Soho Housing
Annual Report and Accounts
2020-2021

Group Information

Chair	Lesley Roberts	
Board members	Mark Ewing	
	Rosemary Farrar	
	Mark Gilkes	
	Wendy Hardcastle	
	Harry Harris	Appointed 9th September 2020
	Rachel Miller	Appointed 9th September 2020
	Dickon Robinson	
	Kath Scanlon	Co-opted 7th June 2021
	Jeremy Titchen	
	Kerry Tromanhauser	Re-appointed 9th September 2020
	Anne McLoughlin	Chief Executive and ex officio member, appointed: 18th May 2020; resigned 24th November 2020
Secretary	Jane Harrison	
Senior executives	Anne McLoughlin	Chief Executive, from 18th May 2020 to 24th November 2020
	Jane Harrison	Interim Chief Executive from 1st April to 17th May 2020 and since 25th November 2020; 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	

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Performance Highlights 2020-21

26%

Operating margin

29%

Operating margin - social housing lettings

20

Lettings

Gas compliance 100%

2,178 Repairs

£1.78m

Repairing and improving homes

Expenditure on works to existing properties

Chair's Report

Soho Housing has a clear sense of purpose: to create homes that people are proud to live in, in environments they want to be in and enjoy. Our location in the heart of London brings challenge and opportunity in providing quality housing solutions within strong communities. We are guided by our core values of Enterprise, Inclusion and Guardianship in delivering our strategic objectives and over the past year have been well-tested by the rapid changes in government policy affecting business and the wider community due to the Covid-19 pandemic.

Last year I reflected on the considerable work that had been done to establish a robust control framework and strengthened senior team that we anticipated would build new capacity for growth. How quickly priorities change. During 2020-21 Soho Housing as an organisation, together with our residents and commercial tenants, has had to adapt swiftly to a changing external environment. As a housing provider our focus has been our residents. We moved swiftly at the start of the year to introduce a new phone system to make sure we kept communication lines open for residents, staff and contractors.

Whilst inevitably some repairs were deferred, we maintained a strong focus on resident safety throughout the year, continuing with electrical testing and fire remedial works where possible and completing all gas safety checks. When people are restricted to working from home or their movements are constrained due to lockdown, we recognise that what might at other times seem to be a minor repair or service improvement can seem very significant. As we emerge from the prolonged lockdowns of the past year and more, we have tackled delayed repairs and re-started our planned maintenance programme as well as regular estate visits.

A further casualty of the Covid lockdown has been completion of new affordable homes on Greek Street in Soho, being developed in partnership with Soho Estates. The eight flats are part of a much larger development 'Ilona Rose' on which work has been progressing since last summer. They should be ready for tenants to move in before Christmas and will be a great addition to our housing property portfolio in the heart of Soho.

A key challenge over the past year has been the pandemic's impact on our commercial tenants: mostly smaller, independent businesses that have proved sound and resilient occupiers over many years. Since last March we have worked with the tenants to try and see them through a very challenging time during which most were closed, severely impacting their income in spite of various forms of government support. Being very aware that one size does not fit all we have used a variety of approaches, tailored to individual circumstances, that have meant that most of those businesses have remained intact, managed to pay some rent and re-opened earlier this year.

There will be further challenges, not least the underlying changes in retail affecting the entire sector nationally, but we strongly believe in the future of the commercial investment, maintaining the variety of uses and vitality brought about by a mixed-use estate. We have noted continued strong demand for our properties with any empty properties re-let, reflecting an underlying optimism and resilience in the market.

In April this year we moved to our new office at 18 Hanway Street. The office is easily accessible and will provide a base for those staff who plan to work there but also a meeting space for staff, customers and stakeholders. The move will deliver value for money through cost savings and improvements in service quality. Looking forward, we expect most staff will continue a working pattern that mixes working from home, the office or another location, to deliver consistently good services for our tenants, both residential and commercial.

During the year, we were joined by a new Chief Executive, Anne McLoughlin. After Anne left in November 2020, Jane Harrison, our Finance Director and Deputy CEO was appointed as Interim CEO. We are grateful to Jane and the Executive team for steadying and leading the organisation through a protracted period of pandemic lockdown and recovery, securing a strong base going forward. Our recruitment process for the new CEO has concluded and I'm delighted that Barbara Brownlee, who has extensive experience in housing and development, both social and commercial, will join Soho Housing in September to drive and lead our new corporate strategy.

I am grateful to my fellow Board members for their support during the past year and throughout my tenure as Chair. I would like to welcome Harry Harris and Rachel Miller as new Board members; and Kerry Tromanhauser, who re-joined the Board after a short sabbatical. Continual refreshment of the Board is important in bringing know-how and challenge, strengthening combined knowledge and demonstrating good governance.

Success is gained and maintained through collaboration with our stakeholders and partners. I thank our residents, shareholders, board members, commercial tenants, community partners, local authorities, advisors and valued partners for their continued contribution to and support of Soho Housing. I am sorry to come to the end of my tenure as Board member and Chair of Soho Housing but am confident that the organisation has a strong future underpinned by those core values: Enterprise, Inclusion, Guardianship.

Lesley Roberts
Chair of the Board

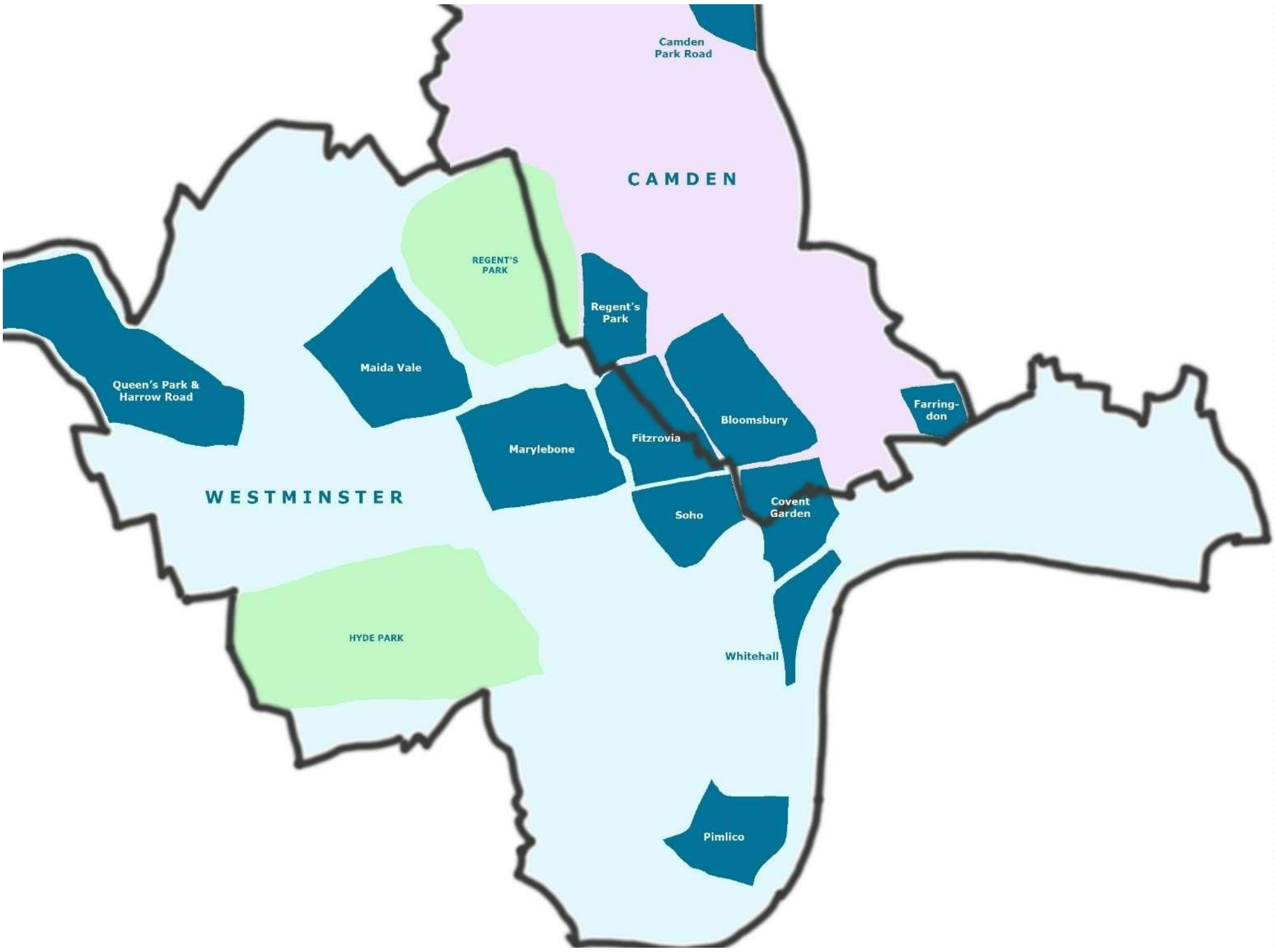
Report of the Board and Strategic Report

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.

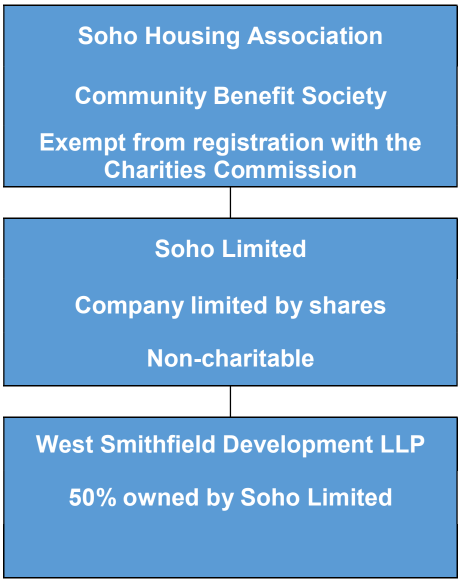
The Association works closely with local community groups and stakeholders such as the Soho Society to strengthen local communities. Investment income generated from the small market rent and commercial property portfolio is used to support community activities as well as investment in new and existing 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 highlighted the Association's focus on investing in existing properties through a substantial major works programme as well as identifying 'hidden homes' for development from the existing footprint through infilling or remodelling to increase the number of homes we offer for people who are unable to rent or buy on the open market, albeit at a lower rate than previously. However, in 2020-21 our ambitions have been constrained by the restrictions imposed by government in response to the Covid-19 pandemic. In particular, both planned and routine repairs were significantly less than had been anticipated with access to individual homes a key factor.



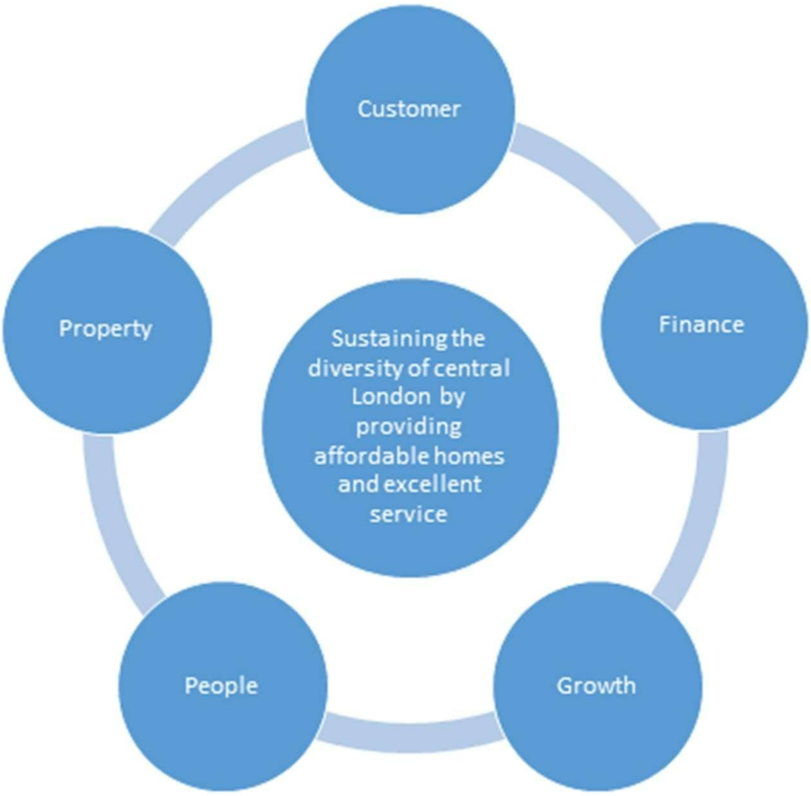
Structure

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.



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 2020-21 is summarised overleaf. Our plans have been impacted by the Covid 19 pandemic, which has had a significant impact on our residents, commercial tenants, staff and stakeholders. We have adapted to deliver our services and operate remotely, engaging with both residential and commercial tenants to help sustain tenancies and optimise rent collection. Our 'next steps' reflect the overarching strategic imperatives – to provide safe, secure and affordable homes for our customers; maintain a financially sound business; manage our investment portfolio to support future developments and investments; and ensure risks are appropriately managed and mitigated. Our new office at 18 Hanway Street has been equipped with the technical facility to deliver a hybrid approach to operations, with a mix of remote, office and on-site working.

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	• Prolonged lockdown periods in the pandemic adversely affected our repairs performance. A programme of regular transactional surveys (satisfaction with repairs) introduced in the year, provides data on customer satisfaction (63%), which has been below target (80%)	• Repairs capacity increased by appointing additional contractors to address immediate repairs backlog • New housing operating model (from April 2021) places the customer front and central with the housing officer 'one stop shop' to improve the customer experience
Best in class modern customer processes	• Accelerated telephony changes supported remote working and scrutiny of customer service performance. The information provided evidence for a change in operating model that clarifies housing officer responsibilities and focuses on customer experience • Initial work on resident portal (Microsoft Dynamics CRM project) for improving self-serve capability and experience	• Website review commencing in 2021-22 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 (extended in last quarter of year). Restart anticipated in Q2 2021-22	• Revised approach for tenancy audits will be introduced in Q2 2021-22 with newly established 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 24% (target: 21%) • 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
Drive business performance and value for money	• Successful re-procurement of insurance delivering quality improvement at lower cost. IT support re-procurement deferred until 2021-22 in view of new cloud-based systems	• Confirm and monitor Environmental, Social, Governance (ESG) targets • Review of procurement policy and practice to identify scope for VfM savings and strengthen service quality
Internal controls effectively mitigate risk and secure compliance	• Finance system upgrade early in the year implemented electronic invoicing authorisation, easing remote-working • Early in the new 2021-22 financial year shifted on-premises systems to the cloud, strengthening resilience and business continuity	• Next stage in finance system upgrade will be 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 where key focus has been impact of significant temporary reduction in commercial income (see below)	• Implementation of approved development strategy that delivers modest growth across a mix of tenures • Confirmation of energy efficiency targets for incorporation in new developments
Manage investments to outperform commercial target	• The impact of the prolonged lockdowns in 2020-21 was felt by many commercial tenants. With mainly short-term new lets during the year and a number of tenants	• Active investment asset management to maintain long-term value of investment portfolio, within constraints confirmed in commercial strategy eg restrictions on types

Key Target	Outcomes	Next Steps
	deferring rental payments, the financial impact has been significant. • During 2020-21 the focus has been to understand different tenants to maintain tenancies where possible and minimise any reduction in investment value (our investment value at the year-end reduced by 4.5%, less than the 10% experienced more widely in the commercial sector)	of business within portfolio to maintain community place an balance
Active asset management for sustainable long-term returns	• Limited progress during 2020-21 although following 'hidden homes' review of asset portfolio moving forward with limited disposals to support future development and investment in existing assets.	• Disposal strategy will confirm criteria for asset disposal • Implementation of Asset Management Strategy (approved March 2021)

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 has become the norm and going forward is likely to form part of a 'hybrid' working arrangement, although the precise nature of future working model has yet to be confirmed • Following skills review, certain roles brought in-house to strengthen know-how and deliver key functions eg Building Safety	• Identify and implement model that supports the hybrid working arrangements envisaged following pandemic
Consistently improve staff engagement through supportive culture	• Team regularly surveyed through lockdown to build understanding of their circumstances and needs with high engagement (95%; 2020:88%)	• Review staff engagement strategy and clarify the 'supportive culture' – empowerment and personal development, acknowledging individual needs but stressing personal responsibility
Give people the tools they need to do their jobs well	• All teams encouraged to participate in development of staff training matrix to highlight essential (eg health & safety; technical) training and personal development needs • Extensive use of virtual training during the year has included essential health & safety and IT security training for all staff.	• Broad training programme developed, based on needs identified in training matrix, informed by other sources eg perceptions audit. Approach includes technical training; coaching; shadowing (where practicable); and mentoring • 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	• Review of major works programme completed to confirm methodology and long-term programme, although this will be reviewed annually to confirm actual need. Planned roof replacement programme pushed back due partly to lockdown and partly to planning delays relating to site access	• Implementation of Building Safety Project, with initial focus on higher-risk properties over 18m, led by Building Safety Manager (appointed April 2021) • Reinvigorated stock investment programme overseen by Building Surveyor • Sustainability strategy will reflect ambitious energy efficiency targets
Robust commercial asset management	• Commercial strategy approved and action plan implemented including modification of commercial units, where appropriate, to meet changing demands in the retail and food & beverage sectors	• As noted above, active asset management within constraints identified in commercial strategy and continuing to work with tenants to optimise returns
Safe and sustainable properties and operations	• Compliance KPIs identified and reported regularly to Executive team and Board. Key areas under scrutiny include progress with electrical testing and fire safety actions, (lockdown access restrictions) • 100% gas compliance achieved for most of the year other than a short period when a resident was isolating	• Building Safety Manager is leading our internal Building a Safer Future project for higher risk properties (over 18m) • On-going implementation of 5-year electrical testing programme

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 every two months. 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. 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 2020-21 and up to the date of this report are listed on page 1. Non-executive board members receive no remuneration and indemnity insurance was provided through the NHF insurance scheme during 2020-21.

Soho Housing Board

Providing strategic oversight in delivery of corporate objectives

Audit and Risk Committee	People and Governance Committee	Soho Limited Board
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 Kerry Tromanhauser	Members: Jeremy Titchen (Chair) Harry Harris Rachel Miller Lesley Roberts Dickon Robinson

The Association has adopted the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)' and has committed to uphold it and keep to the high standards expected. As noted below, responsibility for the annual performance appraisal of the Chief Executive rests with the board and has not been specifically delegated to a committee, as required under this Code of Governance. There are no other areas of non-compliance to report.

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.

Code of Governance expectation:	Soho Housing response:
Compliance with the Code Organisations which adopt this code must publish an annual statement of compliance with the code in their annual financial statements and make a reasoned statement about any areas where they do not comply.	The annual performance appraisal of the Chief Executive has not been specifically delegated from the Board to a committee. The view of the Board has been that it has full responsibility for the Chief Executive (see below), including performance appraisal.
Constitution and composition of the board The board must be effective in the strategic leadership and control of the organisation and act wholly in its best interest. Board members must ensure that the interests of the organisation are placed before any personal interests.	Board sets the vision, mission and strategy and delegates strategy implementation and day to day management of the business to the Chief Executive and Executive Directors. Policy and process in place for declaration of interests together with a written annual declaration of interest for all board members (and staff).
Essential functions of the board Each board must be clear about its duties and responsibilities. These must be formally recorded and made available for all existing and potential board members. Each board must be headed by a skilled chair who is aware of his or her duties as leader of the board.	Rules, standing orders and Board/Committee terms of reference outline the essential functions and form the foundation of recruitment material for new Board members. The Chair's skills are formally assessed and peer reviewed as part of Board appraisals overseen by People & Governance Committee.
Board skills, renewal and review Recruitment to board vacancies must be open and transparent and based on the board's considered view of the skills and attributes required to discharge its functions. The board must select or appoint new members objectively on merit and must undertake regular appraisals of its members and of the board as a whole.	Board skills and experience review informed the recruitment exercise undertaken in 2020 which was completed in line with the Associations governing documents. Formal appraisals of board members were completed with the findings being reported and agreed by Board in January 2021.
Conduct of board and committee business The board must act effectively, making clear decisions based on timely and accurate information. Committees may be established where the board determines that they will provide expertise and enable it to deliver effective governance and manage risk.	The Board delegates some of its responsibilities to sub-committees, made up of board members, with clear terms of reference and delegated authority. The self-appraisal of board effectiveness by board members undertaken in February 2020 considered the format of their agendas, papers, minutes and communications with no issues identified. An independent review of Board effectiveness is being carried out and will report its findings in September 2021.
Audit and risk The board must establish a formal and transparent arrangement for considering how the organisation ensures financial viability, maintains a sound system of internal controls, manages risk and maintains an appropriate relationship with its auditors.	The Audit and Risk Committee play a key role in monitoring the internal control environment and has received and considered the annual report of the internal auditor. In accordance with the governing tools, the committee from time to time, meet with the auditors without staff present. Business planning and stress testing is regularly reported and scrutinised by the Audit and Risk Committee with their recommendations before being reported and agreed by the Board.
The Chief Executive There must be clear working arrangements between the board and the chief executive and clear delegation of authority.	The Chief Executive is appointed by the Board and delegations are set out in the Rules and supporting documents. A new Chief Executive, Anne McLoughlin was appointed in May 2020 but left the organisation in November. The Board appointed Jane Harrison as Interim Chief Executive and updated delegations confirmed her authority.
Conduct, probity and openness Organisations must maintain, and be seen to maintain, the highest ethical standards of probity and conduct. Boards must operate in an open and transparent manner, having dialogue with and accountability to tenants and other key stakeholders.	The Association has committed to meet the principles of the NHF Code of Conduct (2015), maintaining the highest ethical standards. Recent senior appointments as well as the forthcoming chair recruitment are undertaken with advice from independent consultants and clear focus on equality, diversity and inclusion.

Financial performance

The Board is pleased to report an operating surplus for the year of £2,140k (2019-20: £2,421k), a small decrease of £281k in what has been a particularly challenging year with the pandemic having a severe impact on commercial and market rent performance.

Three-year summary:

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

Statement of Financial Position	**31 March 2021**	**31 March 2020**	**31 March 2019**
	£'000	**£'000**	**£'000**
Fixed assets:			
Housing properties and other assets	97,271	97,055	97,778
Investment properties	56,429	60,173	64,016
	153,700	157,228	161,794
Net current (liabilities)/assets	823	(453)	1,099
Total assets less current liabilities	154,523	156,775	162,893
Debt	(32,858)	(32,342)	(33,273)
Deferred grant and other long-term liabilities	(48,329)	(48,301)	(51,336)
Net assets	73,336	76,132	78,284
Reserves	73,336	76,132	78,284

Statistics	**2020-21**	**2019-20**	**2018-19**
Operating margin	26%	26%	21%
Operating margin – social housing activities	29%	14%	(3%)
Operating margin – social housing lettings	29%	18%	8%
(Deficit)/surplus as % of turnover	(25%)	(32%)	39%
Properties owned and managed	**No**	**No**	**No**
General needs housing	732	732	732
Market rented housing	23	23	23
Low-cost home ownership and leasehold	42	42*	42*
	797	797	797
Commercial properties	35	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

Whilst the preceding financial year (2019-20) had seen considerable change for the Association, the expectation for 2020-21 was for a stronger year, building on the improvements in systems, controls and procedures and with a settled, permanent staff team. At the time of the last Strategic Report the Association was already experiencing the early effects of the Covid 19 pandemic, including lower commercial income and delayed development and maintenance works. During the later part of the year the business experienced further disruption with a second, prolonged lockdown having a significant negative impact on commercial investment performance. Cost savings in repairs (primarily reflecting Covid delays), staff and central overhead helped offset the reduced return from investments with a strong overall operating performance for the year.

The movement in deficit from last year to this is summarised in the 'profit bridge' below:

	£'000	
Total comprehensive income 2019-20	**(2,152)**	
Add:		
Rent uplift – social housing	290	Inflation-linked increases
Maintenance cost savings – social housing	350	Mainly reflecting lower activity due to Covid delays
Reduced return from commercial and market rent properties	(1,050)	Impact of prolonged Covid lockdown on Central London commercial and market residential properties
Salary cost decrease	200	Permanent staff (rather than consultants or interims) appointed at senior level
Grant amortisation/property depreciation change	(220)	Including accelerated depreciation on roof replacement
Reduction in central overhead	150	Office closure; remote working and training
Reduction in operating surplus	(280)	
Increase in surplus from JV	25	
Reduction in interest payable	90	Benefit of lower base rate on variable rate borrowing
Decrease in pension valuation	(1,605)	Movement from last year (which was increase of £842k)
Lower reduction in investment property valuation	1,128	Movement from last year (which was decrease of £3,891k)
Total comprehensive income 2020-21	**(2,794)**	

The reduction in net commercial income has had a significant impact on performance in 2020-21 but through actively managing the commercial investment and working with the tenants to sustain their businesses throughout a challenging year means that as we have moved out of lockdown many are starting to thrive once again. There may be some failures and we have made substantial provisions against commercial debt, a key factor in the reduced surplus from commercial investments in 2020-21.

A focus on cost control and close cash management has delivered an overall operating surplus of 26%. Lower maintenance and salary costs were key factors and have also contributed to the substantially higher operating margin from social housing lettings of 29% (2020: 18%). However, the lower maintenance costs reflected much lower activity with 2,178 repairs undertaken in the year (2020: 3,570) and this activity is expected to increase in 2021-22. Going forward our medium-term ambition remains to increase the operating margin from social housing activities to 30% and beyond.

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. Until last year, when the impact of the Covid 19 pandemic started to be felt, the valuation of commercial properties had increased and for the two years preceding 2019-20 the upwards valuation amounted to £6.3m. This year the impact of the Covid 19 pandemic as well as some uncertainty in the market relating to Brexit have contributed to a further reduction in valuation of the investment portfolio of £2.8m. The downwards valuations seen this year and last have eliminated the gains in the preceding two years but the investment portfolio remains valued substantially in excess of cost.

The movement in pension valuation was also downwards this year, with a reduction in value of £763k (2020: £842k increase), a negative net movement of £1,605k. Key factors were changes in inflation and mortality assumptions.

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 so that we are able to generate greater returns from our assets to reinvest in both new and existing homes.

Operating performance for 2020-21 has been strong in spite of a substantially lower contribution from the investments in commercial and market rent properties. As noted above, the higher surplus from social housing lettings reflects lower salary costs and a reduced central overhead alongside lower maintenance costs that have arisen partly from deferral of non-emergency works during lockdown, as well as some delay in undertaking planned works. The lower central overhead is expected to be sustained with substantially lower office costs an important factor.

Having already explored the possibility of moving to a different, owned office, the decision was confirmed during 2020-21. Following a one-off investment (£350k) in the new office, 18 Hanway Street, previously let as commercial premises, future operating savings are expected to exceed £200k per year. The new office is smaller and will support a hybrid working model that means staff work part of the time remotely, the office being a collaboration space for staff, residents and stakeholders. The expectation is more effective and efficient working arrangements that deliver improved services for all customers, both external and internal.

The 'Sector Scorecard' performance measures for the last three years are set out below against a benchmark based on reported performance of five smaller registered providers based in London. The comparative group comprised: Hillside Housing, Inquilab, Islington & Shoreditch Housing, Thames Valley Housing and Industrial Dwellings Society.

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 2021-22	2020-21	2019-20	2018-19	2019-20
Reinvestment	3.9%	**0.2%**	0.5%	1.8%	**2.4%**
New supply – social housing units	1.1%	**0%**	0%	2.0%	**1.3%**
New supply – non-social housing units	0%	**0%**	0%	4.0%	**0.0%**
Gearing	35%	**31%**	31%	32%	**36%**
EBITDA-MRI	140%	**200%**	197%	138%	**176%**
Headline social housing cost per unit	£5,690	**£5,401**	£6,343	£8,113	**£4,650**
Operating margin – social housing lettings	20%	**29%**	18%	8%	**29%**
Operating margin – overall	22%	**26%**	26%	21%	**25%**
Return on capital employed	1.2%	**1.4%**	1.5%	1.3%	**3.6%**

Headline social housing cost per unit has reduced substantially from the prior year, in part reflecting low maintenance spend in lockdown, which is expected to increase as we move to ‘normal’ activity levels. Our aim is to manage this indicator (excludes depreciation) within £5,700 per unit, as we continue to bear down on cost, in particular central overheads whilst recognising there will be increased maintenance spend as we recommence the major works programme and catch up on routine repairs delayed due to the pandemic.

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

- Continuing delivery of major works programme although the timing is affected not only by Covid restrictions on accessing homes but with lockdown the usual permissions required for works in Central London progressed very slowly and the window replacements that were expected to start in 2020-21 didn’t commence until early April 2021.
- Working with local authority partners and other organisations to signpost residents to benefits as well as local services and activities – the established partnerships meant that we were well placed to work with residents affected by the Coronavirus pandemic and continue to collect rental income, although like many housing providers our arrears have increased in the short-term.

The Association’s long-term financial plan was updated and approved by Board in March 2021. Stresses applied to the model focused on liquidity, including significant reduction in commercial income which would normally be used to support the investment works programme as well as new developments. The Board agreed mitigations including maintaining cash reserves at least equivalent to 2-months expenditure and a Revolving Credit Facility that is currently in progress with lenders.

Coronavirus has affected activity in Central London throughout the financial year. The cessation of commercial activity in Soho and the surrounding areas in March 2020 had an immediate impact on the Association’s commercial tenants, some of whom were unable to trade, almost overnight. The negative cashflow impact from a sharp reduction in commercial receipts has been significant but is starting to reverse in 2021-22. A remaining concern is whether some tenants will be able to fully recover and a substantial provision has been charged against rents unpaid at the year-end.

Strong budgetary controls have been applied throughout the financial year and the Association has continued to reduce costs in order to strengthen social housing operating performance. Resident health and safety remains a priority. During the initial lockdown in 2020 our contractors provided emergency repairs only but later in the year re-started both urgent and routine repairs alongside emergency works. Throughout the year we have continued to undertake compliance checks to meet legal obligations. However, the lower than anticipated volume and spend on maintenance has contributed to a significantly higher operating margin than budgeted. Some catch-up spend will be inevitable in 2021-22.

Re-commencement of the major works programme was slower than anticipated due to delays in agreeing permissions with local authorities for accessing properties, particularly within conservation areas. Last year we anticipated the window replacement programme would start in the second half of the financial year, however this was delayed until April 2021. The major works have now restarted, continuing the investment programme in existing homes alongside very modest development plans.

Whilst we have not completed any new homes during the year, at the year-end new homes under development include a s106 acquisition in Soho which will provide eight new homes for affordable rent. Alongside this our approach is to identify ‘hidden homes’ in our existing footprint to maximise the value we generate from our housing stock as well as seek further small-scale s106 opportunities within our core area.

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 highlighted in the Hackitt Report. During the Covid 19 pandemic the lockdown restrictions and virus contagion have added further challenges in maintaining safe properties whilst protecting residents, contractors and staff.	A compliance dashboard is reviewed weekly by the Operations Director, with KPI reporting to the Executive and Board. A Building Safety Manager has been appointed to oversee safety, in particular fire safety in higher buildings. Staff have continued to work remotely during the year and whilst the office is now accessible for meetings and on-site working, numbers remain restricted to maintain limited social distancing.
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. The prolonged periods of lockdown during the last year have meant some access restrictions and this has set back our investment programme as well as delaying routine repairs. Future investment plans will need to reflect expectations regarding longer-term sustainability of the portfolio, including warmth and energy efficiency.	Stock condition survey outputs reflected in the asset management system and underpin the major works programme Revised asset management strategy supports investment/retention decisions Building Surveyor appointed to lead the reinvigorated major works programme Sustainability strategy being developed during 2021-22 as part of asset management planning. Development of existing staff to increased skill levels regarding building energy performance.
External policy change	Risk management arrangements including business continuity plans have been tested by the Covid 19 lockdowns which have affected our residents, commercial tenants and working practices. Uncertainties regarding both central and local government policy remain, in particular the impact of the Covid 19 pandemic and Brexit on inflation and interest rates that affect the wider economy and in turn 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 communications and stakeholder strategies planned to strengthen the Association's position within the community and help to place the Association in a strong position to identify and explore development and investment opportunities.
Commercial portfolio	The Covid 19 lockdown has highlighted the risk of investing in commercial property but 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
Financing	The Association's gearing is in line with benchmark and 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 2021-22 budget focuses on further strengthening social housing operating performance and staff have been targeted with VfM savings. A new Revolving Credit Facility will mitigate liquidity risk although cash management remains a priority and will continue to be scrutinised closely over the next year.

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. Prior to 2020 the budget had been reforecast in the second half of the financial year to ensure targets set by Board are achieved. However, for both 2020-21 and the current financial year in view of the rapidly changing external environment that affects both commercial activity and on-going works programmes, a revised budget is presented for approval by the Board in July, with reforecast in November.
- 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 frauds recorded in the year. 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 substantial reduction in the commercial income and identified mitigations
- Short-term cashflow scrutiny shows funding is in place to meet expected commitments and manage shortfalls in commercial cash receipts over the next twelve months
- 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 2018. 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 2018. 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 8th September 2021.

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 26th July 2021 and signed on its behalf by:

Lesley Roberts

Chair of the Board

26th July 2021

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 2021 and of the Group's and the Association's deficit 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 2021 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, 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, 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 Chair's Report and 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 and 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 and Strategic Report 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 parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent 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 Board's responsibilities 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 members 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 is 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 intends 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:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing 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 items included in the fraud register as well as the results of internal audit's investigation into these matters;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverable amount of assets and the appropriate allocation of costs;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

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 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
D1FB52C82A114D7...

Philip Cliftlands (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

Date 20 August 2021

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 2021		Year ended 31 March 2020	
		Group	**Association**	**Group**	**Association**
		£'000	**£'000**	**£'000**	**£'000**
Turnover	**2**	8,205	8,205	9,210	9,210
Operating expenditure	**2**	(6,065)	(6,065)	(6,789)	(6,789)
Operating surplus	**2**	2,140	2,140	2,421	2,421
Donation from subsidiary	**14**	-	25	-	-
Share of surplus from joint venture	**14**	25	-	-	-
Interest receivable		25	25	7	7
Interest and financing costs	**6**	(1,458)	(1,458)	(1,531)	(1,531)
(Decrease) in valuation of investment properties	**13**	(2,763)	(2,763)	(3,891)	(3,891)
(Deficit) for the year		(2,031)	(2,031)	(2,994)	(2,994)
Actuarial (loss)/gain in respect of pension scheme	**10**	(763)	(763)	842	842
Total comprehensive (expense) for the year		(2,794)	(2,794)	(2,152)	(2,152)

The financial statements on pages 19 to 49 were approved by the Board on 26 July 2021 and signed on its behalf by:

Board Member:	Board Member:	Secretary:
Lesley Roberts	Rosemary Farrar	Jane Harrison

The notes on pages 23 to 49 form an integral part of these accounts.

Statement of Financial Position

	Note	31 March 2021 Group	31 March 2021 Association	31 March 2020 Group	31 March 2020 Association
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	**12**	97,271	97,271	97,055	97,055
Investment properties	**13**	56,429	56,429	60,173	60,173
		153,700	153,700	157,228	157,228
Current assets					
Trade and other debtors	**15**	2,183	2,183	1,745	1,745
Cash and cash equivalents	**16**	5,418	5,418	3,340	3,340
		7,601	7,601	5,085	5,085
Creditors: amounts falling due within one year	**17**	(6,778)	(6,807)	(5,538)	(5,567)
Net current assets/(liabilities)		823	794	(453)	(482)
Total assets less current liabilities		154,523	154,494	156,775	156,746
Creditors: amounts falling due after more than one year	**18**	(80,051)	(80,051)	(80,099)	(80,099)
Pension liability	**10**	(1,134)	(1,134)	(544)	(544)
Net assets		73,338	73,309	76,132	76,103
Reserves					
Non-equity share capital	**21**	-	-	-	-
Income and expenditure reserve		44,544	44,515	44,504	44,475
Revaluation reserve		28,794	28,794	31,628	31,628
		73,338	73,309	76,132	76,103

The financial statements on pages 19 to 49 were approved by the Board on 26 July 2021 and signed on its behalf by:

Board Member:	**Board Member:**	**Secretary:**
Lesley Roberts	**Rosemary Farrar**	**Jane Harrison**

The notes on pages 23 to 49 form an integral part of these accounts.

Statement of Changes in Reserves

Group	**Note**	**Income and expenditure reserve**	**Revaluation reserve**	**Total**
		£’000	**£’000**	**£’000**
Balance at 1 April 2019 restated		**42,765**	**35,519**	**78,284**
Deficit for the year		(2,994)	-	(2,994)
Actuarial gain in respect of pension scheme		842	-	842
Transfer from revaluation reserve to income and expenditure reserve		3,891	(3,891)	-
Balance at 1 April 2020		**44,504**	**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 – revaluation of investment properties		2,763	(2,763)	-
Transfer from revaluation reserve to income and expenditure reserve – realisation of surplus on office		71	(71)	
Balance at 31 March 2021		**44,544**	**28,794**	**73,338**

Association	**Income and expenditure reserve**	**Revaluation reserve**	**Total**
	£’000	**£’000**	**£’000**
Balance at 1 April 2019 restated	**42,736**	**35,519**	**78,255**
Deficit for the year	(2,994)	-	(2,994)
Actuarial gain in respect of pension scheme	842	-	842
Transfer to revaluation reserve from income and expenditure reserve	3,891	(3,891)	-
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 from revaluation reserve to income and expenditure reserve – revaluation of investment properties	2,763	(2,763)	-
Transfer from revaluation reserve to income and expenditure reserve – realisation of surplus on office	71	(71)	
Balance at 31 March 2021	**44,515**	**28,794**	**73,309**

The notes on pages 23 to 49 form an integral part of these accounts.

Consolidated Statement of Cash Flows

	Note	Year ended 31 March 2021	Year ended 31 March 2020 Restated
		£'000	£'000
Net cash generated from operating activities (see below)		2,732	3,269
Cash flow from investing activities			
Purchase of tangible fixed assets – housing properties		(150)	(473)
Purchase of tangible fixed assets – other assets		(1,524)	(78)
Purchase of investment property		(19)	(48)
Disposal of tangible fixed assets		1,121	-
Grants paid/received		(755)	(69)
Distribution from joint venture		25	-
Interest received		25	7
Cash flow from financing activities			
Interest paid		(1,448)	(1,539)
New secured loans		3,000	-
Repayment of borrowings		(929)	(896)
Net change in cash and cash equivalents		2,078	173
Cash and cash equivalents at beginning of the year		3,340	3,167
Cash and cash equivalents at end of the year		5,418	3,340

	£'000	£'000
Cash flow from operating activities:		
(Deficit) for the year	(2,031)	(2,994)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,337	1,274
Increase/(decrease) in trade and other debtors	(438)	374)
Increase/(decrease) in trade and other creditors	324	(52)
Increase in leaseholder fund	28	5
Adjustment for defined benefit pension payment	(173)	(121)
Revaluation of investment properties	2,763	3,891
Adjustments for investing or financing activities:		
Government grants amortised	(475)	(632)
Profit from joint venture	(25)	-
Interest payable	1,447	1,531
Interest received	(25)	(7)
Net cash generated from operating activities	2,732	3,269

The notes on pages 23 to 49 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 120 Charing Cross Road, London, WC2H 0JR.

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 2019. 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 2020 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, including stress-testing key assumptions, to confirm adequate cash, resources and compliance with lender covenants.

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 housing properties.** 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.** 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. **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.

Acquisition accounting
Soho Limited has been included in the Group financial statements using the purchase method of accounting. Accordingly, the Group statement of comprehensive income and statement of cash flows include the results and cash flows of Soho Limited for the year.

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 did not complete until 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

	2021		
Group	**Turnover £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing lettings (note 3)	6,644	(4,720)	1,924
Other social housing activities			
Supporting people	14	(95)	(81)
Development administration	-	(176)	(176)
Management fees	56	-	56
	70	(271)	(201)
Activities other than social housing			
Commercial properties	762	(653)	109
Market rent housing	729	(421)	308
	1,491	(1,074)	417
Total	8,205	(6,065)	2,140

	2020		
Group	**Turnover £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing lettings (note 3)	6,565	(5,359)	1,206
Other social housing activities			
Supporting people	15	(113)	(98)
Development administration	-	(235)	(235)
Management fees	56	-	56
	71	(348)	(277)
Activities other than social housing			
Commercial properties	1,836	(788)	1,048
Market rent housing	738	(294)	444
	2,574	(1,082)	1,492
Total	9,210	(6,789)	2,421

Notes to the financial statements

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

	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 administration	-	(176)	(176)
Management fees	56	-	56
	70	(271)	(201)
Activities other than social housing			
Commercial properties	762	(653)	109
Market rent housing	729	(421)	308
	1,491	(1,074)	417
Total	8,205	(6,065)	2,140

	2020		
Association	**Turnover**	**Operating expenditure**	**Operating surplus**
	£'000	**£'000**	**£'000**
Social housing lettings (note 3)	6,565	(5,359)	1,206
Other social housing activities			
Supporting people	15	(113)	(98)
Development administration	-	(235)	(235)
Management fees	56	-	56
	71	(348)	(277)
Activities other than social housing			
Commercial properties	1,836	(788)	1,048
Market rent housing	738	(294)	444
	2,571	(1,081)	1,490
Total	9,210	(6,789)	2,421

Notes to the financial statements

3. Turnover and operating expenditure

	2021	2020
Group and association	**£'000**	£'000
Income		
Rent receivable net of identifiable service charges	5,505	5,144
Service charge income	663	789
Amortised government grants	475	632
Turnover from social housing lettings	6,644	6,565
Operating expenditure		
Management	(1,026)	(1,184)
Service charge costs	(815)	(909)
Routine maintenance	(1,169)	(1,469)
Planned maintenance	(295)	(474)
Major repairs expenditure	(197)	(198)
Bad debts	(63)	(35)
Depreciation of housing properties	(1,155)	(1,090)
Operating expenditure on social housing lettings	(4,720)	(5,359)
Operating surplus from social housing lettings	1,924	1,206
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	43	72

Notes to the financial statements

4. Accommodation owned and managed; and under development

	2021	2020
	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 development at end of year:		
Market rented	0	0
Under management at end of year:		
Market rented	23	23

5. Accommodation managed by others

Soho Housing owns property managed by other bodies:

	2021	2020
	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

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Defined benefit pension charge	11	33	11	33
On loans wholly or partly repayable in more than five years	1,447	1,498	1,447	1,498
	1,458	1,531	1,458	1,531
Less: interest capitalised on housing properties under construction	-	-	-	-
	1,458	1,531	1,458	1,531

The weighted average interest on borrowings of 4.09% (2020: 4.47%) was used for calculating capitalised finance costs.

7. Surplus on ordinary activities

	2021	2020
	£'000	£'000
The operating surplus is stated after charging/(crediting):		
Auditor's remuneration (excluding VAT):		
Audit of the group financial statements*	30	23
Audit of subsidiaries	1	2
Fees payable to the company's auditor and its associates for other services to the group:		
Taxation services	2	2
Service charge certification	5	4
Loan covenant certification	2	2
Operating lease rentals:		
- Land and buildings	-	233
- Office equipment	3	22
Depreciation of housing properties	1,155	1,112
Depreciation of other fixed assets	182	162

* £30,000 (2020 - £23,000) of this is included within the Association. Included in other fees to the auditor is £9,000 (2020: £8,000) relating to the Association.

Notes to the financial statements

8. Directors' remuneration

	2021	2020
	£'000	£'000
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive directors	-	-
The aggregate emoluments paid to or receivable by executive Directors and former executive directors, including pension contribution	372	535
The aggregate compensation paid to or receivable by Directors (key management personnel), including national insurance and pension contribution	372	535
The emoluments paid to the highest paid Director excluding pension contributions	111	163
The aggregate amount of Directors or past Directors pensions, excluding amounts payable under a properly funded pension scheme	-	-
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	-	-
The aggregate amount of any consideration payable to Directors for loss of office	-	-

The Chief Executive who was in post for 6 months during 2020-21 participated in the pension scheme which is a defined contribution scheme operated by the Pensions Trust. The Interim Chief Executive is a participant in the Pensions Trust defined contribution scheme. In each case they were members on the same arrangements as other staff members.

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.

Notes to the financial statements

9. Employee information

	Group		Association	
	2021	2020	**2021**	2020
	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	22	24	22	24

	Group		Association	
	2021	2020	**2021**	2020
	£'000	**£'000**	**£'000**	**£'000**
Staff costs				
Wages and salaries	1,157	1,438	1,157	1,438
Social Security costs	121	90	121	90
Other pension costs	70	39	70	39
	1,348	1,567	1,348	1,567

	Group		Association	
	2021	2020	**2021**	2020
Aggregate number of full-time equivalent staff 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	-
£100,000 - £110,000	1	-	1	-
£110,000 - £120,000	-	1	-	1
£120,000 - £130,000	1	1	1	1
£130,000 & over	-	1	-	1

Notes to the financial statements

10. Pension obligations

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026. For accounting purposes, liability figures from the valuation are rolled forward to the relevant accounting date, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

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.

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

	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000
Fair value of plan assets	5,391	4,848	4,689
Present value of defined benefit obligation	6.525	5,392	6,196
Surplus (deficit) in plan	(1,134)	(544)	(1,507)
Unrecognised surplus	-	-	-
Defined benefit asset (liability) to be recognised	(1,134)	(544)	(1,507)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2021 £'000	Period ended 31 March 2020 £'000
Defined benefit obligation at start of period	5,392	6,196
Current service cost	-	-
Expenses	6	5
Interest expense	127	141
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(97)	(166)
Actuarial losses (gains) due to changes in demographic assumptions	23	(52)
Actuarial losses (gains) due to changes in financial assumptions	1,202	(633)
Benefits paid and expenses	(128)	(69)
Defined benefit obligation at end of period	6,525	5,392

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 2021 £'000	Period ended 31 March 2020 £'000
Fair value of plan assets at start of period	4,848	4,689
Interest income	116	109
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	365	(39)
Contributions by the employer	190	158
Contributions by plan participants	-	-
Benefits paid and expenses	(128)	(69)
Fair value of plan assets at end of period	5,391	4,848

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £481,000.

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

	Period ended 31 March 2021 £'000	Period ended 31 March 2021 £'000
Current service cost	-	-
Expenses	6	5
Net interest expense	11	32
Defined benefit costs recognised in statement of comprehensive income (SOCI)	17	37

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (SOCI)

	Period ended 31 March 2021 £'000	Period ended 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	365	(39)
Experience gains and losses arising on the plan liabilities - gain (loss)	97	166
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(23)	52
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,202)	663
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(763)	842
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)	(763)	842

Notes to the financial statements

10. Pension obligations (continued)

ASSETS

	31 March 2021	31 March 2020
	£'000	£'000
Global Equity	859	709
Absolute Return	298	253
Distressed Opportunities	156	93
Credit Relative Value	170	133
Alternative Risk Premia	203	339
Fund of Hedge Funds	1	3
Emerging Markets Debt	218	147
Risk Sharing	196	164
Insurance-Linked Securities	129	149
Property	112	107
Infrastructure	359	361
Private Debt	129	98
Opportunistic Illiquid Credit	137	117
High Yield	161	-
Opportunistic Credit	148	-
Corporate Bond Fund	318	276
Liquid Credit	64	2
Long Lease Property	106	84
Secured Income	224	184
Liability Driven Investment	1,370	1,608
Net Current Assets	33	21
Total assets	5,391	4,848

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

KEY ASSUMPTIONS

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.14%	2.38%
Inflation (RPI)	3.30%	2.63%
Inflation (CPI)	2.85%	1.63%
Salary Growth	3.85%	2.63%
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 Years	Life expectancy at age 65 Years
Male retiring in 2021 (2020)	21.6	21.5
Female retiring in 2021 (2020)	23.5	23.3
Male retiring in 2041 (2040)	22.9	22.9
Female retiring in 2041 (2040)	25.1	24.5

Notes to the financial statements

11. Taxation on profit on ordinary activities

	Group		Association	
	2021	2020 Restated	**2021**	2020 Restated
	£'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:				
(Deficit)/surplus on ordinary activities before tax	(2,031)	(2,994)	(2,031)	(2,994)
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2020:19%)	(386)	(569)	(386)	(569)
Effects of:				
Income not taxable for tax purposes	386	569	386	569
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

Group and association	Housing properties: Social housing properties for letting - completed £'000	Housing properties: Social housing properties for letting - under construction £'000	Housing properties: Low-cost home ownership properties completed £'000	Total housing properties £'000	Other fixed assets: Furniture and office equipment £'000	Office (in progress) £'000	Total fixed assets £'000
Cost							
At start of year	112.193	555	235	112,983	1,835	-	114,818
Additions	-	36	-	36	61	349	446
Interest capitalised	-	-	-	-	-	-	-
Transfers to completed schemes	-	-	-	-	-	-	-
Transfer from investment property (Note 13)	-	-	-	-	-	1,000	1,000
Component additions	114	-	-	114	-	-	114
Component disposals	(114)	-	-	(114)	(276)	-	(390)
At end of year	112,193	591	235	113,019	1,620	1,349	115,988
Depreciation and impairment							
At start of the year	16,639	-	29	16,668	1,095	-	17,763
Charge for the year	1,154	-	1	1,155	182	-	1,337
Eliminated on disposals	(114)	-	-	(114)	(269)	-	(383)
At end of year	17,679	-	30	17,709	1,008	-	18,717
Net book value at end of year	94,514	591	205	95,310	612	1,349	97,271
Net book value at start of year	95,554	555	206	96,315	740	-	97,055

Notes to the financial statements

12. Tangible fixed assets (continued)

Housing Properties comprise:	2021 £'000	2020 £'000
Freeholds	56,710	58,029
Long leaseholds	35,651	34,610
Short leaseholds	2,949	3,676
	95,310	96,315

Cost of properties includes £36k (2020: £nil) for direct administrative costs capitalised during the year

	£'000	£'000
Works to existing properties in the year:	-	
Components capitalised	114	48
Amounts charged to expenditure	-	-
	114	48
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 £52.746m (2020: £52.746m)

Interest is capitalised at the cost of funds to the association and added to schemes under construction. Interest capitalised in 2021 was £nil (2020: £nil) at an interest rate of 4.09% (2020: 4.47%)

Notes to the financial statements

13. Investment properties held for letting

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At start of year	60,173	64,016	60,173	64,016
Additions	19	48	19	48
Transfer from completed	-	-	-	-
Transfer between tenure	(1,000)	-	(1,000)	-
Gain/(loss) from adjustment in value	(2,763)	(3,891)	(2,763)	(3,891)
At end of year	56,429	60,173	56,429	60,173

The Association's investment properties have been independently valued as at 31 March 2021 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 £34,615k; and in the residential properties £21,814k, in total £56,429k.

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

The deficit on revaluation of investment property of £2,763k (2020: £3,843k loss) has been debited 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 £24,709k (2020: £25,690k).

During the year the office property at 18 Hanway Street was transferred from investment properties to office properties (other fixed assets) at the carrying value of £1,000k, as deemed cost. The historical cost of the property was £929k and the difference of £71k has been reflected in the Statement of Changes in Reserves.

14. Fixed asset investments

At 31 March 2020 the Group has the following interests in Joint Ventures and Associates (Note 24):

	2021	2020
	£'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 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Social housing rent arrears	603	354	603	354
Less: provision for doubtful debts	(229)	(166)	(229)	(166)
	374	188	374	188
Non-social housing rent arrears	815	46	815	46
Less: provision for doubtful debts	(404)	-	(404)	-
	411	46	411	46
Deposit held by THFC	907	907	907	907
Other debtors, prepayments and accrued income	491	604	491	604
	2,183	1,745	2,183	1,745

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. Comparative rent arrears and provision for doubtful debts have also been split between social housing rent arrears and non-social housing rent arrears in order to provide consistency in disclosure although the totals are unchanged.

16. Cash and cash equivalents

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Money market investments	109	109	109	109
Cash at bank	5,309	3,231	5,309	3,231
	5,418	3,340	5,418	3,340

In the above are balances totalling £59,341 (2020: £53,820) which are held in trust for leaseholders and £675,852 (2020: £657,865) in a sinking fund.

Notes to the financial statements

17. Creditors: amounts falling due within one year

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Loans and overdrafts (Note 19b)	2,485	930	2,485	930
Trade creditors	240	112	240	112
Amounts owed to group undertakings	-	-	29	29
Taxation	-	-	-	-
Rents and service charges paid in advance	566	499	566	499
Service charge balances held on behalf of leaseholders	59	59	59	59
Accruals and deferred income	1,426	1,289	1,426	1,289
Deferred Capital Grant (Note 20)	475	632	475	632
Recycled capital grant fund (Note 21)	952	1,433	952	1,433
Other creditors	575	584	575	584
	6,778	5,538	6,807	5,567

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

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Loans (Note 19b)	32,858	32,342	32,858	32,342
Deferred Capital Grant (Note 20)	46,424	46,841	46,424	46,841
Recycled capital grant fund (Note 21)	93	269	93	269
Leaseholder sinking funds	676	647	676	647
	80,051	80,099	80,051	80,099

Notes to the financial statements

18(b). Debt analysis

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans repayable by instalments:				
Within one year	985	930	985	930
In one year or more but less than two years	1,079	987	1,079	987
In two years or more and less than five years	1,809	2,552	1,809	2,552
In five years or more	11,946	8,279	11,946	8,279
	15,819	12,748	15,819	12,748
Loans not repayable by instalments:				
Within one year	1,500	-	1,500	-
In one year or more but less than two years	-	1,500	-	1,500
In two years or more and less than five years	-	-	-	-
In five years or more	18,000	19,000	18,000	19,000
	19,500	20,500	19,500	20,500
Loan issue premium	24	24	24	24
Total loans	35,343	33,272	35,343	33,272

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 interest rate profile of Soho Housing at 31 March 2021 was:

	Total	Variable Rate	Fixed rate	Weighted Average rate	Weighted average term
	£'000	£'000	£'000	%	Years
At 31 March 2021					
Instalment loans	15,819	10,106	5,713	3.26	17.40
Non-instalments loans	19,500	3,000	16,500	4.76	18.16
	35,319	13,106	22,213	4.01	17.78
At 31 March 2020					
Instalment loans	12,748	6,659	6,089	3.89	12.62
Non-instalments loans	20,500	4,000	16,500	4.83	21.90
	33,248	10,659	22,589	4.36	17.26

Notes to the financial statements

19. Deferred capital grant

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At start of the year	48,105	48,105	48,105	48,105
Grant received in the year	-	-	-	-
Transferred to recycled grant	(210)	-	(210)	-
Allocated from recycled grant	112	-	112	-
Released to income in the year	(476)	(632)	(476)	(632)
At the end of the year	46,899	47,473	46,899	47,473

	£'000	£'000	£'000	£'000
Amount due to be released < 1 year	475	632	475	632
Amount due to be released > 1 year	46,424	46,841	46,424	46,841
	46,899	47,473	46,899	47,473

20. Recycled capital grant fund - GLA

	Group and Association	
	2021	2020
	£'000	£'000
At the start of the year	1,702	1,777
Grants recycled	210	-
Grant allocated to development	(112)	-
Interest accrued	1	9
Repayment of grant to GLA	(756)	(84)
At the end of the year	1,045	1,702
Amount three years or older where repayment may be required	-	-
Amount due in less than one year	952	1,433
Amount due in greater than one year	93	269

Notes to the financial statements

21. Non-equity share capital

	2021 £ and number of shares	2020 £ and number of shares
Group and Association		
Allotted Issued and Fully Paid		
At the start of the year	48	48
Issued during the year	4	-
Cancelled during the year	(1)	-
At the end of the year	51	48

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	2021 £'000	2020 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,750	2,838
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-
	2,750	2,838

	2021 £'000	2020 £'000
The Association expects these commitments to be financed with:		
Social housing assistance (recycled capital grant)	224	128
Committed loan facilities	2,526	2,710
Existing cash resources	-	-
Capital commitments will be incurred over the next:		
In less than one year	2,750	-
In one year or more but less than two years	-	2,838
In two years or more and less than five years	-	-
In five years or more	-	-
	2,750	2,838

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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Land and buildings:				
Less than one year	-	123	-	123
One to five years	-	-	-	-
	-	123	-	123
Others:				
Less than one year	3	10	3	10
One to five years	-	21	-	21
	3	31	3	31

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 leased to lessors. The commitments of future minimum lease payments from those lessors to Soho Housing is as follows:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Land and buildings:				
Less than one year	1,367	1,591	1,367	1,591
One to five years	4,957	5,005	4,957	5,005
More than 5 years	3,807	3,670	3,807	3,670
	10,131	10,266	10,131	10,266

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 (2020: 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	2021 £'000	2020 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant	46,899	47,473
Recognised as income in the income and expenditure reserve	14,152	13,691
	61,051	61,164

There is contingent liability of £14,152k (2020: £13,691k) government grant that has been amortised and taken to the reserves at 31 March 2021. 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 a gift aid of £25k 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 2021 (2020: £29k).

West Smithfield Developments LLP (note 14) is a joint venture. As at 31 March 2021, the LLP owed £nil (2020 - £nil) to the Group. The LLP distributed £25k to Soho Limited (2020 - nil).

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 £7,811 (2020: £9,285). There are no arrears on the tenancy at the reporting period end (2020: £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.