 2022-23	• Finance system upgrade/replacement decision will include purchase to pay, to automate the end-to-end commitment/payment process and further strengthen IT controls

Growth

Identifying new business and active investment strategies for sustainable long-term growth.

Key Target	Outcomes	Next Steps
Sustainable growth to underpin strong long-term performance	• Board-approved long-term financial model (Brixx) updated, reviewed and stress-tested by Board throughout the year • Growth strategy approved in March 2022 with development strategy launch in May.	• Implementation of approved development strategy that delivers modest growth across a mix of tenures • Confirmation of energy efficiency targets for incorporation in new developments

Key Target	Outcomes	Next Steps
Manage investments to enhance long-term value	• Negotiations with commercial tenants continued throughout the year with a focus on enhancing asset value through improving longer-term agreements whilst recognizing the need to reduce some rents in the short-term. The strategy has proved successful with strong demand for 'prime' sites and 5 new lettings. By the year-end the investment value increased by £3.3m.	• Active investment asset management to maintain long-term value of investment portfolio, within constraints confirmed in commercial strategy eg restrictions on types of business within portfolio to maintain community place and balance
Active asset management for sustainable long-term returns	• Progress accelerated during the year with the appointment of consultants to support a portfolio management plan to help identify whether to retain or dispose of assets in order to meet long-term strategic targets. Key considerations include value in use as well as future sustainability having regard to the 2050 zero-carbon targets.	• Disposal strategy linked to portfolio management plan will confirm criteria for asset disposal (covering both social and investment assets)

People

Building a high-performance culture with a clear, shared purpose in a great place to work.

Key Target	Outcomes	Next Steps
Exemplary team know-how and expertise to deliver purpose	• Remote working forms part of a 'hybrid' working arrangement, with most team members working two or three days a week in the office • Mandatory training in key areas for all staff with targeted training to deliver on personal development plans	• Develop training programme to focus on technical and professional skills that will enhance expertise across the team
Consistently improve staff engagement	• Plans to review engagement strategy with staff have fallen behind due to staff resource constraints and will be picked up in 2022-23	• Review staff engagement strategy and culture
Give people the tools they need to do their jobs well	• Extensive use of virtual training during the year has continued, including essential health & safety and IT security training for all staff.	• Identify and implement methodology for assessing success of training programme

Property

Actively managing our assets to provide safe, quality homes and business spaces.

Key Target	Outcomes	Next Steps
Complete stock condition survey and confirm major works programme	• Stock investment programme re-commenced with investment in roofs, windows, kitchens and bathrooms as well as fire safety works. Reinvestment indicator 1.0% (Target: 3.9%) • Difficulties with one contractor meant there were delays in works and consequently 3 planned replacements were deferred until the new financial year. The delays meant 3 properties were non-compliant with the decent homes standard by the year-end.	• Major works programme across all properties continues with focus on ensuring 100% decent homes compliance • Significant project at Sandringham Flats, including investment in windows to improve thermal efficiency and sound insulation, will commence in 2022-23 and continue into the following two years
Robust commercial asset management	• Commercial action plan to modify larger commercial units implemented - one unit identified for change in the year.	• Close management of the commercial estate will continue during economic turbulence in order to maximise investment income and value
Safe and sustainable properties and operations	• Compliance KPIs identified and reported regularly to Executive team and Board. Key areas under scrutiny include progress with fire safety actions, • 100% gas compliance achieved for most of the year. No cases went to legal for access • Building safety project has focused on higher-risk properties in the first instance • Energy performance surveys provide base data for sustainability strategy	• Building Safety Manager is leading our internal Building a Safer Future project for higher risk properties (over 18m) and is overseeing the fire safety actions • Continuing to undertake energy performance surveys with a focus on surveying at least one property in each block, to improve the accuracy of cloned data pending completion of surveys for every property individually.

Governance

The Association has a committed body of shareholders including founder members of the Association, residents and people with local connections or business interests. Two shareholder meetings are held each year to consider and approve board member applications; review organisation performance and direction; and strengthen lines of communication and engagement.

The Association's board comprises up to eleven non-executive members plus the chief executive with meetings taking place at least quarterly. Details of board members, who have a broad range of knowledge and experience, are included on page 1. Two board members are current residents and under the Association's rules a maximum of three residents may serve as board members at one time.

Our appointments policy for non-executive board and sub-committee members is skills based and aims to ensure appropriate representation reflecting business need and the communities in which we operate as we focus on equality, diversity and inclusion. Members undergo a comprehensive induction programme with on-going training provided through attendance at conferences as well as formal training courses. Each member is expected to attend at least 80% of meetings each year and all board members are subject to regular performance appraisal.

The board members who served throughout 2021-22 and up to the date of this report are listed on page 1. Lesley Roberts' term of office ended at the AGM in September 2021 and following a recruitment process our new Chair, Andrew Billany was appointed as a board member in January 2022, becoming Chair from 1 April 2022. Non-executive board members receive no remuneration and indemnity insurance was provided through our insurance brokers, AJG.

Soho Housing Board

Providing strategic oversight in delivery of corporate objectives

Audit and Risk Committee	People and Governance Committee	Soho Limited Board (from June 2022: Investment and Development Committee)
Overseeing risk management strategy, financial and other internal controls systems, standards of probity and internal and external audit	Responsible for remuneration; Board recruitment and effectiveness; governance and conduct; and committee effectiveness	Co-ordinating commercial activities, overseeing development and major works programmes. Identifying new opportunities and raising business profile
Members: Rosemary Farrar (Chair) Mark Ewing Harry Harris Kerry Tromanhauser	Members: Mark Gilkes (Chair) Wendy Hardcastle Lesley Roberts (until 8 September 2021) Kerry Tromanhauser	Members: Jeremy Titchen (Chair) Harry Harris Rachel Miller Lesley Roberts (until 8 September 2021) Dickon Robinson

The Board, supported by the People and Governance Committee, regularly reviews Board and Committee composition and carries out an annual self-assessment of performance. An independent review on Board effectiveness was commissioned in May 2021 to ensure the governance framework continues to evolve and reflect the changing external and internal economic, risk and regulatory environments. Consequential changes to the governance structure have included:

- Confirmation of board member term of office as a maximum of 9 years, but with gradual reduction to 6 years whilst ensuring expertise covering key areas of the business as well as assurance and risk
- Revision to sub-committee terms of reference and confirmation of Investment and Development Committee to oversee development, major works and commercial investment

Code of Governance

The Association adopted the National Housing Federation's 'Code of Governance 2020' (the Code) in November 2021, committing to uphold it and keep to the high standards expected. Compliance with the Code is reviewed annually by the People and Governance Committee and Board. As noted above, the Board has agreed a gradual reduction in board member term of office to 6 years, with provision to extend an individual member's term up to a maximum of 9 years, should this be deemed necessary. The Code sets an expectation of a 6-year term and other than in those exceptional circumstances noted above, there are no areas of non-compiance.

Resident involvement

A small group of residents, the Residents' Collaborative Assessment Panel (ReCap), formed in 2019 to provide resident perspective to strategic issues; scrutinise resident-related policies and the procurement of service contracts; assess the Association's performance in housing related issues based on resident feedback and other performance indicators; and highlight areas of service that could be considered for improvement.

In planning the location and design for the new office in Hanway Street, ReCap feedback highlighted a number of important factors that were reflected in the fit-out, including 'easier access to the office for residents': the new office has street-level flat access and is well-situated for all residents being close to both Soho and Covent Garden as well as a short distance from Tottenham Court Road underground station for those people who live outside the central area. The housing officers offer 'drop-in' sessions for residents each week.

Following recent staff changes in the housing team and move back to in-person meetings, ReCap is being reviewed and reinvigorated with plans to expand membership, gaining broader representation and the opportunity to feed into a wider review of resident engagement.

Equality and diversity

We are committed to the Equality, Diversity and Inclusion (ED&I) principles set out in the Code and to promoting equality, diversity and inclusion in all our activities, processes and culture. The Association's Equality, Diversity and Inclusion Policy underpins our culture and operations, including board member and staff behaviours, however we recognise that the policy needs to be regularly reviewed and challenged to make sure that it remains relevant.

As part of our work to understand and analyse our performance in ED&I, during the year all board members and staff completed diversity questionnaires. Staff workshops on diversity and inclusion ran alongside the questionnaires and outputs from these together with data from the questionnaires are being used to identify required goals to increase diversity and inclusion and take steps to achieve them, including policy change where required.

Financial performance

The Board is pleased to report an operating surplus for the year of £2,725k (2020-21: £2,140k), an increase of £585k for a year of change in terms of personnel and of recovery from the effects of the pandemic. Most of the increase reflects profit of £573k from asset disposal that will contribute towards planned investment in new homes

Four-year summary:

Statement of Comprehensive Income	**2021-22**	**2020-21**	**2019-20**	**2018-19**
	£'000	**£'000**	**£'000**	**£'000**
Turnover:				
Social housing activities	6,769	6,644	6,636	6,460
Non-social housing activities	1,812	1,561	2,574	2,653
	8,581	**8,205**	**9,210**	**9,113**
Operating costs:				
Social housing activities	(5,760)	(4,720)	(5,707)	(6,631)
Non-social housing activities	(669)	(1,345)	(1,082)	(555)
	(6,429)	**(6,065)**	**(6,789)**	**(7,186)**
Gain on disposal of assets	**573**	**-**	**-**	**-**
Operating surplus – social housing	**1,009**	**1,924**	**929**	**(171)**
Operating surplus – non-social housing	**1,143**	**216**	**1,492**	**2,098**
Operating surplus – all activities	**2,725**	**2,140**	**2,421**	**1,927**
Income from joint venture	-	25	-	50
Interest	(1,563)	(1,433)	(1,524)	(883)
Movement in valuation of investment properties	3,320	(2,763)	(3,891)	2,448
Surplus/(deficit) for the year	**4,482**	**(2,031)**	**(2,994)**	**3,542**
Movement in valuation of pension	74	(763)	842	(1,516)
Tax	-	-	-	-
Total comprehensive income/(expense)	**4,556**	**(2,794)**	**(2,152)**	**2,026**

Statement of Financial Position	**31 March 2022**	**31 March 2021**	**31 March 2020**	**31 March 2019**
	£'000	**£'000**	**£'000**	**£'000**
Fixed assets:				
Housing properties and other assets	96,841	97,271	97,055	97,778
Investment properties	60,043	56,429	60,173	64,016
	156,884	153,700	157,228	161,794
Net current assets/(liabilities)	4,893	823	(453)	1,099
Total assets less current liabilities	161,777	154,523	156,775	162,893
Debt	(36,220)	(32,858)	(32,342)	(33,273)
Deferred grant and other long-term liabilities	(47,663)	(48,327)	(48,301)	(51,336)
Net assets	77,894	73,338	76,132	78,284
Reserves	77,894	73,338	76,132	78,284

Statistics	**2021-22**	**2020-21**	**2019-20**	**2018-19**
Operating margin	32%	26%	26%	21%
Operating margin – social housing activities	15%	29%	14%	(3%)
Operating margin – social housing lettings	18%	29%	18%	8%
Surplus/(deficit) as % of turnover	52%	(25%)	(32%)	22%
Properties owned and managed	**No**	**No**	**No**	**No**
General needs housing	732	732	732	732
Market rented housing	23	23	23	23
Low-cost home ownership and leasehold	42	42	42*	42*
	797	797	797	797
Commercial properties	34	34	35	35

* In 2018-19 and 2019-20 the disclosed numbers of leasehold properties excluded 17 properties developed through the JV and these are now included above

The overall operating margin of 32% has been uplifted from previous years by the gain on disposal of a small piece of land to the rear of one property (£573k). Excluding the impact of the property disposal the operating margin overall is broadly in line with the last two years at 25%. After two very challenging years the investment property market has improved and this is reflected in an increase in the operating margin from non-housing (investment) activities, which is moving back in line to pre-pandemic levels, as well as an uplift of £3.3m in investment property values. A low margin from social housing lettings reflects some catch-up maintenance as well as long delays in lettings and going forward the aim is to strengthen performance in this area of the business, through reducing losses from voids and rent arrears in the first instance.

The movement in surplus from last year's deficit is summarised in the 'profit bridge' below:

	£'000	
Total comprehensive expense 2020-21	**(2,794)**	
Add:		
Rent and service charge uplift – social housing	36	Inflation-linked rent increase
Voids and bad debts increase – social housing	(150)	High levels of rent arrears with uplift in provision
Management, maintenance and service cost increase – social housing	(380)	Picking up post-Covid activity increase as well as higher contractor, fire prevention and utility costs
Strengthened return from commercial and market rent properties	483	Bounce back after pandemic including write back of bad debt provision for commercial properties
Development cost increase	(120)	Increased activity following return after pandemic
Salary cost increase	(208)	One-off re-organisation costs and temporary staffing
Gain on disposal of property	573	Disposal of small piece of land to the rear of a property
Grant amortisation/property depreciation change	72	Including one-off grant amortisation adjustment
Reduction in central overhead	279	Mainly reflecting no office rental following move
Increase in operating surplus	585	
Reduction in income from joint venture	(25)	
Increase in interest payable	(130)	Interest on loan drawn down in-year
Increase in pension valuation	837	Movement from last year (which was decrease of £763k)
Increase in investment property valuation	6,083	Movement from last year (which was decrease of £2,763k)
Total comprehensive income 2021-22	**4,556**	

A focus on cost control and close cash management has delivered an overall operating surplus (excluding property sales) of 25%, with stronger returns from investment properties a key factor. The operating margin from social housing lettings was disappointing at 18% (2021: 29%) but included backlog maintenance activity from the previous year. The housing team had an unsettled year and the higher accumulated rent arrears have meant a substantial uplift in debt provision, although outsourcing rent collection from March 2022, at least temporarily, has delivered improved collection figures since the year-end. Going forward our medium-term ambition remains to increase the operating margin from social housing activities to 30% and beyond, although this will be tempered at least in the short-term by rising utility costs and inflationary pressures.

Last year, in view of the uncertainty within the commercial market and the quantum of commercial rent arrears, we made substantial provisions against the commercial debt. Our work during the year in actively managing the commercial investments led to changes in terms for a number of tenancies, reducing rent charges but sustaining the businesses through what has been a very challenging period. At the year-end the reduction in debt has meant writing back £290k provided but no longer required. The commercial portfolio was almost fully let at the year-end with a number of financially robust and exciting new brands joining as well as existing tenants entering into new, longer-term agreements. The strength of the customer base and the improvement more generally in the commercial property market has meant an uplift of £3,320k in the year-end valuation.

Accounting treatment of the movements in valuations of pension deficit and of investment properties means that the total annual reported surplus or deficit may swing considerably from year to year, depending on the assumptions adopted at a point in time. The positive investment property valuation of £3,320k (2021: £2,763k decrease) has meant a net upwards movement in total comprehensive income of £6,083k.

The movement in the pension valuation was also positive this year, with the pensions deficit reduced to £913k (2021: £1.134k), due mainly to the employer contributions paid in the year (£164k) as well as changes in assumptions, particularly on inflation and mortality rates. The small positive movement of £74k (2021: £763k decrease) delivered a net upwards movement of £837k in total comprehensive income.

Value for Money

Value for money is about being effective in the way we plan, manage and operate our business. Our focus on sustaining the diversity of Central London by providing affordable homes and excellent service is the core of our strategy. In order to keep on delivering it is essential that we apply financial rigour to improve our operating performance and generate greater returns from our assets.

Operating performance for 2021-22 has been strong overall, with improvement in returns from investments in commercial and market rent properties a key factor, together with sustained lower central overhead costs. However the returns from social housing activities have been adversely affected by higher property turnover and low rent collection rates. As we move into another period of economic uncertainty, with higher inflation and interest rates, we are acting to improve rent collection and reduce void losses whilst maximising returns from the investment portfolio that we can reinvest in both new and existing homes

The 'Sector Scorecard' performance measures for the last four years are set out below against a benchmark based on reported performance of six smaller registered providers based in London. The comparative group comprised: Croydon Churches, Hillside Housing, Inquilab, Islington & Shoreditch Housing, Thames Valley Housing and Industrial Dwellings Society. The benchmark figures are little different overall from those reported last year, with the exception of gearing which is higher at 68%.

The target for 2021-22 is based on a budget that reflects post-pandemic catch-up repairs and increased unit maintenance costs after Brexit. The business aims to improve on budget expectations through identifying and implementing value for money savings with particular focus on effective procurement, including contract management. Stronger operating performance will lead to enhanced interest cover and boost reserves to underpin future investment and reinvestment.

Performance measures

		Soho Housing				Benchmark
	Target 2022-23	2021-22	2020-21	2019-20	2018-19	2020-21
Reinvestment	5.8%	**1.0%**	0.2%	0.5%	1.8%	**2.9%**
New supply – social housing units	1.1%	**0.0%**	0.0%	0.0%	2.0%	**1.7%**
New supply – non-social housing units	0.0%	**0.0%**	0.0%	0.0%	4.0%	**0.0%**
Gearing	36%	**31%**	31%	31%	32%	**68%**
EBITDA-MRI	126%	**119%**	200%	197%	138%	**174%**
Headline social housing cost per unit	£9,739	**£7,342**	£5,401	£6,343	£8,113	**£4,920**
Operating margin – social housing lettings	23%	**18%**	29%	18%	8%	**28%**
Operating margin – overall	25%	**25%**	26%	26%	21%	**26%**
Return on capital employed	1.5%	**1.7%**	1.4%	1.5%	1.3%	**3.0%**

Headline social housing cost per unit has increased this year. Whilst some hardening had been anticipated, the increasing cost became apparent during the course of the year and the out-turn is far higher than originally budgeted. Key factors have included higher maintenance costs (both in volume and contractor costs); increased service costs (fire prevention and utility costs); and increased development activity, although the completion of our small scheme in Greek Street was delayed until April 2022.

Our aim is to manage this indicator by targeting lower operating costs. However, for the next couple of years the unit cost will be significantly higher than the longer-term headline due to the impact of the significant investment works programme at Sandringham Flats, together with continued investment in other properties to ensure decent homes compliance, both of which influence the higher reinvestment target of 5.8%.

In last year's value for money statement future plans identified included:

- Recommencement of the major works programme, in particular those window replacements that had been slowed down by external factors including permissions for works; and materials and contractor delays. During 2021-22 we accelerated the planned programme so that by the year-end we delivered almost all the works planned, including those delayed from previous years, although supply-chain difficulties led to disruption of the planned kitchen and bathroom replacements with a small number pushed back into 2022- 23
- Working with local authority partners and other organisations to signpost residents to benefits as well as local services and activities. Whilst informal arrangements remain, our plans for 2022-23 include developing a tenancy sustainment strategy that will clarify process and procedure to ensure consistency across all patches alongside training and development for staff.

The Association's long-term financial plan was updated and approved by Board in March 2022. Stresses applied to the model focused on liquidity, cost inflation and higher interest rates. Key mitigations include targeted overhead reduction; maintaining cash reserves at least equivalent to 2-months expenditure; a five-year Revolving Credit Facility, signed in December; and quarterly updates for Board on the long-term financial model and budget, as well as standard treasury updates each quarter.

Whilst there were no new homes completed during the year, a s106 acquisition in Soho completed in April 2022 to provide eight new homes for affordable rent. Demand has been strong for the two-bedroomed properties that all benefit from double and triple glazed windows and energy fusing air-source heat pumps. Our development strategy targets at least 30 more new homes over the next 5 years primarily through a mix of small-scale s106 opportunities in our core area alongside 'hidden homes' from our existing footprint to maximise the value we generate from our housing stock.

Risk

Key risks to the delivery of the Association's plans are identified, reviewed and revised throughout the year by the Executive, the Audit and Risk Committee and the Board and are summarised below.

Risk	Comments	Mitigation
Health and safety	The health and safety of our residents, staff and contractors remains a key concern, particularly in light of failings across the wider housing sector. Challenges within the economy including supply chain disruption and increasing inflation are key risks impacting contractors and in turn services to our residents.	A compliance dashboard is reviewed weekly by the Operations Director, with KPI reporting to the Executive, Audit & Risk Committee and Board. Staff changes within the property services team have enabled a greater focus on compliance and day to day contract management, with the appointment of a new Contracts Manager – Repairs and Compliance in May 2022.
Asset management	Strategic asset management depends on comprehensive, accurate and accessible information used to develop and monitor investment and re-investment in the property portfolio. Future investment plans will need to reflect expectations regarding longer-term sustainability of the portfolio, including warmth and energy efficiency, with Zero Carbon 2050 moving closer.	Stock condition survey outputs reflected in the asset management system and underpin the major works programme. Portfolio management plan model being developed to support investment/retention or disposal decisions. The model assumes replacement on at least a 1:1 basis. Sustainability strategy initiated in 2021-22 with the first stage being confirmation of base data, in particular energy performance.
External policy change	Uncertainties regarding both central and local government policy remain, in particular the impact of Brexit and most recently war in Ukraine on inflation and interest rates that not only affect the Association but also our residents, commercial tenants and community.	Long-term financial model developed and stress-tested for a range of risks including future rent reduction, cost inflation, interest rate rises and property market collapse. New stakeholder strategy being developed to underpin the Association's position within the community and help identify and explore development and investment opportunities.
Commercial portfolio	The risk of investing in commercial property was highlighted in lockdown and remains, with inflationary pressures in the wider economy potially impacting these businesses. For the Association these tenancies not only deliver a commercial return but also support our social imperative.	The commercial strategy focuses on working with existing and new tenants to support enterprise in the community whilst delivering strong rent streams from our investments and is overseen by the Investment and Development Committee.
Financing	The Association's gearing indicates adequate borrowing capacity, coupled with asset values that offer significant additional security. As a smaller Registered Provider a key risk area is liquidity and this remains a focus for the Board.	One constraint on capacity is interest cover. The 2022-23 budget focuses on further strengthening social housing operating performance and all areas of the business have been targeted with VfM savings to drive up the operating margin. The agreed Revolving Credit Facility mitigates liquidity risk although cash management remains a priority, especially with the start of the significant investment project at Sandringham.

Internal Controls Assurance

The Board acknowledges its ultimate responsibility for ensuring the Association has in place a system of controls that is appropriate to the various business environments in which it operates and for monitoring its effectiveness. The system is designed to manage the risk of failure to achieve business objectives and give reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the year under review and up to the date of approval of the report and accounts. The Board has delegated the authority for overseeing risk management and internal controls assurance to the Audit and Risk Committee but receives regular updates on risk and controls assurance. A summary of the main policies the Board has established and the processes it has adopted is set out below:

- Formal policies and procedures approved, including clearly defined management responsibilities for the identification and control of significant risks.
- Financial forecasts, budgets and business plans are prepared to support the Board and management as they monitor key business risks and progress towards financial objectives set for the year and the medium term. The budget, approved by Board in advance of the financial year, is updated in July and reforecast in the second half of the financial year to ensure targets set by Board are achieved.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures by the Board, in line with clear delegations.
- The Board has approved anti-fraud, anti-bribery and anti-corruption policies.
- A treasury policy and strategy has been approved by the Board with key treasury risks including covenant compliance, counterparty risk and interest rate risk reviewed quarterly.
- Mazars are the appointed internal auditors. The Board agrees the strategic internal audit programme and has delegated responsibility to the Audit and Risk Committee to review and report to the Board on reports from management, from the internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed.

A fraud register is maintained and is reviewed by the Audit and Risk Committee at each meeting. There were no financial frauds recorded in the year but a greater focus is being placed on identifying and addressing tenancy fraud, in particular sub-letting property in highly desirable areas of central London. The Board receives and reviews the minutes of Audit and Risk Committee meetings.

Going concern

After making enquiries, the Board has a reasonable expectation that the overall group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. Key factors considered in coming to this decision are:

- Long-term (30-year) financial model supports the Association’s current and future plans
- Stress-testing of the long-term financial model included increases in inflation and interest rates; and identified mitigations
- Short-term cashflow scrutiny shows funding is in place to meet expected commitments including investment works and some limited development over the next twelve months
- Early warning ‘triggers’ agreed to identify emerging issues and risks; and confirm pre-emptive action
- Treasury policy ‘golden rules’ confirmed to aid risk management

For this reason, it continues to adopt the going concern basis in the financial statements.

Statement of responsibilities of the Board for the Annual Report and Accounts

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business; and
- State whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: Accounting for registered social housing providers (Housing SORP: 2018 update) have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the 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 2022 (Accounting Direction 2022). They are also responsible for safeguarding the assets for the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Strategic Report is prepared in accordance with the Statement of Recommended Practice for registered social housing providers (Housing SORP: 2018 update).

At the date of making this report, each of the Board members, as set out on page 1, confirms that in so far as each member is aware:

- There is no relevant information needed by the group's auditors in connection with preparing this report of which the group's auditors are unaware; and
- Each member has taken all the steps that he or she ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Association's website and that of it's subsidiary Soho Limited, is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of compliance

The Board has undertaken an assessment of the Association's compliance with the governance and financial viability standard as required by the Accounting Direction 2022. The Board confirms that no evidence of non-compliance has been identified since the last report.

In preparing the strategic report the Board has followed the principles set out in the Statement of Recommended Practice for registered social housing providers (Housing SORP: 2018 update).

Annual general meeting

The annual general meeting will be held on 14th September 2022.

External auditors

The re-appointment of BDO LLP will be proposed at the forthcoming annual general meeting.

The report of the Board was approved by the Board on 25th July 2022 and signed on its behalf by:

Andrew Billany

Chair of the Board

25th July 2022

Report of the Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOHO HOUSING ASSOCIATION LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

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

We have audited the financial statements of Soho Housing Association Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the consolidated cash flow statement 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Other information

The board are responsible for the other information. The other information comprises the information included in the *annual report and accounts*, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Report of the Board and Strategic Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or

- the Association financial statements are not in agreement with the accounting records and returns; 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 responsibilities of the board for the annual report and accounts set out on page 16, 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 determine 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 are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Association and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Housing and Regeneration Act 2008, the Co-operative and Community Benefit Societies Act 2014 and relevant Tax Legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Employment Law, Data Protection and Health and Safety Legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

Audit procedures capable of detecting irregularities including fraud performed by the engagement team included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports, and
- reviewing correspondence with HMRC and the Regulator to identify any actual or potential frauds or
- any potential weaknesses in internal control which could result in fraud susceptibility;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters;
- Challenging assumption made by management in their significant accounting estimates in particular in relation to the recoverable amount of assets and the appropriate allocation of costs between land and structure;
- Carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments.

These inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
Philip Cliftlands
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Philip Cliftlands (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory Auditor

Gatwick

16 August 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

	Note	Year ended 31 March 2022		Year ended 31 March 2021	
		Group	**Association**	**Group**	**Association**
		£'000	**£'000**	**£'000**	**£'000**
Turnover	**2**	8,581	8,581	8,205	8,205
Operating expenditure	**2**	(6,429)	(6,429)	(6,065)	(6,065)
Gain on disposal of assets	**2**	573	573	-	-
Operating surplus	**2**	2,725	2,725	2,140	2,140
Donation from subsidiary	**14**	-	-	-	25
Share of surplus from joint venture	**14**	-	-	25	-
Interest receivable		4	4	25	25
Interest and financing costs	**6**	(1,567)	(1,567)	(1,458)	(1,458)
Increase/(Decrease) in valuation of investment properties	**13**	3,320	3,320	(2,763)	(2,763)
Surplus/(Deficit) for the year		4,482	4,482	(2,031)	(2,031)
Actuarial gain/(loss) in respect of pension scheme	**10**	74	74	(763)	(763)
Total comprehensive income/(expense) for the year		4,556	4,556	(2,794)	(2,794)

The notes on pages 24 to 50 form an integral part of these accounts. All activities relate to continuing operations.

The financial statements on pages 20 to 50 were approved by the Board on 25 July 2022 and signed on its behalf by:

Board Member: **Andrew Billany**

Board Member: **Rosemary Farrar**

Secretary: **Jane Harrison**

Statement of Financial Position

	Note	31 March 2022 Group £'000	31 March 2022 Association £'000	31 March 2021 Group £'000	31 March 2021 Association £'000
Fixed assets					
Tangible fixed assets	**12**	96,841	96,841	97,271	97,271
Investment properties	**13**	60,043	60,043	56,429	56,429
		156,884	156,884	153,700	153,700
Current assets					
Trade and other debtors	**15**	2,407	2,407	2,183	2,183
Cash and cash equivalents	**16**	8,286	8,286	5,418	5,418
		10,693	10,693	7,601	7,601
Creditors: amounts falling due within one year	**17**	(5,800)	(5,829)	(6,778)	(6,807)
Net current assets/(liabilities)		4,893	4,864	823	794
Total assets less current liabilities		161,777	161,748	154,523	154,494
Creditors: amounts falling due after more than one year	**18**	(82,970)	(82,970)	(80,051)	(80,051)
Pension liability	**10**	(913)	(913)	(1,134)	(1,134)
Net assets		77,894	77,865	73,338	73,309
Reserves					
Non-equity share capital	**21**	-	-	-	-
Income and expenditure reserve		45,780	45,751	44,544	44,515
Revaluation reserve		32,114	32,114	28,794	28,794
		77,894	77,865	73,338	73,309

The notes on pages 24 to 50 form an integral part of these accounts.

The financial statements on pages 20 to 50 were approved by the Board on 25 July 2022 and signed on its behalf by:

Board Member:	**Board Member:**	**Secretary:**
Andrew Billany	**Rosemary Farrar**	**Jane Harrison**

Statement of Changes in Reserves

Group	Note	Income and expenditure reserve	Revaluation reserve	Total
		£'000	**£'000**	**£'000**
Balance at 1 April 2020		**45,504**	**31,628**	**76,132**
Deficit for the year		(2,031)	-	(2,031)
Actuarial loss in respect of pension scheme		(763)	-	(763)
Transfer from revaluation reserve to income and expenditure reserve		2,834	(2,834)	-
Balance at 1 April 2021		**44,544**	**28,794**	**73,338**
Surplus for the year		4,482		4,482
Actuarial gain in respect of pension scheme		74		74
Transfer from income and expenditure reserve to revaluation reserve		(3,320)	3,320	-
Balance at 31 March 2022		**45,780**	**32,114**	**77,894**

Association	Income and expenditure reserve	Revaluation reserve	Total
	£'000	**£'000**	**£'000**
Balance at 1 April 2020	**44,475**	**31,628**	**76,103**
Deficit for the year	(2,031)	-	(2,031)
Actuarial loss in respect of pension scheme	(763)	-	(763)
Transfer to revaluation reserve from income and expenditure reserve	2,834	(2,834)	-
Balance at 1 April 2021	**44,515**	**28,794**	**73,309**
Surplus for the year	4,482	-	4,482
Actuarial gain in respect of pension scheme	74	-	74
Transfer from income and expenditure reserve to revaluation reserve	(3,320)	3,320	-
Balance at 31 March 2022	**45,756**	**32,114**	**77,865**

The notes on pages 24 to 50 form an integral part of these accounts.

Consolidated Statement of Cash Flows

	Note	Year ended 31 March 2022	Year ended 31 March 2021
		£'000	£'000
Net cash generated from operating activities (see below)		3,270	2,732
Cash flow from investing activities			
Purchase of tangible fixed assets – housing properties		(954)	(150)
Purchase of tangible fixed assets – other assets		(30)	(1,524)
Purchase of investment property		(294)	(19)
Disposal of tangible fixed assets		673	1,121
Grants paid/received		(817)	(755)
Distribution from joint venture		-	25
Interest received		3	25
Cash flow from financing activities			
Interest paid		(1,415)	(1,448)
New secured loans		4,500	3,000
Repayment of borrowings		(2,068)	(929)
Net change in cash and cash equivalents		2,868	2,078
Cash and cash equivalents at beginning of the year		5,418	3,340
Cash and cash equivalents at end of the year		8,286	5,418

	£'000	£'000
Cash flow from operating activities:		
Surplus(deficit) for the year	4,482	(2,031)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,314	1,337
Surplus on disposal of assets - land	(573)	-
Increase/(decrease) in trade and other debtors	(224)	(438)
Increase/(decrease) in trade and other creditors	936	324
Increase in leaseholder and sinking funds	100	28
Adjustment for defined benefit pension payment	(325)	(173)
Revaluation of investment properties	(3,320)	2,763
Adjustments for investing or financing activities:		
Government grants amortised	(532)	(475)
Profit from joint venture	-	(25)
Interest payable	1,415	1,447
Interest received	(3)	(25)
Net cash generated from operating activities	3,270	2,732

The notes on pages 24 to 50 form an integral part of these accounts.

Notes to the financial statements

Legal Status
Soho Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing. The registered office is 18 Hanway St, W1T 1UF.

The group comprises the following entities:

Name	Incorporation	Registered/Non-registered
Soho Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Soho Limited	Companies Act 2006	Non-registered

1. Principal Accounting Policies

Basis of Accounting
The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: 'Accounting by registered social housing providers (Housing SORP: 2018 update)'. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with 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 2022. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in sterling.

The Group's financial statements have been prepared in compliance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The Group is a public benefit entity group and the Association is a public benefit entity, as defined by FRS 102.

Parent entity disclosure exemptions
In preparing the separate financial statements of the parent entity, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent;
- Disclosures in respect of the parent's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent as their remuneration is included in the totals for the group as a whole.

Basis of consolidation
The consolidated financial statements incorporate the results of Soho Housing Association Limited and all of its subsidiary undertakings as at 31 March 2022 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date, the Group obtains control.

Going concern
The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. In arriving at this conclusion the Board has reviewed short and longer-term forecasts (beyond twelve months from the date the financial statements are authorised for issue), including stress-testing key assumptions, to confirm adequate cash, resources and compliance with lender covenants.

In the light of external factors such as the war in Ukraine and continuing impact of Brexit having significant impact on the wider economy, those key assumptions tested include inflation and interest rates, in particular a possible differential between rent and cost inflation. Mitigations include targeted cost reduction and extending investment and construction periods. Short-term cashflow scrutiny shows funding is in place to meet expected commitments including investment works and some limited development over the next twelve months. Early warning 'triggers' agreed to identify emerging issues and risks; and confirm pre-emptive action. Treasury policy 'golden rules' confirmed to aid risk management

Notes to the financial statements

1. Principal Accounting Policies (continued)

Judgements and key sources of estimation and uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. **Development expenditure.** The Group capitalises development expenditure in accordance with the accounting policy described below. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b. **Categorisation of properties as housing properties, investment properties or other fixed assets.** In determining the intended use of housing properties, the Group has considered if the asset is held for social benefit, shared ownership, market rented or to earn commercial rentals. Wherever possible costs are allocated between the units based on actual costs incurred with common costs being allocated based on a combination of floor areas and expected future net revenue streams. Components are written off at net book value when replaced. The Group has determined that market rented housing property and commercial properties are investment properties.

c. **Impairment of housing properties and other fixed assets.** The housing property portfolio for the Group is assessed for indicators of impairment at each statement of financial position date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amounts of assets or cash generating units for which impairment is indicated to their recoverable amounts. Impairment indicators include void levels, changes in regulation that impact on the future rent levels, the outcome of stock condition surveys and external changes which impact on future cash flows (for example, maintenance costs). An options appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. No properties have been valued at VIU-SP.

d. **Financial instruments.** Consideration is based on terms and conditions of each loan whether or not they are basic under FRS102.

Other key sources of estimation and assumptions:

a. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. **Revaluation of investment properties.** Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by qualified valuers and derived from market evidence for comparable properties.

c. **Trade and other debtors.** Management exercise judgement relating to the recoverability of outstanding rental and other trade receivables. A review is performed regularly to assess the recoverability of these accounts.

d. **Pension and other post-employment benefits.** Management's estimate of the defined benefit obligation relating to the Association's past service deficit in the Social Housing Pension Scheme is based on a number of underlying assumptions such as standard rates of inflation, mortality and discount rates. Variation in these assumptions may significantly impact the defined benefit obligation. Further details are given in note 10.

Notes to the financial statements

1. Principal Accounting Policies (continued)

Joint Ventures and Associates
An entity is treated as a joint venture where the Group holds an interest and shares control under a contractual arrangement with one or more parties external to the Group.

An entity is treated as an associated undertaking where the Group has a participating interest and exercises significant influence over its operating and financial policies.

In the Group accounts, joint ventures are accounted for using the equity method. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated income and expenditure account indicates the Group's share of the joint venture's turnover and includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated balance sheet, the Group's share of the identifiable gross assets (including any amortised premium paid on acquisition) and its share of the gross liabilities attributable to its joint venture are shown separately.

Any premium on acquisition is dealt with under the goodwill policy.

Turnover and revenue recognition
Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised in revenue on a time apportioned basis and is stated net of voids. Income from property sales is recognised on legal completion.

Support income and costs including Supporting People income and costs
Supporting People contract income received from Administering Authorities is accounted for as Supporting People income in Turnover (Note 2). The related support costs are matched against this income in the same note. Support charges included in rent (as service charges) are matched against the relevant costs.

Service charges
Service charge income and costs are recognised on an accruals basis. The Association operates both 'fixed variable' and variable (leaseholders) service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Investment Income
Interest income is recognised using the effective interest method.

Loan interest costs
Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs
These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Taxation
The Association's activities are charitable and therefore not liable to tax, to the extent that any surpluses are applied to the charitable objects. The subsidiary has no liability to tax as it is distributes any taxable profits to the Association.

Therefore, no provisions for corporation and / or deferred tax have been recognised.

Value Added Tax
The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Notes to the financial statements

1. Principal Accounting Policies (continued)

Tangible fixed assets and depreciation:

Housing properties
Tangible fixed assets are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source eg local authority are included in the Statement of Financial Position at fair value less consideration paid. Property disposals are recognised on completion of the sale.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Structure	125
Roofs	70
Bathrooms	30
Windows	30
Doors	30
Lifts	50
Kitchens	20
Electrics	30
Heating source	15

The Association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful life of the relevant component category.

Depreciation is charged on other completed tangible fixed assets on a straight-line basis over the expected useful lives which are set out below. The office refurbishment completed in April 2021. The transferred value (from investments) is treated as land and not depreciated.

	Years
Office refurbishment	10
Fixtures & fittings	4 - 10
Computer equipment	5 - 7

Low cost home ownership properties
The costs of low-cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

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

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

Property managed by agents
Where the Group carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income. Where the agent carries the majority of the financial risk, income includes only that which relates solely to the Group.

In both cases, the assets and associated liabilities are included in the Statement of Financial Position.

Notes to the financial statements

1. Principal Accounting Policies (continued)

Leasing and hire purchase
Operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Investment property
Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income.

Investments
Investments in subsidiaries are measured at cost less accumulated impairment.

Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

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

Social housing assistance and other government grants
Where developments have been financed wholly or partly by social housing assistance (SHA) and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHA received for items of cost written off in the Statement of Comprehensive Income is included as part of Turnover.

When SHA in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHA must be recycled under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHA can be used for projects approved by the Greater London Authority. However, SHA may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHA may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Non-monetary government grant
On disposal of assets for which non-repayable government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is released as income in the Statement of Comprehensive Income.

Recycling of capital grant
Where SHA is recycled, as described above, the SHA is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year. Recycling capital grant can be abated when sale proceeds are less than the original cost.

Employee Benefits
A liability is recognised to the extent of any employee benefits including unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted cost to the employees of the future holiday entitlement and accrued at the balance sheet date.

Notes to the financial statements

1. Principal Accounting Policies (continued)

Pension costs
The Association has in the past participated in the multi-employer defined benefit Social Housing Pension Scheme (SHPS) although it has now closed this defined benefit scheme to new and existing members. The Association's obligation for past service deficits remains.

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Reserves
The income and expenditure reserve represent the accumulated surplus generated by the Group or Association since its formation.

The revaluation reserve represents the difference between the fair value of investment properties and their historical cost carrying value. The revaluation reserve forms part of the income and expenditure reserve but is shown separately for information.

Financial instruments
Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Other financial instruments are classified as basic and are held at amortised cost.

Impairment of financial assets
Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:
a. All equity instruments regardless of significance; and
b. Other financial assets that are individually significant.

Other financial instruments are assessed either individually or grouped on similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:
a. For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
b. For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

Notes to the financial statements

2(a). Turnover, cost of sales, operating expenditure and operating surplus

Group	2022 Turnover £'000	2022 Operating expenditure £'000	2022 Operating surplus £'000
Social housing lettings (note 3)	6,698	(5,518)	1,180
Other social housing activities			
Development costs not capitalised	-	(242)	(242)
Management fees	71	-	71
	71	(242)	(171)
Non-social housing activities			
Commercial properties	1,182	(317)	865
Market rent housing	630	(352)	278
	1,812	(669)	1,143
Gain on disposal of properties			573
Total	8,581	(6,429)	2,725

Group	2021 Turnover £'000	2021 Operating expenditure £'000	2021 Operating surplus £'000
Social housing lettings (note 3)	6,644	(4,720)	1,924
Other social housing activities			
Supporting people	14	(95)	(81)
Development costs not capitalised	-	(176)	(176)
Management fees	56	-	56
	70	(271)	(201)
Non-social housing activities			
Commercial properties	762	(653)	109
Market rent housing	729	(421)	308
	1,491	(1,074)	417
Total	8,205	(6,065)	2,140

Notes to the financial statements

2(b). Turnover, cost of sales, operating expenditure and operating surplus

	2022		
Association	**Turnover**	**Operating expenditure**	**Operating surplus**
	£'000	**£'000**	**£'000**
Social housing lettings (note 3)	6,698	(5,518)	1,180
Other social housing activities			
Development costs not capitalised	-	(242)	(242)
Management fees	71	-	71
	71	(242)	(171)
Non-social housing activities			
Commercial properties	1,182	(317)	865
Market rent housing	630	(352)	278
	1,812	(669)	1,143
Gain on disposal of properties			573
Total	8,581	(6,429)	2,725

	2021		
Association	**Turnover**	**Operating expenditure**	**Operating surplus**
	£'000	**£'000**	**£'000**
Social housing lettings (note 3)	6,644	(4,720)	1,924
Other social housing activities			
Supporting people	14	(95)	(81)
Development costs not capitalised	-	(176)	(176)
Management fees	56	-	56
	70	(271)	(201)
Non-social housing activities			
Commercial properties	762	(653)	109
Market rent housing	729	(421)	308
	1,491	(1,074)	417
Total	8,205	(6,065)	2,140

Notes to the financial statements

3. Turnover and operating expenditure

	2022	2021
Group and association	**£'000**	£'000
Income		
Rent receivable net of identifiable service charges	5,428	5,401
Service charge income	738	768
Amortised government grants	532	475
Turnover from social housing lettings	6,698	6,644
Operating expenditure		
Management	(1,048)	(1,026)
Service charge costs	(1,203)	(815)
Routine maintenance	(1,354)	(1,169)
Planned maintenance	(390)	(295)
Major repairs expenditure	(213)	(197)
Bad debts	(170)	(63)
Depreciation of housing properties	(1,140)	(1,155)
Operating expenditure on social housing lettings	(5,518)	(4,720)
Operating surplus from social housing lettings	1,180	1,924
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	66	43

The comparative figures for rent receivable and service charge income have been restated by £104k to reflect classification changes for the current year. The total turnover is unaffected.

Notes to the financial statements

4. Accommodation owned and managed; and under development

	2022	2021
	Number	Number
Social Housing		
Under development at end of year:		
General needs housing social rent	8	8
Under management at end of year:		
General needs housing	732	732
Low-cost home ownership	2	2
	734	734
Non-Social Housing		
Under management at end of year:		
Market rented investment properties	23	23

5. Accommodation managed by others

Soho Housing owns property managed by other bodies:

	2022	2021
	Number	Number
Centrepoint Soho Limited	26	26
St Mungo's Broadway	12	12
	38	38

Notes to the financial statements

6. Interest and financing costs

	31 March 2022		31 March 2021	
	Group	**Association**	**Group**	**Association**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit pension charge	**23**	**23**	11	11
On loans wholly or partly repayable in more than five years	1,544	1,544	1,447	1,447
	1,567	1,567	1,458	1,458
Less: interest capitalised on housing properties under construction	-	-	-	-
	1,567	1,567	1,458	1,458

The weighted average interest on borrowings of 4.09% (2021: 4.09%) was used for calculating capitalised finance costs.

7. Surplus on ordinary activities

	2022	2021
	£'000	£'000
The operating surplus is stated after charging/(crediting):		
Auditor's remuneration (excluding VAT):		
Audit of the group financial statements*	31	30
Audit of subsidiaries	1	1
Fees payable to the company's auditor and its associates for other services to the group:		
Taxation services	3	2
Service charge certification	5	5
Loan covenant certification	2	2
Operating lease rentals:		
- Land and buildings	-	-
- Office equipment	-	3
Depreciation of housing properties	1,140	1,155
Depreciation of other fixed assets	172	182

* £31,000 (2021 - £30,000) of this is included within the Association. Included in other fees to the auditor is £10,000 (2021: £9,000) relating to the Association.

Notes to the financial statements

8. Board members and executive directors

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Executive Team.

Non-executive members of the Board are not remunerated.

	2022	2021
	£'000	£'000
Aggregate emoluments paid to or receivable by executive directors and former executive directors, including pension contribution	398	372
Aggregate compensation paid to or receivable by Directors (key management personnel), including national insurance and pension contribution	398	372
Emoluments paid to the highest paid Director excluding pension contributions	121	111

The Interim Chief Executive, who was in post for 5 months during 2021-22 is a participant in the Pensions Trust defined contribution scheme on the same arrangements as other staff members. The Association does not contribute to any pension or pension scheme for the Chief Executive (appointed from September 2021).

Notes to the financial statements

9. Employees

	Group		Association	
	2022	2021	**2022**	2021
	No.	No.	**No.**	No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:				
Office staff	21	22	21	22

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Staff costs:				
Wages and salaries	1,360	1,157	1,360	1,157
Social Security costs	130	121	130	121
Other pension costs	66	70	66	70
	1,556	1,348	1,556	1,348

	Group		Association	
	2022	2021	**2022**	2021
Aggregate number of full-time equivalent staff, including the executive team, whose remuneration including pension contributions exceeded £60,000 in the period:	**No.**	**No.**	**No.**	**No.**
£60,000 - £70,000	1	1	1	1
£70,000 - £80,000	1	-	1	-
£80,000 - £90,000	3	3	3	3
£90,000-£100,000	-	-	-	-
£100,000 - £110,000	1	1	1	1
£110,000 - £120,000	-	-	-	-
£120,000 - £130,000	1	1	1	1

Notes to the financial statements

10. Pension obligations

The Association currently offers a defined contribution scheme run by The Pensions Trust to all employees with a choice of 4% or 8.25% matched contributions.

The Association has closed access for both new and existing employees to the Social Housing Pension Scheme (the Scheme), a multi-employer defined benefit scheme in the UK which provides benefits to some 500 non-associated employers.

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.

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

The latest accounting valuation was carried out with effective date of 30 September 2021. The liability figures from this valuation were rolled forward for the accounting year-end 31 March 2022 and compared at that date with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

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

	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000
Fair value of plan assets	5,443	5,391	4,848
Present value of defined benefit obligation	6,356	6.525	5,392
Surplus (deficit) in plan	(913)	(1,134)	(544)
Unrecognised surplus	-	-	-
Defined benefit asset (liability) to be recognised	(913)	(1,134)	(544)

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	6,525	5,392
Current service cost	-	-
Expenses	5	6
Interest expense	139	127
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	275	(97)
Actuarial losses (gains) due to changes in demographic assumptions	(97)	23
Actuarial losses (gains) due to changes in financial assumptions	(412)	1,202
Benefits paid and expenses	(79)	(128)
Defined benefit obligation at end of period	6,356	6,525

Notes to the financial statements

10. Pension obligations (continued)

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	5,391	4,848
Interest income	116	116
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(149)	365
Contributions by the employer	164	190
Contributions by plan participants		-
Benefits paid and expenses	(79)	(128)
Fair value of plan assets at end of period	5,443	5,391

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

	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000
Current service cost	-	-
Expenses	5	6
Net interest expense	23	11
Defined benefit costs recognised in statement of comprehensive income (SOCI)	**28**	17

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (SOCI)

	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss) gain	(149)	365
Experience gains and losses arising on the plan liabilities - (loss) gain	(275)	97
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	97	(23)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	562	(1,202)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	255	(763)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	255	(763)

Notes to the financial statements

10. Pension obligations (continued)

ASSETS

	31 March 2022	31 March 2021
	£'000	£'000
Global Equity	1,044	859
Absolute Return	218	298
Distressed Opportunities	195	156
Credit Relative Value	181	170
Alternative Risk Premia	179	203
Fund of Hedge Funds	-	1
Emerging Markets Debt	158	218
Risk Sharing	179	196
Insurance-Linked Securities	127	129
Property	147	112
Infrastructure	388	359
Private Debt	140	129
Opportunistic Illiquid Credit	183	137
High Yield	47	161
Opportunistic Credit	19	148
Cash	19	-
Corporate Bond Fund	363	318
Liquid Credit	-	64
Long Lease Property	140	106
Secured Income	203	224
Liability Driven Investment	1,519	1,370
Currency Hedging	(21)	-
Net Current Assets	15	33
Total assets	5,443	5,391

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	31 March 2021
	% per annum	% per annum
Discount Rate	2.79%	2.14%
Inflation (RPI)	3.66%	3.30%
Inflation (CPI)	3.23%	2.85%
Salary Growth	4.23%	3.85%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65	Life expectancy at age 65
	Years	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

Notes to the financial statements

11. Taxation on profit on ordinary activities

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
UK corporation tax on profit for the year	-	-	-	-

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to the surplus before tax. The differences are explained below:

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Surplus/(deficit) on ordinary activities before tax	4,556	(2,865)	4,556	(2,865)
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2021:19%)	866	(544)	866	(544)
Effects of:				
Income not taxable for tax purposes	(866)	544	(866)	544
Adjustments to tax charge in respect of previous period	-	-	-	-
Adjustments to tax charge due to change in rates	-	-	-	-
Current tax charge for the period	-	-	-	-

Notes to the financial statements

12. Tangible fixed assets

	Housing properties				Other fixed assets		
Group and association	**Social housing properties for letting - completed £'000**	**Social housing properties for letting - under construction £'000**	**Low-cost home ownership properties completed £'000**	**Total housing properties £'000**	**Furniture and office equipment £'000**	**Office £'000**	**Total fixed assets £'000**
Cost							
At start of year	112.193	591	235	113,019	1,620	1,349	115,988
Additions	253	30	-	283	30		313
Interest capitalised	-	-	-	-	-	-	-
Transfers to completed schemes	-	-	-	-	-	-	-
Property sale		(100)	-	(100)	-	-	(100)
Component additions	671	-	-	671	-	-	671
Component disposals	(130)	-	-	(130)	-	-	(130)
At end of year	112,987	521	235	113,743	1,650	1,349	116,742
Depreciation and impairment							
At start of the year	17,679	-	30	17,709	1,008	-	18,717
Charge for the year	1,139	-	1	1,140	137	37	1,314
Eliminated on disposals	(130)	-	-	(130)	-	-	(130)
At end of year	18,688		31	18,719	1,145	37	19,901
Net book value at end of year	94,299	521	204	95,024	505	1,312	96,841
Net book value at start of year	94,514	591	205	95,310	612	1,349	97,271

Notes to the financial statements

12. Tangible fixed assets (continued)

Housing Properties comprise:	2022 £'000	2021 £'000
Freeholds	57,133	56,710
Long leaseholds	35,116	35,651
Short leaseholds	2,775	2,949
	95,024	95,310

Cost of properties includes £nil (2021: £36k) for direct administrative costs capitalised during the year

	£'000	£'000
Works to existing properties in the year:	-	
Components capitalised	671	114
Other capital additions	283	-
Amounts charged to expenditure	-	-
	954	114

The aggregate amount of interest and finance costs included in the cost of housing properties	842	842

Carrying value of tangible fixed assets pledged as security for liabilities is £42,861 (2021: £52.746m)

Interest is capitalised at the cost of funds to the association and added to schemes under construction. Interest capitalised in 2022 was £nil (2021: £nil) at an interest rate of 4.06% (2021: 4.09%)

Notes to the financial statements

13. Investment properties held for letting

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At start of year	56,429	60,173	56,429	60,173
Additions	294	19	294	19
Transfer between tenure	-	(1,000)	-	(1,000)
Gain/(loss) from adjustment in value	3,320	(2,763)	3,320	(2,763)
At end of year	60,043	56,429	60,043	56,429

The Association's investment properties have been independently valued as at 31 March 2022 by Savills (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an External Valuer of the Fund as defined by the Alternative Investment Fund Managers Regulations 2013). The valuations accord with the requirements of IFRS 13 and the RICS Valuation – Global Standards (incorporating the IVSX International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the "Red Book".

The Valuers reported that the aggregate of the Market Value of each of the freehold and leasehold interests in the commercial properties amounted to £38,137k; and in the residential properties £21,906k, in total £60,043k.

The valuations were arrived at predominantly by reference to market evidence for comparable property.

The surplus/(deficit) on revaluation of investment property of £3,320k (2021: £2,763k loss) has been credited to the statement of comprehensive income for the year.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows: cost £25,007k (2021: £24,709k).

14. Fixed asset investments

At 31 March 2022 the Group has the following interests in Joint Ventures and Associates (Note 24):

	2022	2021
	£'000	£'000
At start of the year	-	-
Share of profit for the year	-	25
Distribution of profit	-	(25)
At end of the year	-	-
Represented by:		
Share of current assets	-	-
Share of liabilities – due within one year	-	-
Share of liabilities – due after more than one year	-	-
Share of net assets	-	-
Share of capital commitments	-	-

Notes to the financial statements

15. Trade and other debtors

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Social housing rent arrears	811	603	811	603
Less: provision for doubtful debts	(371)	(229)	(371)	(229)
	440	374	440	374
Non-social housing rent arrears	487	815	487	815
Less: provision for doubtful debts	(131)	(404)	(131)	(404)
	356	411	356	411
Deposit held by THFC	861	907	861	907
Other debtors, prepayments and accrued income	750	491	750	491
	2,407	2,183	2,407	2,183

The rent arrears and provision for doubtful debts are shown separately for social and non-social (commercial) purposes to be more informative for the reader of the accounts.

16. Cash and cash equivalents

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Money market investments	36	109	36	109
Cash at bank	8,250	5,309	8,250	5,309
	8,286	5,418	8,286	5,418

In the above are balances totalling £70,198 (2021: £59,341) which are held in trust for leaseholders and £764,609 (2021: £675,852) in an equipment replacement sinking fund.

Notes to the financial statements

17. Creditors: amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans and overdrafts (Note 18b)	1,555	2,485	1,555	2,485
Trade creditors	327	240	327	240
Amounts owed to group undertakings	-	-	29	29
Rents and service charges paid in advance	931	566	931	566
Service charge balances held on behalf of leaseholders	70	59	70	59
Accruals and deferred income	1,795	1,426	1,795	1,426
Deferred Capital Grant (Note 19)	476	475	476	475
Recycled capital grant fund (Note 20)	134	952	134	952
Other creditors	512	575	512	575
	5,800	6,778	5,829	6,807

18(a). Creditors: amounts falling due after more than one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans (Note 18b)	36,220	32,858	36,220	32,858
Deferred Capital Grant (Note 19)	45,891	46,424	45,891	46,424
Recycled capital grant fund (Note 20)	94	93	94	93
Leaseholder sinking funds	765	676	765	676
	82,970	80,051	82,970	80,051

Notes to the financial statements

18(b). Debt analysis

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans repayable by instalments:				
Within one year	1,555	985	1,555	985
In one year or more but less than two years	1,280	1,079	1,280	1,079
In two years or more and less than five years	3,135	1,809	3,135	1,809
In five years or more	11,737	11,946	11,737	11,946
	17,707	15,819	17,707	15,819
Loans not repayable by instalments:				
Within one year	-	1,500	-	1,500
In one year or more but less than two years	-	-	-	-
In two years or more and less than five years	3,000	-	3,000	-
In five years or more	16,500	18,000	16,500	18,000
	19,500	19,500	19,500	19,500
Loan issue premium	568	24	568	24
Total loans	37,775	35,343	37,775	35,343

Loans are secured by specific charges on the Association's individual properties. The instalment loans are repayable monthly/quarterly at varying rates of interest.

The Association's interest rate profile at 31 March 2022 was:

	Total	Variable Rate	Fixed rate	Weighted Average rate	Weighted average term
	£'000	£'000	£'000	%	Years
At 31 March 2022					
Instalment loans	17,707	12,374	5,333	2.55	17.40
Non-instalment loans	19,500	3,000	16,500	4.79	18.16
	37,207	15,374	21,833	4.06	17.82
At 31 March 2021					
Instalment loans	15,819	10,106	5,713	3.26	17.40
Non-instalment loans	19,500	3,000	16,500	4.76	18.16
	35,319	13,106	22,213	4.01	17.78

Notes to the financial statements

19. Deferred capital grant

		Group		Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At start of the year	46,899	47,473	46,899	47,473
Grant received in the year	-	-	-	-
Transferred to recycled grant	-	(210)	-	(210)
Allocated from recycled grant	-	112	-	112
Released to income in the year	(532)	(476)	(532)	(476)
At the end of the year	46,367	46,899	46,367	46,899

	£'000	£'000	£'000	£'000
Amount due to be released < 1 year	476	475	476	475
Amount due to be released > 1 year	45,891	46,424	45,891	46,424
	46,367	46,899	46,367	46,899

20. Recycled capital grant fund - GLA

	Group and Association	
	2022	2021
	£'000	£'000
At the start of the year	1,045	1,702
Grants recycled	-	210
Grant allocated to development	-	(112)
Interest accrued	1	1
Repayment of grant to GLA	(818)	(756)
At the end of the year	228	1,045
Amount three years or older where repayment may be required	-	-
Amount due in less than one year	134	952
Amount due in more than one year	94	93

Notes to the financial statements

21. Non-equity share capital

	2022 £ and number of shares	2021 £ and number of shares
Group and Association		
Allotted Issued and Fully Paid		
At the start of the year	51	48
Issued during the year	3	4
Cancelled during the year	(2)	(1)
At the end of the year	52	51

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up and are not redeemable. Each share has full voting rights. All shares are fully paid.

22. Capital commitments

Group and association	**2022 £'000**	**2021 £'000**
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,750	2,750
Capital expenditure that has been authorised by the Board but has not yet been contracted for	4,430	-
	7,180	2,750

	2022 £'000	**2021 £'000**
The Association expects these commitments to be financed with:		
Social housing assistance (recycled capital grant)	228	228
Committed loan facilities	2,750	2,526
Proceeds from the sales of properties	3,000	-
Existing cash resources	1,202	-
	7,180	2,750

	2022 £'000	**2021 £'000**
Capital commitments will be incurred over the next:		
In less than one year	3,160	2,750
In one year or more but less than two years	-	-
In two years or more and less than five years	4,020	-
In five years or more	-	-
	7,180	2,750

Notes to the financial statements

23. Operating leases

Soho Housing holds properties and office equipment under non-cancellable operating leases. At the end of the year Soho Housing had commitments of future minimum lease payments as follows:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Land and buildings:				
Less than one year	-	-	-	-
One to five years	-	-	-	-
	-	-	-	-
Others:				
Less than one year	-	3	-	3
One to five years	-	-	-	-
	-	3	-	3

The lease agreements do not include any contingent rents or restrictions. Leases for land and buildings include reviews every 5 years throughout the lease.

Soho Housing has a number of commercial properties. The commitments of future minimum lease payments from those lessees to Soho Housing is as follows:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Land and buildings:				
Less than one year	1,680	1,367	1,680	1,367
One to five years	7,058	4,957	7,058	4,957
More than 5 years	6,062	3,807	6,062	3,807
	14,800	10,131	14,800	10,131

Soho Housing, as a lessor, rents housing properties to a large number of residential tenants. Their tenancy agreements allow them to cease their tenancy by giving 4 weeks' notice.

Other than the two (2021: two) shared ownership tenants, no tenants have the right to purchase their leased properties.

Notes to the financial statements

24. Contingent Liabilities

Group and Association	2022 £'000	2021 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant	46,367	46,899
Recognised as income in the income and expenditure reserve	14,684	14,152
	61,051	61,051

There is contingent liability of £14,684k (2021: £14,152) government grant that has been amortised and taken to the reserves at 31 March 2022. If there is a disposal of any property to which this grant is attached the amount will become repayable.

25. Subsidiaries

The Association has one wholly owned subsidiary and an interest in a joint venture, both registered in England:

Name	Incorporation and ownership	Regulated/ non-regulated	Nature of Business
Soho Ltd	Company – 100%	Non-regulated	Development
West Smithfield Development LLP	LLP – 50%	Non-regulated	Property Development

There was no gift aid between the Association and Soho Limited during the year and there is an intercompany debt of £29k between Soho Limited and the Association at 31 March 2022 (2021: £29k).

West Smithfield Developments LLP (note 14) is a joint venture. As at 31 March 2022, the LLP owed £nil (2021 - £nil) to the Group. The LLP distributed nil to Soho Limited (2021 - £25k).

26. Related parties

The board has two members who hold tenancy agreements with the Association on normal terms and cannot use their position to their advantage. Rent (including service charges) charged to the tenant board members was £8,681 (2021: £7,811). There are no arrears on the tenancy at the reporting period end (2021: £nil).

A board member of the Association and Soho Limited, Jeremy Titchen, is a Director of Alpha Real Estate Advisers Limited. John Wallace Commercial Director is also a director of Alpha Real Estate Advisers Limited. The interest was declared.