Financial Statements

2021-22

www.eastendhomes.net

east end HOMES

Registered Company number 4516155

EAST END HOMES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

EAST END HOMES LIMITED

Financial Statements for the Year ended 31 March 2022

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BOARD MEMBERS

The Board Members who served from 1 April 2021 up to the date of approval of these financial statements were as follows:

Kevin Moore	Chair
Neil McAree	Vice Chair
John Kettlewell	
Forhana Begum	
Helen Goody	
Margaret Higgins	Resigned 22 September 2021
Carol Hinvest	
Emdadul Haque Jahangir Mannan	
Cllr Motin Uz-Zaman	Resigned 5 August 2022
Kevin Whittle	
Marek Wiluszynski	
Loula Saragoudas	Appointed 1 December 2021
David Edgar	Appointed 22 September 2021; resigned 5 August 2022

EXECUTIVE MANAGEMENT TEAM

Paul Bloss	Chief Executive; retired 17 September 2021
John Henderson	Managing Director
Stephen Elliott	Deputy Managing Director; from 1 November 2021
Steven Inkpen	Director of Special Projects and New Business
David Opoku	Head of Finance
Roger Thompson	Head of Asset Management; from 1 October 2021
Stuart Veysey	Head of Housing Services; from 1 October 2021

SECRETARY

Alexander Bailey

Registered office

3 Resolution Plaza
London E1 6PS

Auditors

Beever and Struthers
15 Bunhill Row
London EC1Y 8LP

Solicitors

Trowers & Hamlins
Sceptre Court
40 Tower Hill
London EC3N 4DX

Bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

Legal status

Registered Company number 4516155

Registered Charity number 1107691

A Registered Provider of Social Housing with the Regulator of Social Housing number L4434

The Board is pleased to present its report and the audited financial statements for East End Homes Limited (East End Homes) for the year ended 31 March 2022.

The Association

East End Homes was established in 2002 as a community-focussed housing association to accept the transfer of homes from the London Borough of Tower Hamlets as part of their Housing Choice programme. The first transfer, Mile End East, took place on 11 April 2005, followed by St George's and Island Gardens on 16 January 2006. Further transfers took place for Holland estate on 13 November 2006 and for Glamis estate on 8 October 2007.

Our stakeholders all have an interest in the financial performance of East End Homes:

- residents, who want good quality housing and environments
- London Borough of Tower Hamlets, who seek to optimise housing opportunities in the area and meet the needs of local people
- our funders, who want to be assured that their investment is secure
- our staff, who need to understand what we aim to deliver and how we are going to achieve it
- the regulatory body, the Regulator of Social Housing (RSH), who have an oversight role to ensure that we are taking a strategic overview of how we invest our resources to achieve our corporate objectives.

Structure, governance, and management

East End Homes is a company limited by guarantee, governed by its Memorandum and Articles of Association, and a registered charity, administered by a Board of Management. It is also registered with the Regulator of Social Housing as a Registered Provider of Social Housing.

East End Homes has adopted the National Housing Federation's (NHF) Code of Governance (2020). The East End Homes Board carries out an annual self-assessment review of compliance, most recently completed in July 2022. The self-assessment indicated general compliance with the Code. The Board noted the expectation under 3.7 (5) of the Code of Governance that membership of subsidiary committees would count towards overall tenure on the Board. However, the Board's position is that where appropriate it may co-opt potential Board Members to sub-committees as part of its succession strategy and does not believe it is in the best interests of the effective operation of the Board's activities to restrict potential members' overall service by including time spent as a co-optee within their overall maximum tenure.

The Board of Management comprised 12 non-executive directors at the yearend who are listed on page 4: at that point comprising 4 resident members; 2 local authority members nominated by the London Borough of Tower Hamlets; and 6 independent members. The non-executive directors are responsible for the overall strategic direction of East End Homes.

Independent Board members are recruited via advertising or sourcing through professional bodies. Applicants are interviewed by a panel to confirm their suitability. Training and induction of Board members is provided by officers with support from external specialists where required and is overseen by the Managing Director.

East End Homes has promoted and developed extensive resident involvement in the management of its estates and in the overall governance arrangements of East End Homes. Tenants and leaseholders have significant representation on the main Board of East End Homes. The East End Homes Board believes that accountability to the local community and resident involvement in decision-making contributes strongly to the delivery of improvements in service provision and the achievement of corporate objectives.

As an organisation which was set up following extensive stakeholder consultation leading to stock transfers, East End Homes' business priorities have always been shaped by the needs and priorities of our residents. This has included maintaining local housing centres as the frontline of service provision and delivering substantial block and estate improvements while working to address the financial concerns of long-standing resident homeowners.

The Board has the authority to appoint or remove the Executive Management Team as required and has responsibility for agreeing their pay and remuneration. The Board also retains responsibility to appoint the directors of the Board of the subsidiary organisation East End Homes (Community Development) Limited and receives minutes of all meetings of the subsidiary Board.

In December 2021 East End Homes analysed its pay records to identify key ratios related to the governance of the organisation. If calculated using the mean salary, male employees were paid 3% more on average than female employees. Analysed using the median salaries, male employees received 4% less than their female counterpart. 63% of East End Homes employees are male, with the pay gap data being influenced by an uneven gender distribution across pay bands. The top six earners and the lowest 27 earners in this analysis were all male.

The ratio of remuneration for the highest earner (the Managing Director) to the lowest earner was 6.55:1. The ratio of the MD earnings to the median earner was 4.25:1.

Principal activities

East End Homes is in business to provide local people with quality and affordable homes, sustainable estates, and effective and efficient local housing services. East End Homes' principal activities are to effectively manage, maintain, and develop homes, and to improve and regenerate its estates. Currently it manages 3,795 homes within the London Borough of Tower Hamlets and 8 homes within the London Borough of Newham.

As of 31 March 2022, East End Homes held a 100% share (1 share of £1) in East End Homes (Community Development) Limited. The principal activity of this subsidiary is to generate funds from non-social housing activities to support East End Homes' core activities.

Public Benefit

East End Homes is a Registered Charity, and the Board are required under Charity Law and the Charity Commission's guidance to consider the public benefit delivered by the Charity. The Charity meets its public benefit obligations through its social housing activities which are explained in the rest of the report. As a public benefit entity, East End Homes has applied the public benefit entity ('PBE') prefixed paragraphs of FRS 102.

Our Mission

To provide a local housing service which is efficient, gives value for money and meets the needs, priorities, and aspirations of all residents.

Our Vision

To achieve the comprehensive regeneration of our estates and bring about a sustained improvement in the homes and quality of life for residents.

Investment Programme

In 2021/22 East End Homes continued to work on improving the quality of its housing properties and estates, and the acquisition of new homes, spending £18.5 million (2020/21: £17.2 million) on new build properties and refurbishment works to existing stock. To date East End Homes has invested £217.7million into our Major Works and New Build programme analysed in the table below.

	2021/22	2020/21	2019/20	2018/19
Capital Investment (Major works and new properties) (cumulative)	£216.2m	£197.7m	£182.0m	£165.6m
Investment in refurbishment to existing properties (cumulative)	£129.5m	£123.4m	£121.8m	£115.9m
Social rented homes meeting the Decent Homes Standard (%)	91.32	100	100	100
Investment in new build properties (cumulative)	£86.7m	£74.3m	£60.2m	£49.7m
New homes added (rented, gross)	7	-	12	3
New homes added (rented, net of property sales)	7	-	11	(1)
Value of stock (EUV-SH)	£141.23m	£133.01m	£133.01m	£132.26m

As set out in the Corporate Plan 2019 -2024, East End Homes' vision is to achieve the comprehensive regeneration of our estates. East End Homes total capital investment since 2005 to date is £216.2 million. The investment has been funded through £70.7 million of overage and land sale receipts, generated through East End Homes' development partnership with Telford Homes; £80 million in loans; £17 million of grant and gap funding; and £48.5 million, through the group's internally generated surpluses.

To date £129.5 million has been invested in the refurbishment of our existing properties, ensuring that most of East End Homes' social rented units are up to at least the Decent Homes Standard. East End Homes has developed a rolling programme of inspection and planned maintenance to ensure that the homes we manage continue to meet the standard and provide a warm and comfortable home for our residents. Properties which do not meet the Decent Homes Standard and are not programmed for the current year relate to functioning communal heating systems which have been serviced and confirmed to be safe and operational. They are due to be replaced in the next two financial years. In March 2022, as part of the business plan update process, the Board agreed an updated 5-year capital investment programme of £35.8 million running from 2022 to 2027. The investment programme includes a £15.5 million provision for fire safety remediation works following recommendations made by the Hackett review and Grenfell (Phase 1) enquiry and subsequent consolidated advice and legislation on fire safety by the Government. Since early 2020 EEH has commissioned Type 4 FRAs to void properties in high rise blocks as they arise, and undertaken any works identified (which have been limited in scope). Seven schemes have been identified to date and these have budget estimated costs included in the programme. Further remediation works may be identified as inspections progress on low rise blocks.

A number of purpose-built community facilities have been created or refurbished as part of the regeneration works to the estates. East End Homes aims to facilitate the availability of a wide range of activities for our communities from these facilities, with some remaining directly managed and others operated in partnership with local organisations. The Board has set a KPI target to drive strong use of our facilities under direct management. During 2021/22, there was a gradual reopening as pandemic restrictions were lifted, and regular activities have begun to recommence with centres operating with new Covid safety measures.

In 2021/22, East End Homes invested a further £12.4 million in new homes for renting, bringing the total investment to date to £86.7 million. This investment has already brought into management a total of 313 brand new homes for rent under our capital investment programme, including several large family-sized homes and adapted properties. Our partnership working with developers has also led to the creation of around 820 homes for private sales on estates managed by East End Homes, supporting the overall availability of housing within Tower Hamlets. The private properties on East End Homes estates contribute around £198,000 annually in ground rents to the East End Homes business plan.

East End Homes owns a small portfolio of 60 privately rented residential units, including 8 units in LB Newham. The private rented properties generated £981,000 of income in 2021/22 and produced a surplus of £692,000.

East End Homes has continued to invest in the acquisition of new homes. East End Homes has recently taken ownership of 102 new homes at the Orchard Wharf development in E14, with 59 let on Tower Hamlets Living Rent tenancies. The remaining 43 units are being marketed for shared ownership. The Violet Road and Toynbee Street schemes are expected to be completed in 2022/23 and will provide an additional 28 new homes for rent and shared ownership. The major scheme on Eric Street in E3 is projected to deliver 121 new homes and is currently on site. There have already been 11 homes taken into management, all for rent. East End Homes' financial investment in these schemes has been supported by the £45 million funding facility provided by M&G Investments.

East End Homes inherited a portfolio of commercial units as part of the stock transfers from LB Tower Hamlets and this portfolio has been increased and enhanced as part of the estate-wide regeneration programme. In 2021/2022 East End Homes had 82 commercial units in management which generated £1.545 million income and contributed around £690,000 to the business plan. In 2020/21 the income from this area of activity had dropped to £1.124m, mainly due to the impact of the government lockdown in March 2020 because of the Covid-19 pandemic. The Board has continued to maintain regular oversight of the performance of the commercial portfolio through a specially constituted working group to review the prospects and opportunities for our commercial portfolio in the context of the pandemic and other challenges the commercial retail sector faces in the immediate future. The Board has in recent times agreed rent relief or similar mitigations to support the ongoing viability of our commercial tenants, where a need for such support could be demonstrated.

Financial Performance

Statement of Comprehensive Income

In the year to 31 March 2022, the group incurred a deficit of £1.1 million. The deficit includes a one-off £2.3 million 'loan breakage fee' following the completion of the scheduled refinancing of the existing Barclays loan debt. Excluding the loan breakage fee, the group achieved a surplus of £1.2million (2020/21: £2.8million).

The key areas of income and expenditure contributing to the results for East End Homes are as follows:

Turnover: £21.347 million, marginally higher than the £21.313 million achieved in 2020/21. The income in 2021/2022 was impacted by the following:

- £0.4 million additional commercial shop income, a direct result of the easing of Covid-19 pandemic restrictions leading to a gradual return to pre pandemic levels of commercial shop activity. The prior year 2020/21 income was also impacted by the granting of rent relief to support the ongoing viability of our commercial tenants.

- £0.2 million increase in rental income receivable from General Needs; and new additional rental income from intermediate rent and private rented properties and related service charges income from the provision of services to residents on East End Homes' estates.

Offset by:

- £0.3 million one-off furlough support grant received in 2020/21 to mitigate the impact of the pandemic and the Government lock down.

- £0.25 million reduction in 2021/22 general service charges.

Operating costs: £17.7 million, up £1.1 million from £16.6 million in 2020/21. The increase in operating costs is mainly due to the following:

- additional £1.3 million cost on property insurance premiums during 2021/22.

Offset by:

- £0.2 million savings in other operating expenditures during the year 2021/22.

Loan interest costs: Increased by £2.573 million to £4.829 million in 2021/22. The increase is mainly due to a one-off £2.303 million 'loan breakage fee' incurred, following the completion of the refinancing of the existing Barclays loan debt. East End Homes' total loan debt at the yearend was £80.0 million (2020/21: £58.5million). The full year impact of the additional £21.5 million loans drawn during the year is expected in 2022/23.

Movement in valuation of Pension Schemes: In 2021/22, the net surplus in East End Homes' pension schemes recognised in the statement of comprehensive income was £2.9 million.

Statement of Financial Position

East End Homes' reserves have increased by £1.908 million to £80.593 million; arising from £2.9million net surplus recognised on the Local Government Pension Scheme and Social Housing Pension Scheme, offset by £1.1 million Statement of Comprehensive Income deficit incurred in 2021/22.

Cash Flow

East End Homes' cash balance at 31 March 2022 was £10.129 million (2020/21: £8.870 million), a cash increase of £1.259 million from 1 April 2021. The cash increase is the result of £6.370 million cash inflow from operating revenue activities, £21.5 million net loans drawn, offset by £21.656 million cash spend on refurbishment works to existing housing properties and acquisition of new homes, £4.945 million net interest costs and £0.010 million spend on other fixed assets.

Treasury Management

At 31 March 2022, East End Homes had agreed £115.0 million loan facilities, comprising £50.0 million with NatWest Bank, £45.0 million with M&G Investments and £20.0 million with Barclays Bank plc, of which £40 million was drawn down from the NatWest facility, £30 million from the M&G facility and £10 million from the Barclays facility. These loans are secured against the group's assets.

The Board has approved a Treasury Management Policy to control the risks associated with its treasury activities. The policy sets out a clear framework of policies, procedures, and delegated authorities, which require reporting on the operations of the treasury function to the Finance and Audit Committee and to the Board on a quarterly basis.

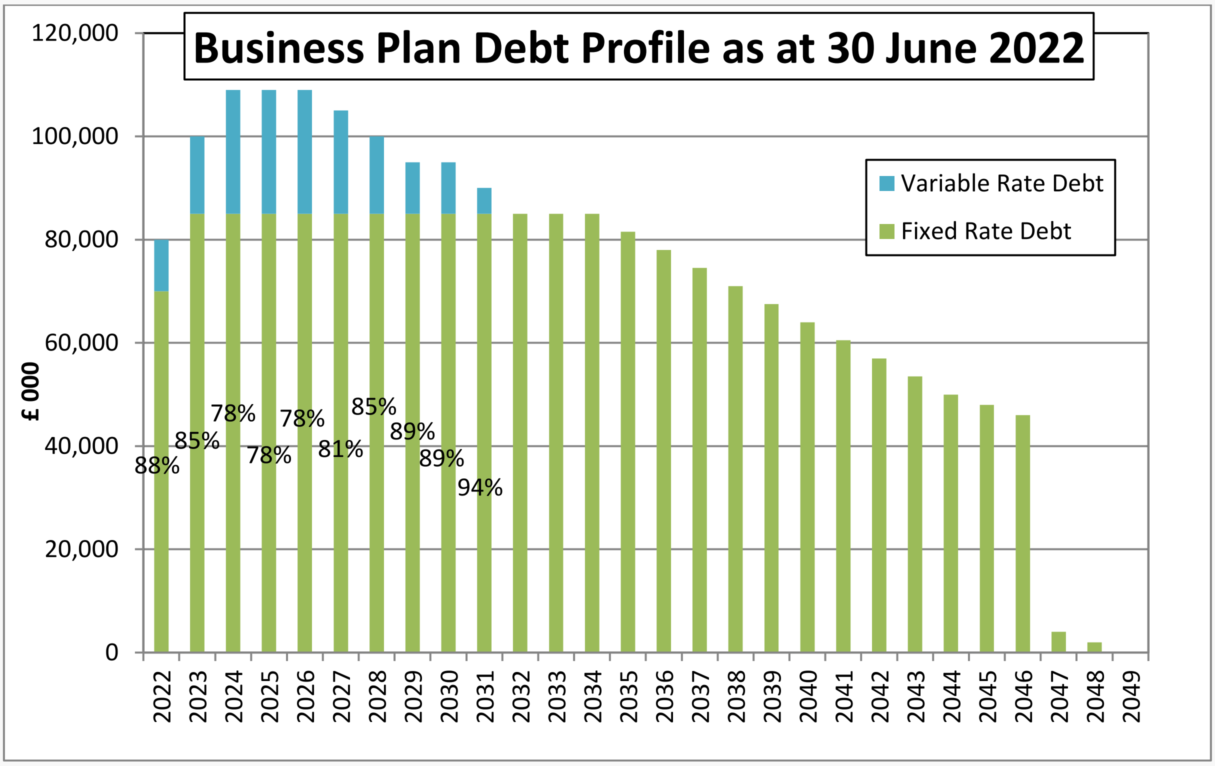
Borrowings and Loan Profile

At 31 March 2022, East End Homes had total loan debt balance of £80.0million comprising £70.0 million on a forward fixed interest rate arrangement and £10.0 million on a variable SONIA-linked rate.

During the year, the group completed the refinancing of a significant part of the existing Barclays loan debt, to increase capacity and to provide sufficient headroom in EeH's business plan to support the delivery of current and future investment programmes.

The Board has an agreed Treasury Management Strategy which underpins how East End Homes supports its Business Plan, and a Risk Appetite Statement which summarises the strategic appetite and approach to risk, setting 'golden rules' for the Board to assess performance. In keeping with the Board's approach to risk, the debt profile has been managed such that forward fixed rate loans consistently form a majority of the loan portfolio. This, combined with a lower level of debt per unit than many peers, demonstrates the Board's relatively low risk approach to pursuing its corporate objectives

The East End Homes Board approved loan debt profile within the Business Plan is set out below.



Homes in Management

East End Homes has an asset management strategy which aims to deliver homes and facilities which are in good condition, of suitable design, and in the right locations, to meet the aspirations of our communities.

The number of homes in management at the year end was:

2021/22	№ at Year End (31 March 2022)
Social Rented	2,243
Intermediate Rent	16
Private Rented	60
Leasehold	1,484
Total	**3,803**

East End Homes' stock increased by 7 during 2021/22.

Strategic Asset Management

East End Homes has since the first stock transfer in 2005, undertaken an extensive stock refurbishment programme which has included internal and external regeneration works to improve all properties in line with the expectations of the Decent Homes Standard. An Asset Management Strategy was adopted by the Board in 2018, setting out the strategic plan to maintain properties in management to a high standard. The Board agrees a rolling 5-year capital investment programme to support delivery of the identified maintenance work, informed by stock condition data. In March 2022 the Board agreed an updated investment programme to existing stock of £35.8 million running from 2022 to 2027. This includes the provision of £15.5 million allocated to works to improve the fire safety of blocks identified through our programme of surveys. The Finance & Audit Committee of the Board monitors all ongoing capital works schemes at each quarterly meeting to ensure that expenditure is controlled.

East End Homes has developed a comprehensive Assets & Liabilities Register which compiles all the group's assets and liabilities, providing up to date information for stakeholders including the Board. The Board continues to keep the register under review.

The Board's Development and Asset Growth Strategy sets out the key principles and priorities for East End Homes in pursuing new business opportunities and the delivery of new affordable housing. A key element of this strategy is to reconfirm that while there is a focus on maximising the potential of our existing assets, East End Homes will only seek to progress potential regeneration schemes on our estates where it can be shown that the scheme will viably deliver an increase in the overall level of social rented homes. The Board's attitude towards growth is also influenced by the adopted Risk Appetite Statement, which includes golden rules summarising the corporate approach to risk.

The inclusion of any prospective development scheme into the Business Plan will initially involve a financial appraisal of the scheme to assess the scheme's ability to repay any potential borrowing and deliver a net contribution over the 30-year life of the Business Plan, as set out in the golden rules of the Risk Appetite Statement. Approval of the scheme must be supported by an independent appraisal of the scheme to further assure the Board that the scheme provides value for money in terms of the assumptions around valuations and the price offered. As part of the process for Board approval for inclusion of a new scheme into the Business Plan, the plan is updated, and stress-tested to provide assurance to the Board that the inclusion of the new scheme would improve the plan and is not forecast to lead to any breaches of the agreed golden rules or covenants.

The current approved plan includes a 50-unit shared ownership sales programme, within the Orchard Wharf scheme (43 units), Violet Road scheme (5 units) and Toynbee Street scheme (2 units), which is projected to contribute circa £6 million gross sales receipts to the plan in 2023/24 and 2024/25. The Board receives a quarterly report summarising the latest position regarding development or acquisition schemes agreed by the Board, identifying any amendments to anticipated completion or handover dates, or adjustments to details of the scheme e.g., tenure composition or rent levels. The Board is given updates of shared ownership sales, and/or applications in the pipeline which are being evaluated.

Value for Money (VFM)

Defining and Delivering VFM

East End Homes' approach to VFM remains as set out in its VFM Strategy, agreed by the Board in December 2020. This strategy describes how EEH seeks to deliver efficiency in pursuing its corporate objectives; the role of the Board; and EEH's strategic framework for monitoring VFM activity and delivering compliance with regulatory requirements. The strategy for 2020-25 was updated to reflect the revised regulatory framework and code of practice; the increased emphasis on performance metric reporting; and developing challenges for the financial performance of the organisation such as expenditure on building safety. It also built upon the strategic objectives set out in the Corporate Plan for 2019-24.

This VFM Strategy continues with the same summary definition of VFM for EEH as:

> *"The provision of homes and services, at the right cost, that are fit for purpose and of the right quality for the needs and aspirations of our residents and stakeholders."*

The VFM Strategy sets out the key responsibilities of the Board and where these are delegated to Committees, maintaining an ongoing process of monitoring and review. These are categorised into three main strands:

- Value for Money monitoring – delivering the Vision, Mission and corporate objectives, matching the priorities set out and the commitments made in the Business Plan
- Return on Assets – processes for reviewing how physical and human resources are used; and ensuring that EEH's activities do not compromise its financial sustainability whilst delivering the resources to pursue its ambitions
- Social Value – identifying and reporting the additional benefits generated by EEH through its activities including the social, wider economic and environmental outputs.

VFM performance will be monitored through the reporting against the adopted strategic metrics – including those specified by the regulator and sector collaboration, and those specifically identified by the EEH Board to reflect its strategic priorities. Reporting of this performance also allows for comparison against appropriate sector peer groups, allowing the Board to assess the effectiveness of its approach and to understand differences, in the context of operational structures and decisions. In the wider context of performance, the Board will also consider satisfaction data which communicates the perspectives of stakeholders on the services and outcomes being delivered.

The Finance & Audit Committee was updated in February 2022 on the identified areas for pursuing efficiency savings and progress in meeting the annual VFM target, together with performance on Value for Money metrics based on the projected outturn at that time.

The Board commissioned the London School of Economics (LSE) to carry out a study into the adopted management structure and its efficiency. The report aimed to explore how effective the EastendHomes approach is and evaluate how well it meets the aspirations of its mission and vision. In addition, the LSE were asked to examine the social value added as a result of the neighbourhood and community focused methods of EastendHomes.

Their report drew the following conclusions:

The overall housing management costs of EastendHomes are not higher than other London providers, demonstrating that the local management model does show value for money.

EastendHomes services have an impact on resident wellbeing: basic services touch people's lives and therefore the effective delivery of these services is a priority. Good training, quality equipment, good staff etc are crucial. For EastendHomes, these services can be best achieved through the local housing management approach.

Financial and Business Performance

The Board has reviewed the organisation's performance against the key metrics identified by the regulator. Where applicable, they receive ongoing updates or projections against the metrics throughout the financial year based on anticipated yearend figures. This supports the Board to implement appropriate and timely actions where they consider it necessary.

In addition, the Board has identified its own key metrics for measuring performance in Value for Money, corresponding to key strategic objectives. These currently include tenant satisfaction with overall services; value for money satisfaction; and key indicators for the Integrated Asset Management Contract covering responsive repairs and void works. The table on the next page summarises East End Homes' performance against these metrics and compares this performance against other landlords mainly operating in London, and to the national median. The cost metrics are calculated using the number of affordable rented homes (but excluding the leasehold and market rented properties in management).

		East End Homes	Adjusted *	East End Homes	London	All
	YEAR	2022	2022	2021	2021	2021
	Homes in management at the year end	**2,259**	**2,259**	**2,252**	**837,342**	**2,768,098**
Metric 1	**Reinvestment %**: (Properties acquired + development of new homes + work to existing homes + capitalised interest + schemes completed)/GBV (Cost)	10.07%	10.07%	10.23%	5.73%	5.9%
Metric 2a	**New supply delivered %**: Total social housing units delivered or **newly built** units acquired/total housing units **owned** at period end **(2019 FVA will show the split between owned and managed)**	0.31%	0.31%	0%	1.12%	1.2%
Metric 2b	**New supply delivered %**: Total non-social housing units **delivered or newly built units acquired** (Total non-social rental units owned, non-social leasehold units owned, new outright sale units developed or acquired)/Total social and non-social housing units **owned** at period end	0%	0%	0%	0%	0.0%
Metric 3	**Gearing %**: (LT+ST Loans + Finance Leases **- cash and cash equivalents**)/Tangible fixed assets: Housing properties at cost	37.27%	37.27%	28.99%	41.4%	41.9%
Metric 4	**EBITDA-MRI %**: Operating surplus less amortised gov't grant less grant taken to income plus interest receivable less capitalised major repairs plus total depreciation/interest payable and financing costs less capitalised interest in housing properties	13.27%	138.56%	84.53%	122.9%	188.7%
Metric 5	**Headline social housing cost per unit** - Inc. owned and managed but exc. leasehold and fully staircased shared ownership homes	£6,708	£5,442	£6,090	£5,420	£3,666
	Management CPU	*£789*	*£789*	*£773*	*£1,290*	*£1,065.5*
	Service charge CPU	*£1,523*	*£1,523*	*£911*	*£942*	*£411*
	Maintenance CPU	*£1,595*	*£1,595*	*£1,713*	*£1,331*	*£1,098*
	Major repairs CPU	*£2,801*	*£1,535*	*£2,693*	*£943*	*£699.5*
	Other social housing CPU	*£0*	*£0*	*£0*	*£357*	*£215*
Metric 6a	**Alternative 6(a) Operating margin %**: (Operating surplus from social housing lettings / Turnover from social lettings	21.27%	21.27%	28.37%	24.1%	26.8%
Metric 6b	**Alternative 6 (b) Operating margin %**: (Operating surplus (overall) / Turnover (overall))	17.19%	17.19%	22.06%	18.6%	24.3%
Metric 7	**Return on capital employed %**: Operating surplus overall plus gain/loss of disposal of fixed assets plus share of operating surplus from JVs or associates/Total assets less current liabilities	1.80%	1.80%	2.44%	2.52%	3.28%
EEH Strategic Metrics						
EEH 1	(*Effectiveness*) **Tenant satisfaction with overall services:** Measured using STAR methodology (every two years)	76.99%		76.99%	73%	84.9%
EEH 2	(*Effectiveness*) **Satisfaction with the quality of a repair:** Transactional survey on job completion	96.4%		93.9%	84.2% (2022 LBTH)	85.0%
EEH 3	(*Efficiency*) **Number of repairs completed per property:** Both in-dwelling and communal repairs, including repairs reported by leasehold units	4.38		3.69	N/A	3.3
EEH 4a	(*Efficiency*) **Void performance:** average re-let time (days)	27.2		30.5	42 (2022 LBTH)	47.0
EEH 4b	(*Economy*) **Void performance:** rent loss due to void properties as a percentage of annual rent debit	0.57%		0.30%	1.14%	0.94%
EEH 5a	(*Effectiveness*) **Value for Money Satisfaction:** Tenants believing that rents represent value for money (STAR) (every two years)	73.93% (2021)		73.93%	76.0%	84.3%
EEH 5b	(*Effectiveness*) **Value for Money Satisfaction:** Leaseholders believing that service charges represent value for money (STAR) (every two years)	29.84%		31.22% (2020)	30.2%	38%

**Adjusted to exclude fire safety expenditure and loan breakage fee*

East End Homes has continued to invest significant amounts in the existing housing stock and acquisition of new homes. In 2021/22, the value of investment to the asset base was 10.07% (2021: 10.23%) compared to the 2021 median for London RPs, 5.73% and National 5.9%. This is a direct result of £18.5 million investment (2021: £17.2 million) made during the year. The investments in new homes in 2021/22 includes payments made towards the acquisition of new homes at Orchard Wharf and Gordon House infill schemes. The two schemes have been completed and provided 104 new homes for renting and for shared ownership sales. The Eric Street, Violet Road and Toynbee Street schemes are currently in progress with completion and handover of new homes scheduled between 2022 and 2024. These schemes will deliver an additional 146 new homes for rent and shared ownership sales.

East End Homes' gearing ratio (which measures the proportion of its borrowing in relation to the value of the asset base) remains comparatively low relative to those of other Registered Providers. The additional £21.5 million net loan borrowings during 2021/22 to support increased investment in existing and new homes has resulted in an increase in the ratio from 28.99% to 37.27% but remains low compared to the 2021 median ratio for UK wide Registered Providers of 41.9% and London of 41.4%.

East End Homes' interest cover ratio decreased from 84.53% in 2020/21 to 13.27% in 2021/22. The group's operating surplus and margin in the year, was impacted by an additional £1.3 million cost on property insurance renewal during 2021 and additional costs incurred on fire safety surveys and remediation works to existing blocks.
The interest payable in 2021/22 includes a one off 'loan breakage fee' of £2.303 million, following the completion of the scheduled refinancing of the existing Barclays loan debt. Excluding the one off 'loan breakage fee' and the fire safety costs, the ratio achieved was 138.56%. This compares favourably to the 2021 London median ratio of 122.9% but is below the UK wide median of 188.7%. The ratio (excluding fire safety costs) is projected to improve in 2023 and future years as new acquisitions for renting and share ownership sales are completed.

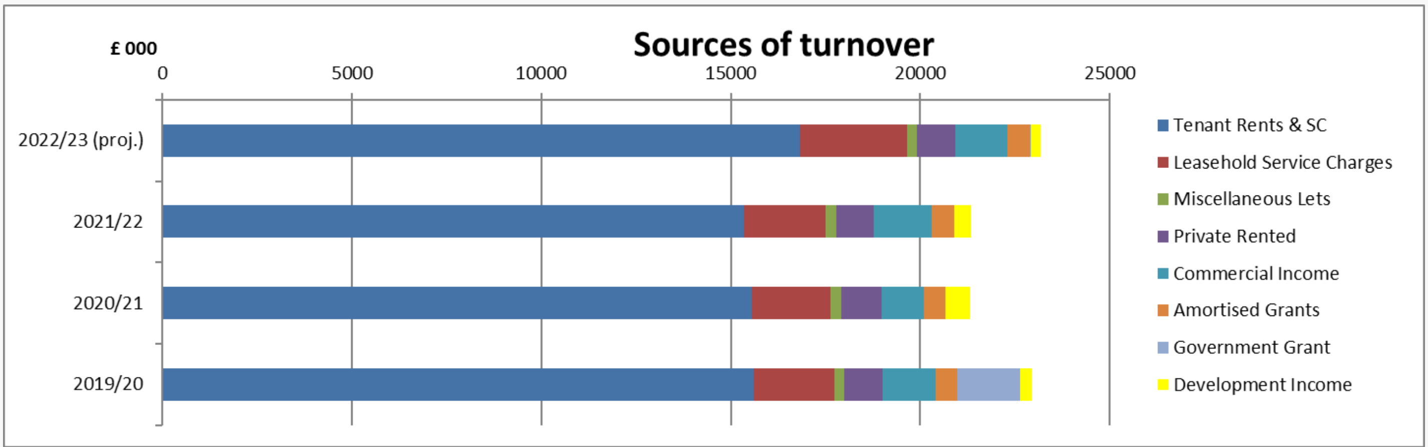
The group achieved an overall operating margin (a measure of profitability of operating assets) of 17.19% in 2021/22 compared to 22.06% recorded in 2020/21. The margin in 2021/22 was impacted by the additional £1.3 million cost on property insurance renewal during 2021 and additional costs incurred on fire safety surveys to existing blocks. The performance is marginally below the 2021 London median of 18.6% and below the UK wide Registered Providers of median of 24.3% but projected to improve in 2023.

The headline social housing cost per unit has increased from £6,090 in 2020/21 to £6,708 in 2020/21. The headline cost per unit in 2021/22 was affected by the additional £1.3 million cost on property insurance renewal during 2021, reflected within the service costs per unit, which increased during the year from £911 to £1,523. The significant capital investments in the refurbishment of stock and estate wide regeneration and on fire safety remediation works to existing blocks, in accordance with the Board's identified objectives also led to an increased costs per unit for £2,693 to £2,801. Excluding expenditure relating to fire safety remediation, the overall cost per unit was £5,442, which is comparable to the 2021 London median costs of £5,420 but significantly higher than the national average of £3,666.

In addition to reporting against the nationwide sector metrics, the Board of East End Homes has identified a suite of performance measures to capture resident satisfaction and broader indicators of performance. These are shown above as the EeH Strategic metrics. Similarly to the financial metrics, performance is given for the past two years and compared to the London and national median performance.

Analysis of turnover and operating costs

Activity	Turnover and operating costs											
	2022/23 (projected)			2021/22			2020/21			2019/20		
	Units	Turnover £000	Op. Costs £000	Units	Turnover £000	Op. Costs £000	Units	Turnover £000	Op. Costs £000	Units	Turnover £000	Op. Costs £000
GN properties (tenant rents and service charges)	2414	16,821	(13,202)	2259	15,339	(12,559)	2252	15,550	(11,589)	2252	15,610	(11,835)
Shared Ownership	50	-	(160)	-	-	-	-	-	-	-	-	-
Leaseholder service Charges	1486	2,825	(3,807)	1484	2,167	(3,583)	1484	2,070	(3,534)	1484	2,130	(4,330)
Miscellaneous Lets	-	276	(202)	-	276	(198)	-	288	(204)	-	260	(185)
Private rented properties	60	995	(231)	60	981	(289)	60	1,064	(286)	60	1,003	(195)
Commercial properties	82	1,391	(785)	82	1,545	(855)	82	1,124	(856)	77	1,403	(891)
Amortised grants	-	589	-	-	588	-	-	556	-	-	556	-
Government Grant	-			-	-	-	-	-	-		1,672	(1,672)
Overage receipts and other miscellaneous income	-	239	(187)	-	451	(193)	-	661	(192)	-	309	(198)
Total	-	**23,136**	**(18,574)**		**21,347**	**(17,677)**		**21,313**	**(16,661)**		**22,943**	**(19,306)**



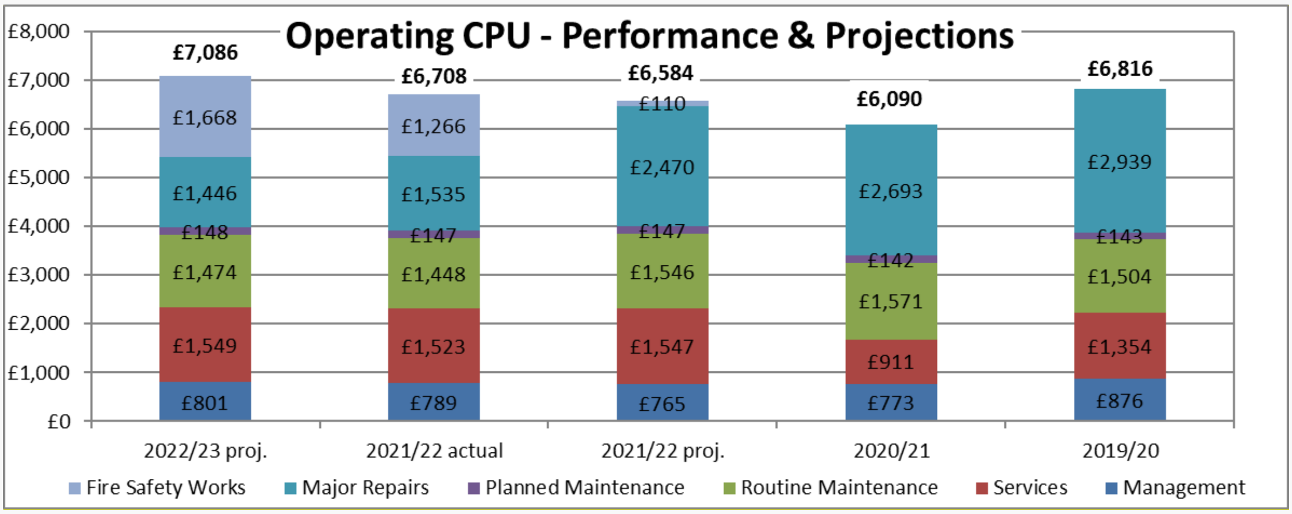
The above analysis of turnover and operating costs shows the turnover in 2021/22 was £21.347 million, marginally higher than £21.313 million achieved in 2020/21, whilst operating costs increased by £1.1 million from £16.661 million to £17.677 million. The turnover for 2022/23 is forecast to increase by £1.79 million with operating expenditure increasing by £897k, following the completion and letting of new homes from the East End Homes acquisition programme. There is however some uncertainty as to the level of general needs income, due the current ongoing government consultation on the formula rent for 2023/24 and 2024/25.

Income from commercial properties is projected at £ 1.391 million in 2022/23 a reduction of £154k from the high level if £1.545 million in 2021/22. Current inflation and costs of living crisis presents a very challenging operating environment for our shop owners and will undoubtedly impact on this area of income for East End Homes.

East End Homes' portfolio of 60 private rented properties contributed £981k to the group's turnover, with a surplus of £692k. Given the uncertainties around the London housing market, conservative assumptions have been made for rental income for these properties with marginal increase in turnover forecast for 2022/23.

Operating Costs Performance and Comparison

Cost per unit	**2022/23 projected**	**2021/22 Actual**	**2021/22 projected**	**2020/21 Actual**	**2019/20 Actual**
Management	801.0	789.0	765.0	773.0	876.0
Services	1,549.0	1,523.0	1,547.0	911.0	1,354.0
Routine maintenance	1,474.0	1,448.0	1,546.0	1,571.0	1,504.0
Planned maintenance	148.0	147.0	147.0	142.0	143.0
Operating Costs	**3,972.0**	**3,907.00**	**4,005.0**	**3,397.00**	**3,877.00**
Major repairs	115.0	113.0	156.0	157.0	337.0
Capitalised Major Works expenditure	1,331.0	1,422.0	2,313.75	2,536.0	2,602.0
Exceptional Fire Safety Works	1,668.0	1,266.0	109.5	-	-
Total Operating Costs	**7,086.0**	**6,708.0**	**6,537.25**	**6,090.0**	**6,816.0**
Bad debts	21.0	100.0	18.4	212.3	11.1
Depreciation of costs of Housing properties	1,428.0	1,499.0	1,645.0	1,448.0	1,849.02
Total	**8,535.0**	**8,307.00**	**8,200.65**	**7750.30**	**8,676.12**



Sources: East End Homes Financial Statements / Budget. Consolidated (group) figures
The data above relates to East End Homes' operating costs in relation to its affordable rented properties only.

The Board regularly reviews East End Homes' costs per unit and has identified the main cost drivers behind these. Some cost drivers such as being based in London are a consequence of our operating environment. Benchmarking of operating costs takes place including in the table within this report. Other factors reflect the Board's corporate objectives, including continuing to make substantial investment in maintaining and improving the condition of the stock through a capital investment programme, delivering fire safety remediations works and the commitment to operating a local office-based delivery structure which differentiates East End Homes from other, centralised RPs.

Value for Money Gains

The East End Homes Board sets an annual target for Value for Money gains, and through its committee structures monitors the delivery of this target. In March 2020, the East End Homes' Board agreed a revised model for an annual Value for Money target saving from 2020/21 onwards, calculated as 2% of budgeted operating expenditure (excluding depreciation charges). The Board also agreed that where additional new income sources are identified, they will be recognised as VFM gains.

<table>
<tr><td></td><td colspan="3">VFM Gains</td></tr>
<tr><td rowspan="2">2021/22</td><td>Target</td><td>Achieved</td><td>Variance</td></tr>
<tr><td>£249,000</td><td>£227,000</td><td>(£22,000)</td></tr>
<tr><td rowspan="2">2022/23</td><td>Target</td><td>Current Forecast</td><td>Variance</td></tr>
<tr><td>£289,000</td><td>£225,000</td><td>(£64,000)</td></tr>
</table>

The £227,000 gains achieved in 2021/22 were largely from cumulative vacancy savings in budgeted staffing costs. The target of £289,000 in 2022/23 is expected to be achieved through a combination of cost savings and additional income. This would include items such as voids and new properties being brought into charge earlier than budgeted for.

Value for Money Self-Assessment Conclusion

Completion of this review supports the Board in assessing its capacity to meet its funders' covenants, regulatory requirements, and business plan targets, while maintaining a focus on delivering the identified corporate objectives. The Board aims to maintain its commitment to localised service delivery and high quality service provision, and to investment in maintaining and improving the quality of its stock, whilst keeping careful control of costs in order to optimise outcomes. The assessment provides some comparative context for East End Homes looking at relative performance for London-based peers and national averages.

The following table summarises our actions against the specific expectations of the Value for Money Standard:

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
Registered providers must: a. clearly articulate their strategic objectives b. have an approach agreed by their Board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives	The Board of East End Homes continues to work to the Value for Money strategy agreed in December 2020. The Board has begun the process of preparing for its next Corporate Plan, due to commence in 2024, and review of the strategic objectives will form part of that process. The Board receives regular performance information which allows it to assess progress in pursuing these objectives and how effectively resources are being deployed.
Registered providers must demonstrate:	
a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance	The Board has agreed an approach to achieving VFM through its Value for Money Strategy 2020/25, which includes a focus on considering and assessing options for service delivery. All Board reports contain a standard section assessing VFM implications of the report and the recommended decision, and the Board appoints a VFM champion from among its membership to provide focussed challenge.
b. regular and appropriate consideration by the Board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures	The Board commissioned a review of its delivery structure by the LSE as part of its commitment to regular reviewing models for outcomes including Value for Money. The Board reviews such independent assurance against its short- and long-term strategic objectives when taking significant decisions.
c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case	The Board receives disaggregated performance information analysing the different components of the group's activities, as part of the ongoing monitoring of performance against the Business Plan. This feeds into the updates to the strategic Risk Register and the Board's appetite or decisions to take actions to mitigate risks. Non-core activities remain a relatively small proportion of the business but contribute notable sums to turnover and are thus carefully monitored.
d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets	The Board sets an annual target for achieving efficiency savings, expressed as a proportion of overall operating expenditure. Performance against the delivery of strategic objectives is reviewed annually, in addition to the monitoring of key performance information.
Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:	
a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers	The Board benchmarks performance against several key metrics including those gleaned from the global accounts, and monitors performance against a select group of performance metrics which complement the financial indicators. There is ongoing monitoring of performance

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
	through regular reports to Finance & Audit Committee, in addition to inclusion in this annual report.
b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this	The Board recognises that benchmarking of performance only tells a partial story and that there is a not necessarily a positive or negative orientation to results – for example higher than average major works expenditure may indicate poor control of costs, or it may demonstrate that the Board has maintained its commitment to investing in stock despite financial pressure. The Board seeks to understand not only the numbers, but the story behind the numbers, and how consistent the financial performance is with the pursuit of its identified strategic objectives.

Risk Management

The East End Homes Board has an approach to risk management which involves tailored risk appetites reflecting the nature of each category of risk – for example there is a more risk-averse approach to risks associated with health and safety than to those associated with reputational damage. The Risk Register is reviewed quarterly by the Finance & Audit Committee with updates and discussions referred to the Board. All risks are assessed using a methodology which considers the potential impact on the organisation, and the likelihood of the risk occurring. For each entry on the register mitigating controls are identified, and the residual risk is assessed using the same methodology. The scores are then graded on a RAG basis with thresholds determined by the theme's risk appetite.

The 14 risks in the table below are those which currently have a 'red' assessment at the residual risk stage (as at September 2022), listed in no particular order. For each of these, further to the mitigating controls cited in the table below, the Board has agreed an assurance plan which sets out the measures being taken by the organisation with a view to further mitigating or reducing the risk, seeking either to reduce the potential impact of the risk on EEH's ongoing viability or the likelihood of the risk scenario occurring. The issues identified the Risk Register influence the scenarios modelled in stress-testing exercises, and the Board's mitigation planning as a result of these stress tests.

#	Risk	Mitigating Controls
1	Key Performance Indicators ineffective in allowing proper Board scrutiny: - not sufficiently comprehensive across all service areas - Poor performance not reported to the Board - Inaccurate Performance reported	Robust Challenge by Board Members Internal and external Audit provide scrutiny of performance and report to F&A. Regular reports to Service Review Committee and EeH Board on performance against target on all KPIs. Wider breadth of KPI reporting introduced including health and safety. Benchmarking of performance with other local RPs through THHF sub-group.

#	Risk	Mitigating Controls
2	Delays in letting and completing Major Works schemes. Schemes over-running in next financial year, possible impact on stock condition including Decent Homes Standard. DeLay in collecting Major Works service charges and knock-on effect delaying other schemes due.	Regular capital programme monitoring meetings and report to F&A. 'RAG' rating highlights schemes which may be at risk of not completing in scheduled financial year. Regular site meetings Reserve schemes worked up for letting.
3	Insufficient or weaknesses in stock condition data leads to unforeseen costs arising in capital works programme; or unidentified defects / deficiencies in quality of stock	Asset Management Strategy sets outs measures to maintain currency and adequacy of data Board can choose to reallocate funds in the capital programme between improvement works and maintenance, health & safety schemes, sustainability improvements, and development activity.
4	Rent / service charge collection (from social housing tenants) below business plan assumptions including impact of welfare reforms and recession arising from Covid-19 pandemic; global instability.	Ongoing tracking of collection against projected income by Finance team. Collection reviewed quarterly within Board KPI report. Staff receive training on HB changes, debt and welfare advice Partnership with Bromley by Bow Centre to provide Financial Inclusion support to both tenants and leaseholders Impacts of welfare reform under review and impacts incorporated into business plan assumptions including collection rates, void losses, bad debt provision and ancillary costs. Welfare Reform Action Plan in place to optimise payment collection and sustain tenancies. Annual stress-testing of forecast assumptions within Business Plan, plus ad hoc stress-testing in response to events and new identified risk factors. Internal audit completed during 2020/21 showing substantial assurance.
5	Increase in Contract Costs in committed schemes (major works) - Cost above budgeted estimate impacting cashflow - Contractor Performance - Brexit effect	Capital Programme Monitoring ongoing – quarterly updates to Finance & Audit Committee. Adjust capital programme to accommodate any overspends, prioritising safety-critical works. Adjust the programme annually to account for inflation. Robust Leasehold Recharge process

#	Risk	Mitigating Controls
6	Pensions: - Increased employer contributions - Increased scheme deficit	Cost increases on pension contributions included in revised business plan and budgets. Annual provision for pension scheme deficits made against reserves within Financial Statements. Business Plan takes into account anticipated increased level of employee participation in pension schemes brought about through automatic enrolment. EEH Board has chosen to close access to existing Defined Benefit schemes for new staff members and introduce a Defined Contribution scheme with lower employer costs.
7	Funding & Treasury Management: - Failure to meet Covenant ratios	Regularly reviewed in all Treasury reports to F&A Regularly reviewed through updates and stress testing of the business plan. Annual certification of covenant compliance by external auditors NatWest have agreed to 'carve-out' of covenants to support funding of fire safety works.
8	Inflation: - Headline inflation rate - Build cost inflation	Ongoing monitoring to decide on whether changes to assumptions required. Stress testing of Business Plan with different inflation rates. Introduce fixed price contracts; and ongoing monitoring of contractor performance and viability. Deliver efficiency savings. Board decision in 2022/23 budget to increase provision for maintenance budget in anticipation of higher inflation. Used sector benchmarking for short-term inflation expectations within business plan.
9	Eric Estate Developer/contractor financial failure. Delays in scheme completion result in delayed income while loan interest payments are still payable. Unable to let properties at rents proposed within the Business Plan modelling.	Board has considered stress tests involving delays and how these affect the Business Plan. Parent company guarantees sought to minimise consequences of contractor/developer failure. LADs (Liquidated and Ascertained Damages) to include rent loss calculation included within appropriate contractual documentation Third party review of rent level assumptions and shared ownership valuations undertaken. Renegotiation of scheme terms during 2020 to create three stages of the scheme and a break clause at the end of stage 2 if EEH does not wish to proceed.
10	Shared Ownership Units • Failure to sell at anticipated levels • Skillset to manage shared ownership units not necessarily within existing structure	Pricing of units for shared ownership assessed to promote affordability of units using independent expertise to advise on demand and affordability. Prudent assumptions for scheme dates allowing for slippage. Independent consultant appointed to manage sales process. New Project Officer being appointed via internal secondment to oversee development schemes and handover including shared ownership units. Advice obtained from consultants on our units

#	Risk	Mitigating Controls
		compared to other shared ownership schemes in the vicinity.
11	Corporate Manslaughter and Corporate Homicide Act – failure to comply with responsibilities relating to fire safety, gas safety, asbestos, electrical safety, water safety and / or any other aspect of health and safety including staff safety.	Programme of Fire Risk Assessments in place and monitoring processes for actions arising from these. Gas Servicing arrangements closely monitored, included within KPIs along with other Health and Safety KPIs and maintained at 100% on a continuous basis. Health and Safety Policy in place, working group established and meeting regularly and Policy reviewed and agreed every two years by the Board. Health and Safety responsibilities outlined at Board Training. Internal Audit compliance reviews. Provision made in capital works programme for identified remedial works at 7 blocks. 3rd party assurance obtained on gas servicing completed
12	Failure to comply with new responsibilities arising from the Building Safety Act and Fire Safety Act	Keeping abreast of the work to implement Hackitt findings. Fire suppressant systems introduced to all high-risk refuse areas. Fire Safety Reports presented to the Board 45 intrusive surveys completed for the blocks identified. (22 high rise and 23 low rise) i.e., all those requiring an EWS1 under the RICS criteria. Additional 43 blocks identified with inspections commissioned and included in remediation programme. Additional budgetary provision of £15million allocated for capital expenditure following refinancing with priority to fire safety works. H&S Consultant has regular meetings with Managing Director and Head of Asset Management on fire safety issues.
13	A Management Company associated with an EeH estate fails to meet its legal or health and safety responsibilities. - causes death or injury - reputational damage	Introduction of EeH Managing Agent Policy and Procedure. An expanded performance return identifying health and safety – 6 monthly report to SRC and annual review meeting. Internal audit completed in January 2020 finding adequate assurance, agreed recommendations are being implemented. Allocation of additional resource to support engagement with management companies.
14	Safety risk associated with Community Buildings – not directly managed	Included within Fire Risk Assessment Plan and health and safety audits Health & Safety consultant inspects buildings for safety issues. Support provided in terms of criminal activity

Pension commitments and associated issues

East End Homes participates in two defined benefit (DB) final salary schemes, the Local Government Pension Scheme through the London Borough of Tower Hamlets, and the Social Housing Pension Scheme (SHPS). Entry to both schemes is now closed. East End Homes also participates in a defined contribution (DC) scheme under the SHPS. Since the introduction of auto enrolment in May 2014, all new entrants are now automatically enrolled into the SHPS (DC) scheme unless they specifically opt out. From 2012 to date, the number of East End Homes staff enrolled in a pension scheme has grown from 62 to 98 (91% of staff). The deficits in the defined benefit schemes in previous years have meant that East End Homes has to set aside a significant provision to cover the pension liabilities.

Since 2018/19 information became available to enable the Group to account for the Social Housing Pension Scheme as a defined benefit scheme. At 31 March 2022 £0.652 million (2021: £1.881 million) has been provided or recognised through the statement of comprehensive income and Provision for liabilities and Charges as the Groups share of deficit on the Social Housing Pension Scheme.

At 31st March 2022 East End Homes were notified of a pension scheme surplus of £3.535 million on the LGPS scheme, compared to the 2020/21 surplus of £1.894 million. The changes in the fair values of plan assets, defined benefit obligation and Net Liability in the LGP scheme for yearend has been fully provided against the income and expenditure reserves under the heading of Provision for liabilities and Charges.

The table below shows East End Homes' pension liabilities at the in each of the last three financial years, together with the levels of staff membership of the schemes in relation to the overall workforce.

	2021/22		2020/21		2019/20	
	№ of members	(Deficit)/ Surplus £'000	№ of members	(Deficit)/ Surplus £'000	№ of members	(Deficit)/ Surplus £'000
LGPS	18	3,535	18	1,894	20	1,048
SHPS (DB)	34	(652)	37	(1,881)	38	(590)
SHPS (DC)	46	-	43	-	41	-
Total	**98**	**2,883**	**98**	**13**	**99**	**458**
Workforce	**107**		**109**		**111**	

Directors

The directors who have served during the year are disclosed in page 4.

Two Board Members were appointed during the year. David Edgar was a Council Board Member nominee, and identified as contributing in particular skills and experience on Finance and Treasury Management. Loula Saragoudas is a new Resident Board Member, who in addition to her local knowledge and experience as an involved resident, contributes expertise in IT to the Board.

The Board is mindful of the benefits of developing a diverse membership with a range of life experiences, who can contribute towards the skills and expertise the Board has identified in its adopted skills matrix. All Board Members were asked to complete an audit in early 2022 which identified both their skills and diversity attributes. This audit indicated that among the membership of the Board there were:

- 8 male Members and 4 female Members
- 5 Members who were BAME (any ethnicity other than White British)
- 1 Board Member who disclosed a disability
- 2 Members who identified as LGBTQ+

A recruitment exercise for anticipated vacancies is scheduled to take place during 2022/23 and the Board will explore ways of further increasing the range of diverse backgrounds and experiences among its future membership while recruiting to replace the skills which are expected to be lost.

Internal controls

The Board is responsible for East End Homes' system of internal control and for its review. The system of internal control is designed to manage rather than eliminate the risk of failure to meet corporate objectives. It can provide reasonable, but not absolute assurance against the possibility of material misstatement or loss.

During the year under review, East End Homes has operated an ongoing process of risk management that enables it to identify, evaluate and manage the significant risks it faces. The Board is responsible for reviewing and managing the process.

The Board of East End Homes annually reviews compliance with the Regulatory Standards published by the Regulator of Social Housing. The self-assessment was reported and agreed by the East End Homes Board on 15 June 2022. On completion of this self-assessment the Board agreed that East End Homes was fully compliant with the Regulatory Standards, including the Governance & Financial Viability Standard.

The Board has adopted a process to review and gain assurance on the effectiveness of the system of internal control by the following means:

- a full programme of risk management activity overseen by the Finance and Audit Committee;
- regular reports from management covering performance and financial matters including key performance indicators;
- the outcome of the internal audit programme and the annual external audit; and
- external review by the Regulator of Social Housing.

The system of internal control established by the Board consists of:

- sound corporate governance arrangements including the adoption of the National Housing Federation's Code of Governance,
- long term strategic plans with specific targets and objectives;
- a system of controls over financial operations and budgetary control;
- policies and procedures that are commensurate with East End Homes' standing orders and

- contingency planning arrangements to ensure the security of data, the ability to recover computer systems and maintain services in the event of major interruption.

There are no significant internal control issues that require disclosure in the annual financial statements.

Fraud

East End Homes complies with the Regulator of Social Housing's requirements on fraud. In particular, we have an Anti-Fraud Policy which was most recently approved by the Board in June 2018.

The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Finance & Audit Committee and the Board. Currently, any fraud in excess of £5,000 must be reported to the Regulator of Social Housing, in the absence of which a 'nil' return will be submitted.

In the year to 31 March 2022, there were no actual or attempted fraud cases.

Statement of the Board's responsibilities

The Board is responsible for preparing the Strategic Report of the Board of Management and financial statements in accordance with applicable law and regulations.

The Companies Act 2006 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the income and expenditure of the Group and Association for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

We, the Board members, who are also the directors of the Company, who held office at the date of approval of these Financial Statements set out above, each confirm, so far as we are aware, that:

- there is no relevant audit of which the Group's and Company's auditors are unaware; and
- we have taken all the steps that ought to have been taken as directors in order to make ourselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. In approving the Strategic Report of the Board of Management, we also approve the Strategic Report included therein, in our capacity as company directors.

Going concern

After making enquiries the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

In considering the financial position of the group the Board has reviewed the short term cash flow forecast, available bank facilities and 30 year business plan.

Annual general meeting

The annual general meeting will be held on 21 September 2022.

Auditors

Beever and Struthers Chartered Accountants have expressed their willingness to continue as external auditors and a resolution to re-appoint them shall be proposed at the annual general meeting.

Approved by the Board on 21 September 2022 and signed on its behalf by:

Kevin Moore
Chair

John Kettlewell
Member

Jahangir Mannan
Member

Opinion

We have audited the financial statements of East End Homes Limited "the parent Company" and its subsidiary ("the Group") for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows, the Association Statement of Cash Flows and the related notes, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 March 2022 and of the Group's and Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Board is responsible for the other information. The other information comprises the information included in the Strategic Report of the Board of Management, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report of the Board of Management for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report of the Board of Management has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report of the Board of Management.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 28, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent company 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.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislations, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the trustees Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Michael Tourville ACA
(Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered Accountants and Statutory Auditor
15 Bunhill Row
London
EC1Y 8LP

Date: 30 September 2022

EAST END HOMES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2022

	Notes	2022 £'000	2021 £'000
Turnover	**2**	21,347	21,313
Operating expenditure	**2**	(17,677)	(16,611)
Gain / (loss) on disposal of property, plant and equipment (fixed assets)	**5**	-	5
Operating surplus / (deficit)	**2**	3,670	4,707
Interest receivable and similar income	**6**	55	24
Interest and financing costs	**7**	(4,829)	(2,256)
Increase / (decrease) in valuation of investment properties		-	370
Surplus / (deficit) for the year before taxation	**8**	(1,104)	2,845
Taxation	**9**	-	-
Surplus / (deficit) for the year		(1,104)	2,845
Actuarial loss/gain in respect of pension schemes		3,012	(474)
Total comprehensive income for the year		1,908	2,371

The results relate wholly to continuing activities.

The financial statements on pages 34 to 69 were approved and authorised for issue by the Board on 21 September 2022 and were signed on its behalf by:

The notes on pages 41 to 69 form an integral part of these financial statements.

John Kettlewell

Kevin Moore
Chair

John Kettlewell
Member

Jahangir Mannan
Member

EAST END HOMES LIMITED
ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2022

	Notes	2022	2021
		£'000	£'000
Turnover	2	21,073	21,035
Operating expenditure	2	(17,650)	(16,586)
Gain / (loss) on disposal of property, plant and equipment (fixed assets)	5	-	5
Operating surplus / (deficit)	2	3,423	4,454
Gift aid received from subsidiary		253	245
Interest receivable and similar income	6	55	24
Interest and financing costs	7	(4,829)	(2,256)
Increase / (decrease) in valuation of investment properties		-	370
Surplus / (deficit) for the year before taxation	8	(1,098)	2,837
Taxation	9	-	-
Surplus / (deficit) for the year after taxation		(1,098)	2,837
Actuarial (loss) / gain in respect of pension schemes		3,012	(474)
Total comprehensive Income for the year		1,914	2,363

The results relate wholly to continuing activities

The financial statements on pages 34 to 69 were approved and authorised for issue by the Board on 21 September 2022 and were signed on its behalf by:

The notes on pages 41 to 69 form an integral part of these financial statements.

Kevin Moore
Chair

John Kettlewell
Member

Jahangir Mannan
Member

EAST END HOMES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 March 2022
Company number 4516155

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets: housing properties	**10**	183,105	168,057
Investment properties	**11**	17,577	17,577
Tangible fixed assets: other fixed assets	**12**	1,125	1,304
		201,807	186,938
Current assets			
Stock	**13**	3,250	-
Trade and other debtors			
- due within one year	**14**	4,530	5,009
- due after one year	**14**	503	503
Cash and cash equivalents		10,129	8,870
		18,412	14,382
Less creditors:			
Amounts falling due within one year	**15**	(16,269)	(8,185)
Net current assets / (liabilities)		2,143	6,197
Total assets less current liabilities		203,950	193,135
Creditors:			
Amounts falling due after more than one year	**16**	(126,240)	(114,463)
Provision for liabilities and charges	**21**	2,883	13
Total net assets		80,593	78,685
Capital and reserves			
Revaluation reserve		1,794	1,794
Income and expenditure reserve		78,799	76,891
Total Reserves		80,593	78,685

The notes on pages 34 to 69 form an integral part of these financial statements

The financial statements on pages 41 to 69 were approved and authorised for issue by the Board on 21 September 2022 and signed on its behalf by:

John Kettlewell

Kevin Moore
Chair

John Kettlewell
Member

Jahangir Mannan
Member

EAST END HOMES LIMITED
ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 March 2022
Company number 4516155

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets: housing properties	**10**	183,105	168,057
Investment properties	**11**	17,577	17,577
Tangible fixed assets: other fixed assets	**12**	1,125	1,304
		201,807	186,938
Current assets			
Stock	**13**	3,250	-
Trade and other debtors			
- due within one year	**14**	4,502	5,001
- due after one year	**14**	503	503
Cash and cash equivalents		9,836	8,553
		18,091	14,057
Less creditors:			
Amounts falling due within one year	**15**	(16,195)	(8,113)
Net current assets / (liabilities)		1,896	5,944
Total assets less current liabilities		203,703	192,882
Creditors:			
Amounts falling due after more than one year	**16**	(126,240)	(114,463)
Provision for liabilities and charges	**21**	2,883	13
Total net assets		80,346	78,432
Capital and reserves			
Revaluation reserve		1,794	1,794
Income and expenditure reserve		78,552	76,638
Total reserves		80,346	78,432

The notes on pages 41 to 69 form an integral part of these financial statements
The financial statements on pages 34 to 69 were approved and authorised for issue by the Board on 21 September 2022 and signed on its behalf by:

Kevin Moore **Chair**	**John Kettlewell** **Member**	**Jahangir Mannan** **Member**

EAST END HOMES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

	Group Income and expenditure reserve £'000	Group Revaluation reserve £'000	Group Total reserves £'000
Balance at 1 April 2020	74,890	1,424	76,314
Surplus / (deficit) from Statement of Comprehensive Income	2,371	-	2,371
Transfer to/from revaluation reserve	(370)	370	-
Balance at 31 March 2021	76,891	1,794	78,685
Surplus / (deficit) from Statement of Comprehensive Income	1,908	-	1,908
Transfer to/from revaluation reserve	-	-	-
Balance at 31 March 2022	78,799	1,794	80,593

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

	Association Income and expenditure reserve £'000	Association Revaluation reserve £'000	Association Total reserves £'000
Balance at 1 April 2020	74,645	1,424	76,069
Surplus / (deficit) from Statement of Comprehensive Income	2,363	-	2,363
Transfer to/from revaluation reserve	(370)	370	-
Balance at 31 March 2021	76,638	1,794	78,432
Surplus / (deficit) from Statement of Comprehensive Income	1,914	-	1,914
Transfer to/from revaluation reserve	-	-	-
Balance at 31 March 2022	78,552	1,794	80,346

The notes on pages 41 to 69 form an integral part of these financial statements.

EAST END HOMES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	i		6,370		6,271
Cash flow from investing activities					
Purchase of investment properties		-		-	
Purchase of tangible fixed assets		(10)		(104)	
Acquisition and construction of housing properties		(21,656)		(16,931)	
Proceeds from sale of tangible fixed assets		0		5	
Interest Received		53		26	
Grant Received		-		3,491	
			(21,613)		(13,513)
Cash flow from financing activities					
Interest Paid		(4,998)		(2,320)	
New loans secured		43,500		20,000	
Repayment of borrowings		(22,000)		(5,000)	
			16,502		12,680
Net change in cash and cash equivalents			1,259		5,438
Cash and cash equivalents at beginning of the year			8,870		3,432
Cash and cash equivalents at end of the year			10,129		8,870
Cash and cash equivalents comprise:					
Cash at bank			10,129		8,870

Note i

	2022	2021
Cash flow from operating activities		
Surplus for the year	1,908	2,538
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	3,575	3,447
(Increase)/ decrease in trade and other debtors	482	510
(Decrease)/ increase in trade and other creditors	(911)	(1,803)
Increase/ (decrease) in provisions	(2,870)	279
Carrying amount of tangible fixed asset disposals	-	-
Revaluation of investment properties	-	(371)
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed assets	-	(5)
Interest payable	4,829	2,256
Interest received	(55)	(24)
Government grants amortised	(588)	(556)
Net cash generated from operating activities	6,370	6,271

The notes on pages 41 to 69 form an integral part of these financial statements.

EAST END HOMES LIMITED
ASSOCIATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities			6,394		6,326
Cash flow from investing activities					
Purchase of investment properties		-		-	
Purchase of tangible fixed assets		(10)		(104)	
Acquisition and construction of housing properties		(21,656)		(16,931)	
Proceeds from sale of tangible fixed assets		-		5	
Interest Received		53		26	
Grant Received		-		3,491	
			(21,613)		(13,513)
Cash flow from financing activities					
Interest Paid		(4,998)		(2,320)	
New loans secured		43,500		20,000	
Repayment of borrowings		(22,000)		(5,000)	
			16,502		12,680
Net change in cash and cash equivalents			1,283		5,493
Cash and cash equivalents at beginning of the year			8,553		3,060
Cash and cash equivalents at end of the year			9,836		8,553
Cash and cash equivalents comprise:					
Cash at bank			9,836		8,553
Note i					
Cash flow from operating activities					
Surplus for the year			1,914		2,530
Adjustments for non-cash items:					
Depreciation of tangible fixed assets			3,575		3,447
(Increase)/ decrease in trade and other debtors			502		562
(Decrease)/ increase in trade and other creditors			(913)		(1,792)
Increase/ (decrease) in provisions			(2,870)		279
Carrying amount of tangible fixed asset disposals			-		-
Revaluation of investment properties			-		(371)
Adjustments for investing or financing activities:					
Proceeds from the sale of tangible fixed assets			-		(5)
Interest payable			4,829		2,256
Interest received			(55)		(24)
Government grants amortised			(588)		(556)
Net cash generated from operating activities			6,394		6,326

The notes on pages 41 to 69 form an integral part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

East End Homes Limited is a registered company limited by guarantee under the provisions of the Companies Act 2006 registered in England with registration number 4516155 and is registered as a charity in accordance with the Charities Act 2011 registration number 1107691. It is also registered with the Regulator of Social Housing as a Registered Provider of Social Housing under the provisions of the Housing and Regeneration Act 2008 registration number L4434. The registered office is 3 Resolution Plaza, London, E1 6PS.

The group comprises the following entities:

Name	Incorporation	Registered/Non-registered
East End Homes Limited	Companies Act 2006	Registered
East End Homes (Community Development) Limited	Companies Act 2006	Non-registered

Basis of Accounting
The Group and Association's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are prepared on the historical cost basis of accounting as modified by investment properties and pension fund assets and liabilities held at fair value and are presented in sterling £'000.

The Group and Association's financial statements have been prepared in compliance with FRS 102. As a public benefit entity, East End Homes Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Parent company disclosure exemptions
In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole

- The accounting relating to the Social Housing Pension Fund has not been consistently applied. The accounting policy is set out on page 40. The consolidated financial statements have applied Financial Reporting Exposure Draft 71 'Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.

Basis of Consolidation
The consolidated financial statements incorporate the results of East End Homes Limited and its subsidiary undertaking East End Homes (Community Development) Limited, registered company number 05838745, as at 31 March 2022 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control. Intra-group transactions are eliminated on consolidation.

Turnover

Turnover represents rental income receivable, amortised capital grant, service charges, revenue grants from local authorities, the Greater London Authority and Homes England, management fees receivable and other income and are recognised in relation to the period when the goods and services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. All income is recognised on a receivable basis and sales of property are recognised at completion. Income is recognised on delivery of service. Intra-group charges are on an arm's length basis and are eliminated on consolidation.

Sale of properties developed for outright sale are included in Turnover and Cost of Sales

Housing properties

Housing properties are properties used in the provision of social benefit purposes or for wider community benefits. They include socially rented units.

East End Homes account for housing properties using the historical cost model. Housing properties are initially recognised at the cost of bringing them to their present condition. Such costs include the cost of acquiring land and the buildings, cost of construction, directly attributable administration costs and expenditure incurred in improving or reinvesting in existing properties.

Social housing properties during development are carried at their development costs to date less impairment.

Housing properties are stated in the Statement of Financial Position at cost less depreciation less impairment. Depreciation is charged on completed social housing properties, excluding freehold land on a straight-line basis over the useful economic life of the component from the date of practical completion.

Under SORP 2018, the costs of housing properties is split between their land and structure costs and a specific set of major components which require periodic refurbishment or replacement. The costs of refurbishment of or replacement of such components is capitalised and depreciated over the expected useful economic lives of the components as follows:

Component	Useful economic life (years)
Land	Not depreciated
Structure	100
Roof	30
Lift	50
Bathroom	30
Kitchen	25
Electrical	30
Heating Systems	20
Windows	30
Doors	30

Major repairs expenditure is capitalised where the works undertaken increase the future economic benefit to be derived from the property. An increase in the future economic benefit can arise through either an increase in the rental income or a reduction in future maintenance costs or a significant extension in the life of the property. Where the works are either routine repairs or replacements with no incremental benefit then the costs are charged to the statement of comprehensive income in the period in which they are incurred.

Land and properties that are donated from local authorities or acquired at a discount to their fair values as a result of planning requirement under Section 106 Town and Country Planning Act 1990 are carried in the Statement of Financial Position at their fair value subject to the restrictions attached to those assets and not at the consideration paid by East End Homes. Donated land is also carried at the fair value at the time of the donation rather than at £nil value.

Sales of housing properties
Property sales are attributable to preserved Right to Buy or Right to Acquire sales. The gain or loss on disposal of housing properties is recognised in the Statement of Comprehensive Income at the date of transfer of title.

Other tangible fixed assets
Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write the assets down to their residual values over their estimated useful economic lives, which are as follows:

Motor vehicles	-	3 years
Office furniture and equipment	-	5 years
Computer equipment	-	3 years
Office buildings	-	50 years

Stock and properties held for sale
Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for outright sale are included in current assets as they are intended to be sold at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Low cost home ownership properties
The costs of low cost home ownership properties are split between current and tangible 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 tangible fixed asset and subsequent sales treated as sales of fixed assets/property sales in operating profit.

Loan interest costs
Loan interest costs are calculated using the effective interest method of the difference between the loan amounts 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.

VAT

East End Homes Limited and East End Homes (Community Development) Limited are registered as a VAT group. A large proportion of East End Homes' income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the Statement of Comprehensive Income.

Taxation

The Association has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities.

Operating leases

Rental paid under operating leases is charged to the Statement of Comprehensive Income as incurred.

Provisions

East End Homes only provides for contractual liabilities and pension commitments which exist at the Statement of Financial Position date.

Treasury management
East End Homes has adopted CIPFA's Code of Practice for Treasury Management in the Public Services (2017) and the accompanying Guidance Notes for Registered Providers.

Rent Setting
East End Homes complies with the Regulator of Social Housing's Rent Standard as a key component of the Regulatory Framework.

Going Concern
The Board have considered the impact of COVID19 on its operations and have concluded that there is a reasonable expectation that the Group and Association have adequate resources to continue in operational existence for the foreseeable future. No other significant concerns have been noted in the business plan updated for 2022/23. Therefore, the Group and Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

Judgements and key sources of estimation 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 Statement of Financial Position 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 on page 50. 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**

The Group has undertaken a detailed review of the intending use of all housing properties. In determining the intending use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that commercial properties are investment properties.

c. **Impairment**

The Group has undertaken an Impairment Review of non-financial assets.

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 technological innovation, product 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

The Group and Association carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group and Association engaged independent valuation specialists to determine fair value at 31 March 2021. The valuer used a fair value technique as an estimate for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction. The key assumptions used to determine the fair value of investment property are further explained in note 11.

c. Pension and other post-employment benefits

East End Homes participates in two pension schemes namely; Social Housing Pension Scheme (SHPS) and LGPS with London Borough of Tower Hamlets (LBTH).

The full pension deficit liability for the Social Housing Pension Scheme (SHPS) is disclosed as a liability. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise.

The full pension deficit liability for the London Borough of Tower Hamlets (LBTH) LGPS is disclosed as a liability. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise.

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the financial statements follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Impairment of non-financial assets (continued)
Following a trigger for impairment, the Group and Association perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Following the assessment of impairment, no impairment losses were identified in the reporting period.

Non exchange transactions
Non exchange transactions such as donations, grants from non-government sources and legacies are recognised in the comprehensive income statement when received or receivable and do not impose future performance related conditions. Where there are performance conditions the non-exchange transactions are recognised as liabilities until the performed conditions have been discharged.

Service Charge
Service charges are set at a level which should recover the cost of providing services at the schemes. Where costs have either been under or over recovered, the resulting surplus of deficit is recovered or repaid in future years. The Group operates variable service charges on a scheme-by-scheme basis in full consultation with the 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 recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

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.

Investment properties
Investment property includes commercial and other properties not held for the social benefit of the Group and are measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure. Investment properties are included in the Statement of Financial Position at their fair value; where, fair value is the amount that willing and informed parties are able to transact. The fair value is determined in accordance with the guidance notes on the valuation of assets issued by the Royal Institute of Chartered Surveyors. Movements in the fair values of investment properties are recognised in the Statement of Comprehensive Income. No depreciation is provided.

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.

Social Housing and other government grants
Government grants are grants from government sources such as local authorities and Homes England and they are accounted for under the accruals model. Government grants relating to assets are amortised over 100 years, or if the grant is allocated to a component or a building with a lease then it is amortised over the corresponding life. The unamortised element is treated in the Statement of Financial Position as deferred income.

When Social Housing Grant (SHG) 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.

Grants relating to revenue are be recognised in income on a systematic basis over the period in which the social landlord recognises the related costs for which the grant is intended to compensate. Grants that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised as revenue in the period in which they become receivable.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England and Greater London Authority. However, SHG 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, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Other grants
Other grants are any grants other than government grants. They are held as deferred income and released to the Statement of Comprehensive Income in line with the revenue recognition criteria using the performance model. Revenue is recognised when the performance conditions attached to the other grants have been fully met.

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 the Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial instruments held by the Group are classified as follows:

- Financial assets such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method. Cash is held at cost.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.

All loans held by the Group are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

- The best evidence of fair value is a quoted price in an active market.
- When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations

2. GROUP –TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2022 Turnover	2022 Operating Costs	2022 Operating Surplus	2021 Turnover	2021 Operating Costs	2021 Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings						
General Needs & Intermediate Rent	16,203	(12,693)	3,510	16,394	(11,743)	4,651
Income from non-social housing activities						
Leasehold	2,167	(3,647)	(1,480)	2,070	(3,534)	(1,464)
Commercial lettings	1,545	(855)	690	1,124	(856)	268
Overage receipts and other income	451	(193)	258	661	(192)	469
Private rented properties	981	(289)	692	1,064	(286)	778
Surplus on disposal of fixed assets			-	-	-	5
	21,347	(17,677)	3,670	21,313	(16,611)	4,707

Turnover	**Total £'000**	**Total £'000**
Income from social housing Lettings		
Rent receivable net of identifiable service charge	14,605	14,470
Service charge income	979	1,253
Other income from social housing lettings	31	115
Government grants taken to income	0	-
Amortised government grants	588	556
Total turnover from social housing lettings	16,203	16,394
Operating expenditure on social housing lettings		
Management	(1,780)	(1,740)
Service charge costs	(3,441)	(2,052)
Routine maintenance	(3,271)	(3,538)
Planned maintenance	(332)	(320)
Major repairs expenditure	(256)	(354)
Bad debts	(227)	(478)
Depreciation of housing properties	(3,386)	(3,261)
Total operating expenditure on social housing lettings	(12,693)	(11,743)
Operating surplus on social housing lettings –General Needs	3,510	4,651
Void losses	197	113

2. ASSOCIATION -TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2022			2021		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings						
General Needs & Intermediate Rent	16,203	(12,693)	3,510	16,394	(11,743)	4,651
Income from non-social housing activities						
Leaseholders	2,167	(3,647)	(1,480)	2,070	(3,534)	(1,464)
Commercial lettings	1,435	(853)	582	1,011	(855)	156
Overage receipts and other income	287	(168)	119	496	(168)	328
Private rented properties	981	(289)	692	1,064	(286)	778
Surplus on disposal of fixed assets			-	-	-	5
	21,073	(17,650)	3,423	21,035	(16,586)	4,454

	2022 Total £'000	2021 Total £'000
Income from social housing lettings-General needs		
Rent receivable net of identifiable service charge	14,605	14,470
Service charge income	979	1,253
Other income from social housing lettings	31	115
Government grants taken to income	-	-
Amortised government grants	588	556
Total turnover from social housing lettings	16,203	16,394
Operating expenditure on social housing lettings		
Management	(1,780)	(1,740)
Service charge costs	(3,441)	(2,052)
Routine maintenance	(3,271)	(3,538)
Planned maintenance	(332)	(320)
Major repairs expenditure	(256)	(354)
Bad debts	(227)	(478)
Depreciation of housing properties	(3,386)	(3,261)
Total operating expenditure on social housing lettings	(12,693)	(11,743)
Operating surplus on social housing lettings –General Needs	3,510	4,651
Void losses	197	113

3. DIRECTORS' EMOLUMENTS – GROUP AND ASSOCIATION

The emoluments of the Chief Executive, Managing Director and Executive Management Team were £605,924 (2021: £464,176) of which the emoluments (excluding pension contributions) of the Managing Director was £121,993 (2021: £120,316).

The Managing Director is an ordinary member of London Borough of Tower Hamlets pension scheme. No enhanced or special terms apply.

None of the Members of the Board received any emoluments during the year and reimbursed expenses during the year amounted to £2,750 (2021: £474).

4. EMPLOYEE INFORMATION

The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:

	2022	**2021**
Full time	86	88
Part time	10	12
	96	100

Staff costs (for the above persons)

	GROUP 2022 £'000	**GROUP 2021 £'000**
Wages and salaries	3,827	4,046
Social security costs	403	403
Other pension costs	692	759
	4,922	5,208

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:	**2022**	**2021**
£60,000 - £69,999	8	3
£70,000 - £79,999	1	-
£80,000 - £89,999	4	4
£90,000 - £99,999	-	-
£100,000 - £109,999	1	1
£110,000 - £119,999	-	1
£140,000 - £149,999	1	-
£150,000 - £159,999	-	1
£160,000- £169,000	1	-

5. GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT (FIXED ASSETS)

	GROUP		**ASSOCIATION**	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
Proceeds of sales	-	5	-	5
Less: Costs of sales	-	-	-	-
Surplus	-	5	-	5

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	GROUP		**ASSOCIATION**	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
On loan to subsidiary company – East End Homes (Community Development) Ltd	-	-	-	-
Deposit interest receivable from short-term investment of surplus cash balances	55	24	55	24
	55	24	55	24

7. INTEREST PAYABLE AND SIMILAR CHARGES

	GROUP		**ASSOCIATION**	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
On bank loans, overdrafts and other loans	(4,829)	(2,256)	(4,829)	(2,256)

8. SURPLUS ON ORDINARY ACTIVITIES

	GROUP		ASSOCIATION	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Surplus on ordinary activities is stated after charging:				
Auditors remuneration excluding VAT				
- in their capacity as auditors	41	32	39	30
- in respect of other services	9	2	9	10
Operating lease rentals:				
- Land and Building	-	-	-	-
- Office Equipment	21	15	21	15
Depreciation				
Depreciation of housing properties	3,386	3,261	3,386	3,261
Depreciation of other tangible fixed assets	189	186	189	186

9. TAXATION

The Association has charitable status on income and gains falling within section 478 of the Corporation Tax Act 2010 to the extent that these are applied to its charitable objects and therefore has no liability to corporation tax for the year. Taxable profits of the subsidiary company are gift aided to the charitable parent to minimise the corporation tax liability for the group.

	GROUP		ASSOCIATION	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
UK corporation tax	-	-	-	-

10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP & ASSOCIATION

	Housing properties completed	Housing properties Under development	Shared ownership properties under development	Housing properties refurbishment programme Completed	Housing properties refurbishment programme uncompleted	Total
	£'000	£'000	£000	£'000	£'000	£'000
Cost						
At 1 April 2021	57,340	22,931		109,664	7,785	197,720
Transfer	57	(5,723)	5,795	-	(129)	-
Additions – Refurbishment	-	-		3,566	2,506	6,072
Additions – New Build	-	8,404	3,958	-	-	12,362
Disposals	-	-		-	-	-
At 31 March 2022	57,397	25,612	9,753	113,230	10,162	216,154
Depreciation						
At 1 April 2021	(4,200)	-	-	(25,463)	-	(29,663)
Charged in year	-	-	-	(3,386)	-	(3,386)
Released on disposals						
At 31 March 2022	(4,200)	-	-	(28,849)	-	(33,049)
Net Book Value						
At 1 April 2021	53,140	22,931	-	84,201	7,785	168,057
At 31 March 2022	53,197	25,612	9,753	84,381	10,162	183,105

10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP & ASSOCIATION (CONTD)

	2022	2021
	£'000	£'000
Housing properties at cost comprise:		
Freeholds	216,154	197,720

The cost of housing properties completed includes £2.8 million transfer value of properties on the Island Gardens estate

Additions to housing properties during the year of £18.4 million (2021: £17.2 million) relate to the capitalised costs towards acquisition of new affordable social housing units, and refurbishment works on existing stock including fees, capitalised salaries and incremental overheads

At 31 March 2022 the Board estimated the vacant possession open market value of East End Homes housing properties to be £709.8 million (2021: £709.8 million).

11. INVESTMENT PROPERTIES

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At start of year	17,577	17,707	17,577	17,707
Additions	-	370		370
Gain (Loss) from adjustment in Value	-	-	-	-
At end of year	17,577	17,577	17,577	17,577

East End Homes has to date invested in 60 (2021: 60) properties for private rent, which generate additional surpluses for reinvestment into the core business activities. These properties are treated as investment properties and recognised at their market values. Investment properties were valued at 31 March 2021 by HCH Surveyors Ltd, a firm of professionally qualified surveyors. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. The Directors have considered that the value remains representative of the investment properties as at 31 March 2022.

At 31 March 2022 there were no contractual obligations in respect of the investment properties (2021: none).

12. OTHER TANGIBLE FIXED ASSETS – ASSOCIATION & GROUP

	Office Buildings £'000	Computer Equipment £'000	Office Furniture & Equipment £'000	Motor Vehicles £'000	Total Association and Group £'000
Cost					
At 1 April 2021	1,367	1,232	708	154	3,461
Additions	-	5	-	5	10
Disposals	-	-	-	-	-
At 31 March 2022	1,367	1,237	708	159	3,471
Depreciation					
At 1 April 2021	(330)	(1,048)	(642)	(137)	(2,157)
Charge for the year	(27)	(115)	(34)	(13)	(189)
Disposals	-	-	-	-	-
At 31 March 2022	(357)	(1,163)	(676)	(150)	(2,346)
Net book value					
At 1 April 2021	1,037	184	66	17	1,304
At 31 March 2022	1,010	74	32	9	1,125

13. STOCK

Stock	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Shared Ownership Properties				
- Work in Progress	3,250	-	3,250	-

14. DEBTORS

	GROUP		ASSOCIATION	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rental debtors	853	933	853	933
Provision for bad and doubtful debts	(397)	(485)	(397)	(485)
	456	448	456	448
Shop rental debtors	626	405	626	405
Provision for bad and doubtful debts	(387)	(101)	(387)	(101)
	239	304	239	304
Leasehold debtors	3,037	3,749	3,037	3,749
Provision for bad and doubtful debts	(348)	(400)	(348)	(400)
	2,689	3,349	2,689	3,349
Other debtors	732	573	738	579
Prepayments and accrued income	414	335	353	293
Amounts due from other group entities	-	-	27	28
	1,146	908	1,118	900
Amounts due within one year	4,530	5,009	4,502	5,001
Amounts falling due after more than one year:				
LBTH pension debtor	503	503	503	503
	5,033	5,512	5,005	5,504

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		ASSOCIATION	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Housing Loans	10,000	1,000	10,000	1,000
Trade creditors	-	-	-	-
Other creditors including other taxes social security and pensions	1,782	2,257	1,782	2,257
Rents and service charges received in advance	1,071	1,073	1,071	1,073
Accruals and deferred income	2,829	3,268	2,755	3,196
Deferred capital grant	587	587	587	587
Amount owed to group entity	-	-	-	-
	16,269	8,185	16,195	8,113

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		ASSOCIATION	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Pension creditor	-	-	-	-
Deferred Capital Grant	57,872	57,874	57,872	57,874
Housing Loans	70,000	57,500	70,000	57,500
Loan Arrangement Fees	(1,632)	(911)	(1,632)	(911)
	126,240	114,463	126,240	114,463

To date East End Homes has received £13.0 million DCLG gap funding to finance refurbishment works to the Glamis stock (£2.1 million), Holland & Denning stock (£1.2 million), and the St George's stock (£9.7 million). All gap funding received are recognised under deferred capital grant and released as income over the lives of the housing properties structures that the funds were used to refurbish.

17. DEFERRED CAPITAL GRANT AND FINANCIAL ASSISTANCE – GROUP & ASSOCIATION

	2022 £'000	2021 £'000
Balance at 1 April	58,461	55,526
Grant received in the year	586	3,491
Released to income in the year	(588)	(556)
Disposals	-	-
Balance at 31 March	58,459	58,461
Amount due to be released < 1 year (Note 14)	587	587
Amount due to be released > 1 year (Note 15)	57,872	57,874
The total accumulated government grant and financial assistance received or receivable at 31 March including through the transfer of assets:	60,778	63,683

18. HOUSING LOANS

	GROUP 2022 £'000	2021 £'000	ASSOCIATION 2022 £'000	2021 £'000
Repayable;				
Within one year or on demand	10,000	1,000	10,000	1,000
Between one and two years	-	8,500	-	8,500
Between two and three years	-	3,500	-	3,500
Between three and four years	-	4,000	-	4,000
Between four and five years	-	4,000	-	4,000
After more than five years	70,000	37,500	70,000	37,500
	80,000	58,500	80,000	58,500
Loan Arrangement Fees	(1,632)	(911)	(1,632)	(991)

The Association has an existing £115.0 million loan facility, comprising £50.0 million with NatWest Bank, 45.0 million with M&G Investments and £20 million with Barclays bank plc. At 31 March 2022, £80 million (2021: £58.5 million) loans has been drawn down at an average rate of interest (plus margin) of 2.96% (2021:3.87%.). The facility includes revolving credit facilities for £30.0 million. All loans are secured against the group's assets.

19. CAPITAL COMMITMENTS – GROUP & ASSOCIATION

	2022 £'000	2021 £'000
Capital expenditure contracted for but not provided in the financial statements	27,853	57,119
Capital expenditure authorised by the Board but not yet contracted for	36,245	39,869

Capital expenditure authorised by the Board relates to the acquisition of new build properties and the 5-year capital investment programme (2022-2027) including fire safety works and development agreements with London Borough of Tower Hamlets for refurbishment works to be carried out on properties transferred to East End Homes.

Capital commitments are projected to be funded from mainly from loan borrowings and internally generated resources.

20. OTHER FINANCIAL COMMITMENTS – GROUP & ASSOCIATION

At 31 March 2022 the group and association had an annual commitment under the lease of office equipment of £14,863(2021: £22,039) expiring within the next 12 months.

21. PENSION OBLIGATIONS – GROUP & ASSOCIATION

East End Homes participates in two defined benefit final salary schemes, the London Borough of Tower Hamlets Pension Scheme and the Social Housing Pension Scheme (SHPS) and a defined contribution scheme within the Social Housing Pension Scheme. The pension contributions, as shown in note 4, represent contributions payable by East End Homes to these schemes.

The disclosures required by the accounting requirements of FRS 102 relating to retirement benefits are as follows:

London Borough of Tower Hamlets Pension Scheme (LGPS)

The LGPS is a defined benefit statutory scheme, administered by the London Borough of Tower Hamlets in accordance with the Local Government Pension Scheme regulations 1997, as amended. It is contracted out of the state second pension.

Valuation Method Contributions to the scheme are determined by a qualified actuary on the basis of valuations, using the projected unit credit method. The last formal valuation of the Fund for the purpose of setting employers' actual contributions was at 31 March 2019.

Financial Assumptions

The financial assumptions used for the purposes of the FRS 102 calculations as at 31 March 2022 and 31 March 2021 are shown in the table below.

Assumption as at	31 March 2022 % p.a.	31 March 2021 % p.a.
Pension Increase Rate (CPI)	3.20	2.85
Salary Increases	3.40	3.05
Discount Rate	2.70	2.00

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2021 for the year to 31 March 2022).
The assets of the scheme as a whole and the expected returns as at 31 March 2022 and 31 March 2021 are shown in the table below:

Assets Main Fund	Value at 31 March 2022 £(000)	Value at 31 March 2021 £(000)
Equities	21,896	20,141
Bonds	1,303	2,804
Property	2,607	2,040
Cash	261	510
Total value of scheme assets	**26,067**	**25,495**

There is no provision for unitising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.
The present value of the above assets and liabilities attributable to East End Homes at 31 March 2022 and 31 March 2021 was:

Net Pension Liability as at	31 March 2022 £(000)	31 March 2021 £(000)
Fair Value of Employer Assets	26,067	25,495
Present Value of Funded Liabilities	(22,532)	(23,601)
Net Underfunding in Funded Plans	3,535	1,894

In accordance with the accounting requirements of FRS 102 relating to retirement benefits, the following items have been recognised in the financial statements of East End Homes**:**

Impact on Statement of Financial Position

	31 March 2022 £(000)	31 March 2021 £(000)
Fair Value of Employer Assets	26,067	25,495
Present Value of Funded Liabilities	(22,532)	(23,601)
Net Liability provided for in the Financial Statements	3,535	1,894

The movement in the deficit in the scheme during the year is as follows:

	Year to 31 March 2022 £(000)	Year to 31 March 2021 £(000)
Surplus at beginning of the year	1,894	881
Actuarial gains\ (Losses) during the year	1,641	1,013
Surplus at end of year	3,535	1,894

Pensions Obligations Note - Social Housing Pension Scheme (SHPS)

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end

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

	31 March 2022 (£000s)	**31 March 2021 (£000s)**
Fair value of plan assets	5,953	4,685
Present value of defined benefit obligation	6,605	6,566
Surplus (deficit) in plan	(652)	(1,881)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(652)	(1,881)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(652)	(1,881)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Year ended 31 March 2022 (£000s)	**Year ended 31 March 2021 (£000s)**
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Year ended 31 March 2022 (£000s)
Defined benefit obligation at start of period	6,566
Current service cost	429
Expenses	6
Interest expense	150
Contributions by plan participants	73
Actuarial losses (gains) due to scheme experience	331
Actuarial losses (gains) due to changes in demographic assumptions	(90)
Actuarial losses (gains) due to changes in financial assumptions	(795)
Benefits paid and expenses	(65)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	6,605

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

	Year ended 31 March 2022 (£000s)
Fair value of plan assets at start of period	4,685
Interest income	108
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	769
Contributions by the employer	383
Contributions by plan participants	73
Benefits paid and expenses	(65)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	5,953

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £877,000.

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

	Period from 31 March 2021 to 31 March 2022 (£000s)
Current service cost	429
Expenses	6
Net interest expense	42
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	477

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Year ended 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	769
Experience gains and losses arising on the plan liabilities - gain (loss)	(331)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	90
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	795
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,323
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)	1,323

ASSETS

	31 March 2022 (£000s)	**31 March 2021 (£000s)**
Global Equity	1,142	747
Absolute Return	239	259
Distressed Opportunities	213	135
Credit Relative Value	198	147
Alternative Risk Premia	196	176
Fund of Hedge Funds	-	1
Emerging Markets Debt	173	189
Risk Sharing	196	171
Insurance-Linked Securities	139	113
Property	161	97
Infrastructure	424	312
Private Debt	153	112
Opportunistic Illiquid Credit	200	119
High Yield	51	140
Opportunistic Credit	21	128
Cash	20	-
Corporate Bond Fund	397	277
Liquid Credit	-	56
Long Lease Property	153	92

Secured Income	222	195
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,661	1,191
Currency Hedging	(23)	-
Net Current Assets	17	28
Total assets	5,953	4,685

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

KEY ASSUMPTIONS

	31 March 2022 **% per annum**	**31 March 2021** **% per annum**
Discount Rate	2.77%	2.22%
Inflation (RPI)	3.39%	3.18%
Inflation (CPI)	3.11%	2.88%
Salary Growth	4.11%	3.88%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 **(Years)**
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

22. NUMBER OF HOMES IN MANAGEMENT – GROUP & ASSOCIATION

The number of homes in management at the yearend was:

	At 31 March 2022	**At 31 March 2021**
Rented general needs accommodation	2,243	2,243
Intermediate Rented Properties	16	9
Leasehold properties	1,484	1,484
Private rented properties	60	60
	3,803	3,796

23. RELATED PARTY TRANSACTIONS – GROUP & ASSOCIATION

As at 31 March 2022, four Board members were tenants or leaseholders of the association. Their tenancy agreements or leases have been granted on the same terms as for all other tenants and housing management procedures, including those relating to management of arrears, have been applied consistently to these tenants and leaseholders Board members. Rents, Service Charges and Major Works charged to the tenant or leasehold Board members was £18,696 (2021: £30,680). There were arrears on the charges raised at 31 March 2022 of £497 (2021: £840). The level of tenant or leaseholder Board member arrears is not materially different from other tenants and leaseholders.

As at 31 March 2022 one Board director was nominated by the London Borough of Tower Hamlets and a serving Councillor. Some services were purchased from LBTH during the period. All agency services are covered by an arm's length contract, which was negotiated to ensure neither party subordinated its own separate interests; the Board members concerned are not able to use their position to their advantage. LBTH pays tenant Housing Benefit under the terms of current legislation and this is generally paid directly to East End Homes. There are no other related party transactions requiring disclosure.

24. SUBSIDIARY UNDERTAKING

As at 31 March 2022 East End Homes held 100% share (1 share of £1) in East End Homes (Community Development) Limited. Its principal activity is to generate funds from development opportunities in order to support East End Homes' core activities of regenerating neighbourhoods.

Transactions with registered and non-registered elements of the business

The Association provides management services and other services to its subsidiary. There is a cost sharing agreement between East End Homes Limited and East End Homes (Community Development) Limited.

Transactions with non-registered entities

During the year East End Homes Limited had intra-group transactions with East End Homes (Community Development) Limited, a non-regulated entity, of £0.1 million (2021: £0.1 million) relating to management services on behalf of East End Homes (Community Development) Limited.

The balance outstanding at 31 March 2022 was £0.1 million. This balance was unsecured. During the year East End Homes (Community Development) Limited gifted £253k (2021: £245k).

25. CONTROLLING PARTY

East End Homes is controlled by members in general meeting who elect the Board of Management.

26. FINANCIAL INSTRUMENTS – GROUP

	GROUP 2022 £'000	2021 £'000	ASSOCIATION 2022 £'000	2021 £'000
Financial Assets				
Financial assets at cost of transaction amount	10,129	8,870	9,836	8,553
Financial assets at amortised cost of transaction Amount	5,032	6,348	5,004	6,420
	15,161	9,780	14,840	9,480
Financial Liabilities				
Financial liabilities at amortised cost	84,682	64,041	84,608	63,969

Financial assets measured at cost comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by the association's undertakings, and the LBTH pension debtor.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, and other creditors.

27. NET DEBT

Analysis of changes in net debt:

GROUP	At 31 March 2021 £000	Cashflow £000	At 31 March 2022 £000
Cash and cash equivalents	8,870	1,259	10,129
Housing loans due in one year	-	-	-
Housing loans due after one year	(57,500)	(21,500)	(79,000)
	(48,630)	(20,241)	(68,871)

ASSOCIATION	At 31 March 2021 £000	Cashflow £000	At 31 March 2022 £000
Cash and cash equivalents	8,533	1,303	9,836
Housing loans due in one year	1,000	-	1,000
Housing loans due after one year	(57,500)	(21,500)	(79,000)
	(47,967)	(20,197)	(68,164)

28. CONTINGENT LIABILITY – SOCIAL HOUSING PENSION SCHEME

EEH has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

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