NATIONAL HOUSING

FEDERATION LIMITED

FINANCIAL STATEMENTS

For the Year ended

31 March 2022

Company no. 0302132

Company registration number:	0302132
Registered office:	Lion Court 25 Procter Street London WC1V 6NY
Bankers:	Lloyds Kings Cross Branch 344 Grays Inn Road London WC1X 8BX
Auditor:	Mazars LLP Registered Auditor Chartered Accountants 1st Floor 2 Chamberlain Square Birmingham B3 3AX

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KEY FIGURES – GROUP FIVE YEAR SUMMARY

	2021/22	2020/21	2019/20	2018/19	2017/18
	£k	£k	£k	£k	£k
Turnover	11,846	12,668	13,318	13,448	14,852
Underlying turnover	11,846	12,668	13,318	13,448	13,285
Change %	-6.5%	-4.9%	-1.0%	1.2%	-4.9%
Comprehensive Income/(loss) (see page 8)	7,026	(5,969)	8,121	(9,509)	3,011
Underlying surplus/(loss) (see page 8)	1,991	893	(53)	288	444
Underlying surplus/(loss) excluding Housemark result	1,414	857	(61)	274	358
Net assets	11,433	4,407	10,376	2,255	11,764
Net cash at year end	4,221	2,768	1,996	1,629	1,070

Underlying turnover excludes unrealised property revaluation gains on the let part of our main office, Lion Court in Holborn, which is treated as investment property and included under FRS 102 in turnover.

Comprehensive income is income transferred to reserves. Underlying surplus excludes exceptional/one off items, unrealised property revaluation gains on investment property and pension deficit liability movements. It includes the impact of annual pension recovery payments.

Following the pandemic income budgets are set very prudently because of the uncertainty in being able to hold in person events and costs are contained within this reduced income envelope to ensure that a deficit will not arise. The biggest most profitable event happens in March so the finances are managed such that a deficit would not arise if this event were cancelled at the last minute. As a result, the surplus in 2022 was higher as the event was able to take place.

Since 2019 the pension scheme has been treated as a defined benefit scheme resulting in the full net benefit liability being included in the balance sheet. The effect of this causes large changes in comprehensive income, last year this resulted in a reduction against comprehensive income of £7.1m and a corresponding decrease in net assets. This year the pension deficit change was an increase in comprehensive income of £3.1m. We continue to seek ways to improve the reserves position, to provide a buffer against changes in the pension deficit. However, on a day-to-day basis, these large changes in the pension deficit valuation have little impact on the NHF's finances as the debt will not be realised in the foreseeable future. The only direct consequence are the agreed pension deficit payments, which are accounted for within normal trading of the business and reflected in the underlying results.

All figures reported reflect full provision for deferred tax.

Further details are provided in the Financial Review section of the Strategic Report and in the Financial Statements and Notes.

Further information on the NHF's financial performance is provided in our separate Annual Financial Review available on our website www.housing.org.uk which also provides extensive information about the NHF's activities generally.

CHAIR'S STATEMENT

I write this as my very last Chair's Statement for the National Housing Federation as my tenure draws to a close later this year. Before I review the year just gone, I want to briefly reflect on the privilege of being part of this wonderful sector since 2015.

So much has changed since I joined the NHF. With the tragic events at Grenfell Tower, the political upheaval of Brexit, and of course the coronavirus pandemic, the housing landscape looks very different to when I became Chair seven years ago. What I see is an ever more compassionate, dedicated and resilient housing association sector with a commitment to its social purpose that has deepened further.

And it is this social purpose that has been recognised as we have forged new political relationships over the last year. With a change in focus and leadership at the sector's "home" government department, there was understandably concern about the influence and leverage we might have lost with key decision-makers.

But it was clear early on in the NHF's engagement with the new Secretary of State, Michael Gove, and his wider team, the absolute need for good social housing is understood by the Department of Levelling Up, Housing and Communities. So much so, that by the end of this year Ministers were committing to retarget the Affordable Homes Programme to deliver more homes for social rent, and were speaking publicly to acknowledge the challenges faced by housing associations and espouse the value of the sector.

All of which puts us on a firm footing as we look towards the NHF's next three year business strategy, the contents of which was developed from a six month strategic review and planning exercise. From extensive engagement with members, stakeholders and experts we were able to form a solid understanding on what the sector exists to do and what NHF members need from their trade body from 2022 to 2025.

In particular, you want us to drive and lead change so that housing associations provide safe, good quality homes and services. Acknowledging the increased scrutiny and criticism the sector has received in the last twelve months, NHF members are clear that their trade body needs to support them to always do the very best by their residents and build the conditions and culture for housing associations to deliver.

And the NHF is in a strong position to support you to do that. Having experienced significant challenges to the business caused by coronavirus, last year with the financial support of our members, we implemented changes to the NHF's structure and finances to put us back on a stable footing. This year we were able to build on that foundation, increasing our financial security and enabling us to be more resilient to future challenges.

Aided by the return of in-person events, expertly delivered to manage concerns about coronavirus, coupled with an excellent suite of virtual conferences, I am pleased to say that NHF made an operating surplus from which we were able to restore staff salaries, which were reduced during the pandemic, and provide back-pay for reduced earnings in the first half of the year.

CHAIR'S STATEMENT (continued)

While we continue to consider our long-term financial stability and plan prudently for the future, the NHF is in a much healthier and robust position than it was at the start of the pandemic. I want to thank NHF staff and members for all they have done to help us achieve this.

As the country faces a stark cost-of-living crisis and intensifying housing shortage, housing associations are more and more important with every passing day. I have witnessed first-hand what housing associations are capable of doing to improve lives and strengthen communities. While the sector is not without its own challenges and areas for improvement, I am confident that housing associations have a vital role to play in helping people towards a much brighter future.

Baroness Diana Warwick

CHIEF EXECUTIVE'S REVIEW

Coronavirus still loomed large in 2021 and into 2022, and members continued to grapple with its health and practical implications. But as the country increasingly learned to manage life during a pandemic, and started to understand the long term impacts of the disease, the sector and the NHF's activities broadened beyond Covid once more.

Central to this work was efforts to shape and influence the building safety agenda as the landmark Building Safety Bill made its way through parliament. The NHF made a strong case for the impact the crisis is having on leaseholders and social renters alike across the media and to Parliamentarians. Notably, we secured extensive coverage in The Times and an excellent package on BBC Newsnight focusing on the social homes that would be lost to building safety costs.

I also appeared in front of the Building Safety Bill Committee and Levelling, Up, Housing and Communities Committee to talk about these issues resulting in wide spread political support for our sector's position. All this work puts us in a good position to continue to negotiate with government on the implementation of the new legislation.

Keeping with the theme improving existing homes, the NHF was pleased to launch its first major sustainability report, Decarbonisation: a guide for housing associations in October last year. This document, published in time for COP26, set out a strategic, national approach to retrofitting homes. Following our calls, I am delighted that housing associations can now bid directly into the £800m Social Housing Decarbonisation Fund's wave two programme.

This work also allowed us to build relationships with the Department for Business, Energy and Industrial Strategy, including an invitation for me to sit on the newly formed Net Zero Buildings Council. We enjoy a good working relationship with Secretary of State, Kwasi Kwarteng, and the Minister, Lord Callanan. Lord Callanan has directly addressed member meetings on sustainability and shared a panel with me at the political party conferences.

This year also saw great progress for supported housing, which has, of course, played such a critical role during the pandemic. We continue to raise the profile of supported housing and the vital services it provides through our media work, ongoing engagement with officials and politicians, and through Starts at Home Day.

Because of this, the government is now advocating for new supported housing to be built and the 2021 Social Care White Paper set out a vision to make 'every decision about care a decision about housing'. The white paper also included £300m new revenue and capital funding for supported and sheltered housing.

I am also proud that we have continued to drive forward our Equality, Diversity and Inclusion Programme with the creation of the sector's first EDI data tool and publication of the sector workforce report. Housing associations have taken an important first step in understanding more about diversity within the sector and what is needed to make progress.

CHIEF EXECUTIVE'S REVIEW (continued)

This year has, however, not been without significant challenges. There has been more scrutiny and criticism of the sector than ever before, and the reports we have seen on ITV and through other news outlets of poor quality social housing shows there is room for our sector to learn, improve and grow. This is a journey I look forward to taking with you all in the next twelve months so that we can harness the full potential of our wonderful sector to change lives.

Kate Henderson

STRATEGIC REPORT

Overview

The National Housing Federation (NHF) is the representative trade body for organisations in England which provide and manage homes and do not trade for profit. The NHF supports and promotes housing associations (who by definition are not for profit organisations) and virtually all housing associations of any significant size, in England, are members of the NHF.

The NHF exists to support our members to deliver their core purpose:

- To provide homes that are affordable to people in housing need.
- To provide safe, good quality homes and services.
- To offer services that enable residents to live well.
- To play our part in building successful places where people want to live.

The NHF's three year strategy is focused on driving and leading the change our members need to deliver this purpose. It aims to be the body to engage with on housing issues and be regarded by its members as a highly effective trade body.

The NHF exists for its members and they have varying views as to how best we can help them. Our members' success in meeting their challenges, and the NHF's success in providing the right support, ultimately determines levels of NHF membership and income.

The major part of the NHF's income is from members' annual affiliation fees, in return for which members receive a wide range of representation and support.

Supplementing affiliation fees, the NHF's other main source of income is from commercial services that are paid for on a usage basis. These include our highly valued events, publications and bespoke services for housing associations and their tenants.

Commercial services are provided primarily for members, although some such as events are available to non-members, at a higher price. Income from commercial services is dependent on the quality and pricing of the services, demand and a range of underlying economic factors.

Commercial services are undertaken when they provide value to members and enhance the NHF's reputation. The NHF aims within these criteria to maximise the financial contribution from commercial services, helping to keep down affiliation fees and thus provide maximum value for money to members.

Risks and uncertainties

As a trade body the NHF is impacted by the risks and uncertainties applying to its members and those applying to its own business operations – these are outlined below.

In line with previous years, as an organisation we face an inherently high risk based on the political, economic and regulatory aspects of our wider operating environment and the linked reputational risks relating to the activities of our members.

STRATEGIC REPORT

Risk and Uncertainties (continued)

Key risks and uncertainties for our members include:

- The cost of living crisis creating financial uncertainty in the sector created by rent arrears as residents manage increased prices in energy, food and other essential
- Housing associations managing rises in their organisation's energy bills created by the financial impact of the pandemic and war in Ukraine.
- Meeting the investment demands for homes that are no longer fit for purpose and responding to quality issues in the sector
- Resident, staff and stakeholder trust in housing association being eroded by recent media and social media coverage of poor housing conditions
- Managing the transition to a new regulatory system on building safety, whilst remediating existing buildings and acting on learning from the Grenfell Tower Inquiry.
- Pressure on the availability of housing caused by increased demand, especially in relation to incoming refugees from Afghanistan and Ukraine
- Fewer new homes being built due to competing costs for safety remedial works, decarbonisation, changes to the planning system and increasing costs of materials
- Conflicting narratives from Government on housing issues leading to rapid and unexpected policy announcements
- The bedding in of new regulatory requirements brought about by the Social Housing Regulation Bill
- The continued impact of Brexit, particularly on the supply of building materials and workforces.
- Low levels of diversity in senior leaders across the sector.
- The continued impact of new entrants to the social housing sector, including for-profit providers.
- The return of coronavirus restrictions if a new and more troubling variant emerges leading to a change in business practices and increased pressure on services

Key risks and uncertainties for business operations include:

- Mergers within the sector potentially reducing the NHF's income from affiliation fees.
- Difficulties recruiting excellent staff members in a highly competitive market.
- Managing the impact of rising energy prices in NHF buildings.
- The impact of current economic challenges and changes to working practices on the valuation of our London office.
- The NHF Board requiring time to adjust as the Chair changes hands.
- The return of coronavirus restrictions, if a new and more troubling variant emerges, causing disruption to our events programme, challenges for residents in our buildings and personal challenges for NHF staff.

STRATEGIC REPORT

Financial Review

The NHF sets affiliation fees with the aim that members pay each year for the level of services they receive and budgets for an underlying break even position. Following the pandemic income budgets are set very prudently because of the uncertainty in being able to hold in person events and costs are contained within this reduced income envelope to ensure that a deficit will not arise, should the effect of the pandemic continue. The biggest most profitable event happens in March so the finances are managed such that a deficit would not arise if this event were cancelled at the last minute.

By operating in this prudent way we ensure that the NHF will at least breakeven, but if events are able to take place we will make a surplus which is added to reserves strengthening the balance sheet which has been weakened by the accounting treatment of the SHPS pension deficit (see page 1).

The Board regularly reviews its financial objectives and Reserves Policy. The Reserves Policy states that the NHF should aim to have at least three months operating expenditure covered by cash or cash equivalents. Fees are paid in advance so this is the case for most of the year, however during the low point in our working capital cycle, between November and February this is not always the case, therefore a £3m Revolving Credit Facility is held.

The underlying surplus for 2021/22 was £1,991k compared to £893k for the previous year. £577k (2020/21 £36k) of this relates to our investment in Housemark Ltd (note 2). The balance of the increase is a result of the prudent budgeting detailed above, and has enabled us to reinstate staff salaries, which were reduced during the pandemic. The staff also received back pay for the period where salaries were reduced and a one off discretionary payment, as we had not been able to make a pay award during the pandemic. Under FRS 102 our reported, headline profit/(loss) after tax was £7,026k (2021 £(5,969k)).

The headline figures include unrealised property revaluation losses on investment property. They do not reflect pension deficit recovery payments, which are negative cash flows and are reflected in the full net benefit liability on the balance sheet, the movements in the pension benefit liability itself impact on the headline surpluses. All figures reported reflect full provision for deferred tax.

A full analysis of the differences between the underlying and headline surpluses for 2021/22 and 2020/21 is as follows:

	2021/22	2020/21
	£k	£k
Headline profit/(loss) after tax under FRS 102	**7,026**	(5,969)
Unrealised property revaluation loss on investment property	**-**	1,236
One off recovery of venue credits	**(352)**	-
Pension deficit recovery payments	**(1,435)**	(1,379)
Actuarial (gain)/losses in respect of pension	**(3,129)**	7,138
Pension scheme net finance cost	**226**	107
Deferred tax and other adjustments	**(345)**	(240)
Underlying surplus	**1,991**	893

The changes in reported results under FRS 102 do not affect the underlying financial performance and the surplus for the year will be taken to reserves, in accordance with the Reserves Policy.

STRATEGIC REPORT

Financial Review (continued)

Since 2018/19 net assets reported under FRS 102 include the full pension net benefit liability and unrealised property revaluation gain on investment property. Net assets at the 31 March 2022 were £11.4m (2021 £4.4m). Since this change was introduced it has resulted in big movements in net assets, which are outside our control. As a result the Board agreed to change our Reserves Policy to refer to cash and cash equivalents, which are not affected by these movements, to ensure we always have sufficient liquid funds to cover a minimum of three months operating expenditure. To ensure we are able to comply with the Reserves Policy we hold a £3m Revolving Credit Facility and we will continue to seek ways to improve the reserves position, to provide a buffer against these large movements in net assets.

Total turnover was down by 6.5% to £11.8m. Gross income from affiliation fees was 0.1% lower than the previous year, reflecting the 0% price increase and the impact of mergers amongst members. Following the freeze in fee rates last year the price of membership for the upcoming year (2022/23) has been increased by a below inflation rate of 2%.

Net income from commercial services contributed £2.20m (2021 £1.64m) which although higher than last year is still lower than pre pandemic levels. Commercial income was still affected by the impact of the Coronavirus pandemic, which meant we were still unable to hold some conferences in person. In addition, one of the tenants at Lion Court went into liquidation during the year; this was partly mitigated by taking on that tenants serviced office leases.

Four of the Five floors at Lion Court are treated as investment property, two floors are currently used for serviced office tenants, the second floor is currently vacant and being marketed externally. The fourth floor was let in January 2019 on a ten-year commercial lease.

The relevant portion (79.8%) of freehold property which is let or being marketed externally is treated as investment property and included at valuation in the accounts. The portion of the property used for operational purposes by NHF staff (20.02%) is held at cost less depreciation. At 31 March 2022 the whole property was independently valued at £21m (2021 £21m).

To ensure that members are fully informed about our financial performance, particularly given the continuing differences between headline and underlying figures, we have again produced the NHF Financial Review for the year. This will be available to all members on our website.

Business Review

After the unprecedented change caused by Covid-19 in 2020/21, 2021/22 has been a year of taking stock, undertaking a strategic business review and delivering for our members in the face of the continuing pandemic and emerging sector challenges.

In 2020/21, we held conversations with members across the sector about the NHF's role and purpose, and made a commitment to focus our resource on the strategic issues that matter most to members.

STRATEGIC REPORT

Business Review (continued)

We built on that commitment in 2021/22 by launching a strategic review of the housing association sector in the autumn. We explored with members the sector's core purpose and the challenges, opportunities and vulnerabilities that would define the next decade. This was an extensive, open, reflective process, and led to a new statement of sector purpose and a clear set of strategic priorities which, in turn, have shaped our new three year business strategy.

Our new business strategy, which we developed in Q4 and launched just after year-end in April 2022, focuses on driving the change our members need to deliver on their purpose. It is shaped by the strategic challenges for the sector identified in our review, and covers the sector's immediate policy and operating priorities and three longer term issues:

- The need for a coherent national housing strategy
- The need to build public trust and understanding
- Our continued drive for equality, diversity and inclusion within the sector

Alongside this strategic work, we focused on delivering the final year of our 2019-2022 business strategy, shaping and responding to the big issues affecting the sector over the course of the year. We did this alongside embedding the new structure agreed in the strategic business review and working to build a re-energised, thriving NHF team after the deep uncertainty and strain felt by the whole country during the pandemic.

Our 2019-2022 business strategy had three key themes: **promoting great quality**, **building trust** and **driving delivery**. Alongside these, we worked, as ever, to **provide excellent service** to our members.

Promoting great quality

We **promoted great quality** by continuing our work to drive forward the decarbonisation of social housing at scale. We worked with the government to deliver £1bn in funding to help housing associations decarbonise homes. We also published a decarbonisation guide and a website hub that set out a national approach to retrofitting homes, described the support we will need from the government, and explained government policy and technical information.

STRATEGIC REPORT

Business Review (continued)

On building safety, we called for the support our members need to make buildings safe now, including funding for remediation and ensuring that those responsible pay. The government has made a wide range of funding available, covering remediation in social housing and costs that would otherwise fall to leaseholders. In January, it recognised that developers and those responsible should pay for works, and has made new legal routes available for housing associations to pursue those responsible.

We also worked with our members to shape and prepare for the building safety system of the future, including feeding into the Building Safety Bill and the Fire Safety Bill, and giving oral evidence in parliament. We worked with cross-industry groups to design a new competency framework and fed into work to develop new industry standards.

We continued to highlight the important role that housing associations play in ending homelessness, and more than 230 members have now signed up to our Commitment to Refer. We were proud to be on the panel of the Kerslake Commission on Homelessness and Rough Sleeping. We also raised the profile of supported housing through our media work, ongoing government engagement, and Starts at Home Day. As a result, the government now advocates for new supported housing and the 2021 Social Care White Paper included £300m new funding for supported and sheltered housing.

We built trust and improved the understanding of our sector among politicians and officials, shaping a political environment that delivers for our members and their residents. We met ministers, senior officials and parliamentarians regularly, including Michael Gove just two weeks after his appointment as Secretary of State, and the new Housing Minister, Stuart Andrew, soon after his appointment. We also worked closely with chairs of key committees, such as LUHC Committee Chair Clive Betts, BEIS Select Committee chair Darren Jones and the Work and Pensions Committee chair Stephen Timms. We gave oral evidence to the Building Safety Bill public committee and the LUHC Select Committee. And we continued to shine the spotlight on vital issues in housing in the media, with research on decarbonisation and housing need covered by The Times, BBC, The Daily Mail, The Telegraph, Sky News and LBC.

We worked to build stronger relationships between residents and housing association landlords with our Together with Tenants work, which we rolled out in 2021 and which has now been formally adopted by more than 200 housing associations. We supported our members to deliver many of the commitments set out in the Social Housing White Paper and also responded to the consultation on Tenant Satisfaction Measures, engaging extensively and constructively with members, the regulator and government officials. Our response set out our support for the measures, but also highlighted where we have concerns, informed by the views of our members, and in turn their residents.

We supported our members to take a leading role in tackling domestic abuse, taking part in national steering groups which oversee the implementation of new duties set out in the Domestic Abuse Act.

STRATEGIC REPORT

Business Review (continued)

We also continued our work to drive action on equality, diversity and inclusion. In 2021 we launched an EDI data tool and accompanying report, which allowed housing associations to compare their workforces to the communities they serve. We also created a board member task and finish group focusing on diversifying boards, and created two national networks for leaders and operational staff.

In 2021-22 we drove delivery by addressing the barriers to building new homes. We secured important changes to the government's proposals for planning reforms, including on the threshold for developments to include affordable homes and exempting affordable housing schemes from First Homes requirements. We also made the case for affordable housing as part of levelling up, and demonstrated how regeneration can help the government meet its target of 300,000 new homes a year.

We made the case for a fairer and more effective welfare system by working closely with the Department for Work and Pensions to press for changes to Universal Credit that work for housing associations and residents. We repeated our 2020 survey of social housing residents in receipt of Universal Credit to better understand how unemployment and UC claims affected tenants and our members' income. The report showed evidence of real strain on finances and health and wellbeing, was picked up by the media, and is being used as a basis for engaging with ministers. We also worked with Joseph Rowntree Foundation on their Keep the Lifeline campaign, urging the government to maintain the £20 uplift in UC, which led measures such as an increase to work allowances and a reduction in the taper rate.

Finally, throughout 2021-2022 we continued to help ensure that housing associations were supported through the pandemic. We worked with partners to prioritise testing and vaccine rollout, and made sure members' views were understood on issues such as compulsory vaccinations for care home staff. We kept our members informed with dedicated newsletters, briefings and guidance and built on our successful webinar programme.

In 2021-22 we provided an excellent service to our members and stakeholders by providing tailored support for our diverse membership, keeping our members informed, and securing access to exclusive discounts.

We created greater opportunities for our members to shape our work, building on the highly effective online engagement we developed during the pandemic and consulting with our members on a strategic review of the sector. Member feedback from the strategic review went on to shape our new business strategy, which focuses clearly on the challenges and opportunities members identified in the review.

We developed our bespoke offers for board members, smaller housing associations and rural housing associations, with a new National Board Member Network, new HR, legal and health and safety support for smaller housing associations, and celebrating Rural Housing Week.

We continued to focus on keeping our sector connected during the pandemic – running member events and sector leading conferences online, and providing webinars, newsletters and guidance on the latest issues affecting our members.

STRATEGIC REPORT

Business Review (continued)

We negotiated preferential terms and conditions with key partners to help our members save money, so they can focus their resources on delivering on their core purpose. After making the difficult decision to stop offering directors' and officers' insurance as part of NHF membership, we secured a deal with PIB insurance for discounted D&O insurance for NHF members.

Future plans

We now look ahead to our 2022-2025 business strategy, which is focused on driving and leading the change housing associations need to deliver their core purpose: improving the environment they operate in, removing barriers that face them, and tackling longstanding issues for the future.

This year, we will begin our work to deliver our strategy's three key themes:

- Supporting our members to deliver their social purpose.
- Building the conditions and culture for housing associations to deliver.
- Being the best trade body we can be.

In particular, our strategic review highlighted that housing associations are focused more than ever on the service they offer residents and their existing homes. Building new homes for people who need them remains critical, but the combined challenges of safety, quality and sustainability mean that their current homes must come first, and this is reflected in our new business strategy.

Our strategy also focuses on affordability for residents, which is at the heart of our sector's purpose. We will continue to push for funding for new social and supported housing, and make sure the new rent settlement supports affordability and allows housing associations to invest in their priorities. And we will work with our members to help them continue to play a vital role in creating successful places through regeneration and community investment.

Going Concern

Cashflow forecasts show we will remain within our banking facilities, primarily as the bulk of our affiliation fees for the year have already been received.

Given this, the Directors are confident that the going concern principle is appropriate.

ON BEHALF OF THE BOARD

Jackie Cunningham
Jackie Cunningham (Jul 8, 2022 16:23 GMT+1)

Jackie Cunningham
Company Secretary
7 July 2022

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2022.

Further information can be found in the Chair's Statement, Chief Executive's Review and Strategic Report.

Principal activities

National Housing Federation Limited is the representative trade body for organisations in England which provide and manage homes and do not trade for profit.

The NHF's mission is to create the environment for our members to thrive and deliver their social purpose.

Corporate Governance

The National Housing Federation Limited is a private company limited by guarantee, with no share capital or dividend. The NHF is governed by its Articles of Association.

The Board adopts the NHF's code of governance, updated and republished in February 2020. The code is designed for housing associations who have tenants and although the NHF does have commercial tenants, it is not within the spirit of the code to apply it in relation to these tenants, therefore it is applied in respect of members in place of tenants. An annual compliance review is undertaken to satisfy itself that it complies with the main principles and provisions in the code. In addition, an external Board evaluation exercise was also undertaken this year, which confirmed compliance.

As mentioned in the Chief Executive report we are working with our members to address issues arising from Climate change. We are also looking at what we can do ourselves and have begun by reducing the amount of travel we undertake and improved initiatives in our buildings like recycling, and using renewable energy. For our events we will hold some events as virtual and we are looking to introduce climate impact assessments for in person events.

Reserves

A surplus/(loss) of £7,026k (2021: £(5,969k)) has been transferred to reserves as described in the Financial Review within the Strategic Report.

Fixed Assets

Movements on fixed assets are disclosed in note 6 to the Financial Statements. Freehold property for the NHF's own use is carried at original cost less depreciation. Investment Property is included at valuation.

REPORT OF THE DIRECTORS

Directors

The following table shows Directors of the company between 1 April 2021 and 7 July 2022. Details are also shown of membership to Board Committees, and position where applicable, as at 7 July 2022 or at date of resignation. Attendance at Board meetings is shown as meetings attended out of meetings eligible to attend.

Name / Board Meeting Attendance	**Remuneration & Governance Committee**	**Audit & Risk Management Committee**	**Nominations Committee**
Baroness Diana Warwick (Chair) 5/6	Member		Member
Jane Ashcroft (Vice Chair) 1/1 (resigned 30 September 2021	Chair		Chair
Bronwen Rapley 6/6 (Vice Chair)	Chair		Chair
Sean Anstee 4/6			
Waqar Ahmed 5/6		Member	Member
Elizabeth Austerberry 1/1 (resigned 30 September 2021)	Member	Chair	
Sebert Cox OBE 6/6		Member	
Suzanne Fitzpatrick 5/6			
Katharine Henderson (Chief Executive) 6/6		Attends	Attends
Isobel Leaviss 1/1 (resigned 30 September 2021)			
Angela Lockwood 5/5 (appointed 30 September 2021)			
Geeta Nanda OBE 5/6			Member
Suzanne Rastrick 4/5 (appointed 30 September 2021)			
Gail Teasdale 6/6	Member	Chair	
Nigel Wilson 5/5 (appointed 30 September 2021)		Member	

Background information on Directors is available on the NHF's web site, www.housing.org.uk

Jack Stephen, who is not a Board member, is a co-opted member of the Audit & Risk Management Committee. Cath Purdy OBE, who is also not a Board member, is co-opted member of the Nominations Committee.

The NHF is grateful for the support of all Board members and those co-opted on to committees, for the service given to the organisation and the sector.

REPORT OF THE DIRECTORS

Board and Officers' Liability Insurance

During the year the NHF continued to maintain insurance cover to provide indemnity to the members of the Board and officers of the company in respect of losses arising from any claim or claims made against them jointly or severally by reason of any wrongful act committed or alleged to have been committed by them in connection with the performance of their duties as the Board or officers of the company.

The Board

Unless there are temporary vacancies, the Board comprises twelve members. The fiduciary duties are the same as any other director under company law. New Board members are elected by the membership of the NHF at the Annual General Meeting (AGM) following an open recruitment led by the Nominations Committee who then seek agreement by the Board. The Board may co-opt Board members between AGMs.

The Board deals with the policy, strategy and business effectiveness of the organisation.

The Board is committed to integrity and accountability in the management of the NHF's affairs and ensures that members receive regular communication about the NHF's activities.

The NHF's main formal mechanism for accountability by the Board to its members is the AGM. The AGM gives members the opportunity to hear about how we have performed in the year, both in the work carried out on behalf of members and financially. It also gives an opportunity for members to raise any resolutions as well as voting on those on the agenda.

The Audit and Risk Management Committee continues to provide detailed scrutiny of the NHF's finances. The committee focusses on the risks the NHF faces, and continues to oversee further strengthening of the NHF's risk management procedures.

The committee closely monitors projects that have a significant cost to ensure the money is being spent wisely in accordance with a robust business case.

The Board has a register for declarations of interest. There is a similar register for the NHF's officers as part of the organisation's employee code of conduct.

REPORT OF THE DIRECTORS

Responsibilities of the Board

The directors are responsible for preparing the Strategic Report, Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including FRS 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE DIRECTORS

Responsibilities of the Board (continued)

The Board delegates some areas of its work to committees:

- **Remuneration & Governance Committee**

  This comprises the Chair, Vice Chair, Chair of the Audit and Risk Management Committee. The Chief Executive attends but is not a member of the Committee. It fulfils the role of the Executive Committee specified in the NHF's Articles. It deals with the performance appraisal and remuneration of the Chief Executive and Leadership Team, Board appraisal and any key or urgent governance issues relating to the NHF itself. The Chair and Chief Executive do not attend for any matters relating to their own performance or remuneration.

- **Audit and Risk Management Committee**

  The Audit and Risk Management Committee oversees standards of internal control and risk management. It agrees any internal audit arrangements, reviews the corporate risk register and is the primary point of Board contact for the external auditor. It reviews the NHF's financial plans, budgets and results. The Committee reports to all Board meetings and formally on an annual basis.

- **Nominations Committee**

  The Nominations Committee leads board member recruitment, shortlisting and interviewing applicants, making recommendations to the board for agreement and final ratification at the AGM.

NHF Staff

The NHF employed an average of 92 staff during the year to 31 March 2022. All staff are responsible to and governed by the Board through the Chief Executive. Key management personnel comprises the Chief Executive and other Leadership Team members.

Audit

The Audit and Risk Management committee continue to keep under review the arrangements for internal audit.

Internal and external auditor have direct access to the Audit & Risk Management Committee and have met with the committee without NHF staff present.

REPORT OF THE DIRECTORS

Planning and Reporting

The NHF works to a three-year business plan which is reviewed and updated each year and agreed by the Board. Annual budgets are also prepared and approved by the Board. Financial performance against budget and forecast out-turn for the year is reported in comprehensive monthly management accounts. Operational and financial performance is reviewed continuously during the year by the Chief Executive, the Leadership Team and senior management.

Financial performance is reviewed by the Audit and Risk Management committee at each meeting. The Board receives reports on performance against the business plan and key financial figures at each of its meetings.

Risk Management Procedures

The NHF has continued to strengthen its risk management procedures.

The Chief Executive and Leadership Team assess the risk of decisions they make at their regular meetings. Papers produced for committees and the Board consider the risks involved and actions taken to reduce such risks. Regular reviews of controls and systems are carried out by each operational area.

The Corporate Risk Register distinguishes between strategic and operational risks, and captures risk from all parts of the organisation. It is updated and reviewed regularly at departmental, directorate and Leadership Team levels, reviewed by the Audit and Risk Management Committee and by the Board itself on a regular basis.

Key risks are carefully reviewed when setting business strategy for the succeeding year. The Risk Register is directly linked to our strategic objectives and business plans, and contains detail on mitigating actions taken and planned.

Further information on the risks faced by the NHF are described in the Risks and Uncertainties section of the Strategic Report.

Auditor

Mazars LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notification under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Jackie Cunningham
Jackie Cunningham (Jul 8, 2022 16:23 GMT+1)

Jackie Cunningham
Company Secretary

7 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL HOUSING FEDERATION LIMITED

Opinion

We have audited the financial statements of National Housing Federation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income and Retained Earnings, the Company Statement of Comprehensive Income and Retained Earnings, the Consolidated and company balance sheets, the Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's and the parent 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.

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 and the parent company 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Directors

As explained more fully in the Responsibilities of the Board statement set out on pages 17 and 18, the directors are 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and

Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

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

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

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

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

Use of the audit report

This report is made solely to the 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.

Vincent Marke (Jul 13, 2022 21:26 GMT+1)

Vincent Marke (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
1st Floor
2 Chamberlain Square
Birmingham
B3 3AX

Date:

PRINCIPAL ACCOUNTING POLICIES

Status

National Housing Federation Limited is a company limited by guarantee incorporated in England and Wales. The liability of members, of whom there are 684 (2021: 747) is limited to £1 per member. The reduction in membership is mainly due to consolidations and mergers. The NHF's group comprises two wholly owned subsidiaries, National Housing Federation Investments Limited and NHF Property & Services Limited.

Basis of Preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of investment properties, and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and with the Companies Act 2006.

The functional currency of the Financial Statements is Pounds Sterling.

The principal accounting policies are set out below.

The directors have assessed the company's future activities and commitments against the working capital in place and access to funds. The directors view the level of net current assets as sufficient to ensure future operations and the company has the ability to reduce operational expenditure if necessary. Accordingly, the directors are satisfied that it is appropriate to apply the going concern principle.

Significant Judgements and estimates

Preparation of the financial statements requires management to make judgements and estimates. These are evaluated continually and based on historical performance and any other relevant factors. The only judgements or estimates in these accounts which are considered significant are:

- Valuation of Investment Properties -The company has obtained a 3rd party RICS valuation report performed by BNP Paribas Real Estate which has valued the market value of the freehold interest of Lion Court, 25 Proctor Street, at £21,000,000. The valuation report includes commentary in respect of the location and situation of Lion Court, the floor area of useable space, the nature of the leases and sub-leases (full repairing leases), current rental income and "tenant covenant" (Dun and Bradstreet credit rating) of the tenants. The valuation methodology has been based on a yield approach to the income producing accommodation and a similar nominal yield equivalent approach to the space utilised by the NHF itself. The valuation has included an interpretation of market sentiment and an analysis of "Investment Comparable Information" reflecting a capital value as at the valuation date of 31 March 2022.

PRINCIPAL ACCOUNTING POLICIES

Significant Judgements and estimates (continued)

- The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability (see note 21).

Basis of Consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 March 2022. Acquisition of subsidiaries are dealt with by the acquisition method of accounting.

The financial statements present information about the group as a whole. The group owns 49% of the issued share capital of Housemark Limited, which is shown separately from the group's information as a joint venture as required by section 15 of FRS 102.

Income

Turnover includes:

- affiliation fees received from members;
- the total amount receivable by the company for goods supplied and services provided, excluding VAT.

All income is accounted for on a receivable basis.

Going Concern

As a result of the pandemic, last year we undertook a detailed options analysis which reduced the size of the organisation making the business sustainable for the future.

Cashflow forecasts show we will remain within our banking facilities, primarily as the bulk of our affiliation fees for the year have already been received.

Given this the Directors are confident that the going concern principle is appropriate.

PRINCIPAL ACCOUNTING POLICIES

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment.

Depreciation is provided at rates which are calculated to write off the cost of tangible fixed assets by equal annual instalments over the following estimated useful lives.

Freehold buildings	10-50 years
Improvements to leasehold	Term of lease
IT hardware and software	3-4 years
Office equipment and furniture	5-7 years
Plant and machinery	14 - 20 years

No depreciation is provided on freehold land. Depreciation is charged monthly from the period of acquisition or commencement of use, up until the period of disposal.

Investment Properties

No depreciation is provided for in respect of investment properties. Such properties are held for their investment potential and not for consumption within the business. This is a departure from the Companies Act 2006 which requires all properties to be depreciated and the directors consider that to depreciate them would not enable the financial statements to give a true and fair view.

Goodwill

Amortisation of purchased goodwill is provided at a rate which will write off the entire value of the asset over 20 years.

Stock

Stock is stated at the lower of cost and net realisable value. Cost includes materials and production overheads. Net realisable value is based on selling price less relevant marketing, selling and distribution costs.

Investments

Investments are held as fixed assets and are stated at cost less provision for any impairment.

PRINCIPAL ACCOUNTING POLICIES

Pensions

National Housing Federation Limited provides pensions for its employees through participation in the Social Housing Pension Scheme (SHPS). The Scheme has defined benefit and defined contribution elements.

The company contributed during the year to the defined contribution scheme.

The SHPS defined benefit scheme is a multi-employer scheme which provides benefits to other companies. The scheme is currently in deficit and the company has agreed a deficit funding arrangement. From April 2018 it has been possible to obtain sufficient information to account as a defined benefit scheme and the net defined liability is included in the balance sheet.

The Growth plan defined benefit scheme is also a multi-employer scheme which provides benefits to other companies. The scheme is currently in deficit and the company has agreed a deficit funding arrangement. The company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement. The unwinding of the discount rate is recognised as a finance cost.

Payments made to the defined contribution scheme are recognised as an expense and charged to the comprehensive income and retained earnings account as incurred.

Operating Leases

Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the periods of the leases.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Taxation

Provision is made for taxation on rents received, interest and on the trading surplus arising from non-mutual trading.

Deferred tax is provided in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The deferred tax balance has not been discounted.

VAT recovery is accrued on the basis of a partial exemption formula agreed with HM Customs and Excise on 23 August 2004 which was effective from 28 January 2004. Amounts are included in the income and expenditure account and in the balance sheet gross of VAT where the VAT is reclaimable under this formula. The company is in a VAT grouping with its subsidiary company, NHF Property & Services Limited.

PRINCIPAL ACCOUNTING POLICIES

Financial Instruments

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The Company has not issued and is not in receipt of any compound financial instruments.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	**2022 £'000**	2021 £'000
Turnover			
Continuing operations	1	**11,303**	12,294
Other operating income:			
rental income		**543**	374
revaluation gain		**-**	-
Total turnover		**11,846**	12,668
Administrative expenses	1	**(8,570)**	(10,385)
(Deficit) on revaluation of investment property		**-**	(1,236)
Group operating profit before share of joint venture		**3,276**	1,047
Share of operating profit in joint venture	2	**362**	311
Group operating profit		**3,638**	1,358
Interest payable	3	**(303)**	(159)
Share of interest payable in joint venture	2	**(13)**	(14)
Interest receivable and similar income	3	**-**	1
Share of interest receivable and similar income in joint venture	2	**-**	-
Profit on ordinary activities before taxation		**3,322**	1,186
Tax on profit on ordinary activities	5	**347**	244
Share of tax on profit on ordinary activities in joint venture	2	**(5)**	(3)
Profit for the year		**3,664**	1,427
Other Comprehensive Income			
Actuarial gains/(losses) in respect of pension	21	**3,129**	(7,138)
Share of actuarial gains/(losses) in respect of pension in joint venture	2	**233**	(258)
Total Comprehensive Income/(Loss) for The Year		**7,026**	(5,969)
Retained profits at 1 April		**4,407**	10,376
Retained profits at 31 March		**11,433**	4,407

All transactions arise from continuing operations.
There were no recognised gains or losses other than the profit/(loss) for the financial year.

The principal accounting policies on pages 24 to 28 and the notes on pages 33 to 56 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	**2022 £'000**	2021 £'000
Turnover			
Continuing operations	1	**11,303**	12,294
Other operating income:			
Rental income		**66**	374
Total turnover		**11,369**	12,668
Administrative expenses	1	**(8,261)**	(10,779)
Profit on ordinary activities before taxation		**3,108**	1,889
Interest payable	3	**(259)**	(107)
Interest receivable and similar income	3	**-**	1
Profit on ordinary activities before taxation		**2,849**	1,783
Tax on profit on ordinary activities	5	**399**	230
Profit for the year		**3,248**	2,013
Other Comprehensive Income			
Actuarial gains/(losses) in respect of pension	21	**3,129**	(7,138)
Total Comprehensive Income for The Year		**6,377**	(5,125)
Retained (loss)/profit at 1 April		**(764)**	4,361
Retained profit/(loss) at 31 March		**5,613**	(764)

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

The principal accounting policies on pages 24 to 28 and the notes on pages 33 to 56 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

	Note	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Fixed assets					
Goodwill	8	**8**	**-**	40	-
Investments	7	**-**	**531**	-	531
Tangible fixed assets	6	**19,531**	**200**	19,672	295
		19,539	**731**	19,712	826
Current assets					
Stocks – publications	9	**5**	**5**	8	8
Debtors	10	**1,376**	**9,021**	1,762	8,901
Cash at bank and in hand		**4,221**	**4,105**	2,768	2,740
		5,602	**13,131**	4,538	11,649
Creditors: amounts falling due within one year	11	**(7,542)**	**(6,349)**	(7,290)	(6,369)
Net current (liabilities) / assets		**(1,940)**	**6,782**	(2,752)	5,280
Debtors: amounts falling due after more than one year	10	**1,199**	**4,922**	854	4,523
Total assets less current liabilities		**18,798**	**12,435**	17,814	10,629
Creditors: amounts falling due after more than one year	12	**(1,170)**	**(54)**	(2,316)	(306)
SHPS defined benefit liability	21	**(6,688)**	**(6,688)**	(10,975)	(10,975)
Provisions for liabilities	14	**(80)**	**(80)**	(112)	(112)
Share of net assets in joint venture	24	**573**	**-**	(4)	-
Net assets/(liabilities)		**11,433**	**5,613**	4,407	(764)
Capital and reserves					
Profit and loss reserve		**11,433**	**5,613**	4,407	(764)
		11,433	**5,613**	4,407	(764)

The financial statements were approved by the Board of Directors on 7 July 2022 and signed on their behalf on 7 July 2022.

Baroness Diana Warwick
Chair

Diana Warwick
Diana Warwick (Jul 9, 2022 10:34 GMT+1)

Bronwen Rapley
Vice Chair

Bronwen Rapley
Bronwen Rapley (Jul 11, 2022 08:31 GMT+1)

Company registration no: 302132

The principal accounting policies on pages 24 to 28 and the notes on pages 33 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2022 £'000	2021 £'000
Cash from operations	17	**2,501**	1,420
Interest received		**-**	1
Interest paid		**(70)**	(45)
Net cash generated from operating activities		**2,431**	1,376
Taxation			
Corporation tax paid	5	**(25)**	(18)
Cash flows from investing activities			
Payments to acquire fixed assets and investments	6	**(60)**	(26)
Proceeds from sale of fixed assets		**-**	-
Net cash from investing activities		**(60)**	(26)
Repayment of borrowings		**(893)**	(560)
Increase in cash and cash equivalents	18	**1,453**	772
Cash and cash equivalents at the beginning of the year		**2,768**	1,996
Cash and cash equivalents at the end of year		**4,221**	2,768

The principal accounting policies on pages 24 to 28 and the notes on pages 33 to 56 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable as follows:

	2022	2021
	£'000	£'000
Affiliation fees	**8,392**	8,456
Grants	**153**	805
Conferences, publications and business development	**2,344**	1,679
Other income	**414**	1,354
Company and Group	**11,303**	12,294

All income in the current and preceding year is derived from United Kingdom operations.

Grants in 2021 includes £379k of income in respect of the Coronavirus Job Retention Scheme.

The surplus on ordinary activities before taxation is stated after administrative expenses of:

	Group	**Company**	Group	Company
	2022	**2022**	2021	2021
	£'000	**£'000**	£'000	£'000
Staff costs (note 4)	**5,227**	**5,227**	5,914	5,914
Depreciation	**198**	**133**	223	158
Asset impairment	**-**	**-**	546	546
Loss on disposal of fixed assets	**3**	**3**	20	20
Auditors' remuneration:				
- audit services	**33**	**33**	31	31
- non-audit services	**6**	**6**	6	6
Charges on operating leases	**59**	**1,096**	96	1,133
Other operating charges	**3,044**	**1,763**	3,549	2,971
Company and Group	**8,570**	**8,261**	10,385	10,779

NOTES TO THE FINANCIAL STATEMENTS

2. Share of joint venture's results

Further information on the NHF's joint venture, Housemark Limited is disclosed at notes 7 and 24.

Housemark Limited's accounting reference date is 31 December. The most recent audited accounts available are for the period ending 31 December 2021.

Summary income and expenditure information for Housemark is:

NOTES TO THE FINANCIAL STATEMENTS

Share of joint venture's results (continued)

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Housemark turnover	**5,360**	5,060
Housemark operating costs	**(4,636)**	(4557)
Other Operating Income	**-**	119
Operating profit	**724**	622
Interest receivable	**-**	1
Interest Payable	**(26)**	(29)
Profit on ordinary activities before tax	**698**	594
Tax on profit on ordinary activities	**(10)**	(5)
Net profit	**688**	589
Actuarial losses in respect of the pension scheme	**465**	(517)
Total comprehensive income	**1,153**	72

Group share 50%:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Housemark turnover	**2,680**	2,530
Housemark operating costs	**(2,318)**	(2,278)
Other Operating Income	**-**	59
Operating profit	**362**	311
Interest receivable	**-**	-
Interest Payable	**(13)**	(14)
Profit on ordinary activities before tax	**349**	297
Tax on profit on ordinary activities	**(5)**	(3)
Net profit	**344**	294
Actuarial losses in respect of the pension scheme	**233**	(258)
Total comprehensive income	**577**	36

NOTES TO THE FINANCIAL STATEMENTS

3. Interest payable and similar charges

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Interest payable				
On bank loans and overdrafts	**77**	**33**	52	-
Other operating charges (pension scheme)	**226**	**226**	107	107
	303	**259**	159	107
Interest receivable				
Bank	**-**	**-**	1	1

4. Directors and employees

Staff costs during the year were as follows:

	2022 £'000	2021 £'000
Wages and salaries (leadership team)	**684**	761
Wages and salaries (other staff)	**3,763**	3,965
Social security costs (leadership team)	**97**	95
Social security costs (other staff)	**408**	451
Other pension costs (leadership team)	**56**	55
Other pension costs (other staff)	**214**	274
Termination costs	**5**	313
	5,227	5,914

Key management personnel comprises the Chief Executive and other Leadership Team members.

The average number of employees of the company during the year was:

	2022 Number	2021 Number
Leadership team	**6**	7
Other staff	**86**	95
	92	102

All employees were employed in the NHF's principal activity.

NOTES TO THE FINANCIAL STATEMENTS

Directors and employees (continued)

The amounts set out above include remuneration (excluding pension contributions) in respect of the highest paid director as follows:

	2022	2021
	£'000	£'000
Emoluments	**153**	151
Pension contributions to money purchase pension schemes	**12**	12
	165	163

The Chief Executive and the leadership team are ordinary members of the Social Housing Pension Scheme and participate in the scheme on the same basis as all other staff.

The fee paid for the services of the Chair was £20k (2021: £20k). No remuneration was paid to any other member of the Board other than the Chief Executive.

NOTES TO THE FINANCIAL STATEMENTS

5. Tax on profit on ordinary activities

Analysis of the tax credit for the year

The tax credit is based on the profit for the year and represents:

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
UK Corporation tax	**(2)**	**-**	28	-
Deferred tax	**(345)**	**(399)**	(272)	(230)
Current tax credit for period	**(347)**	**(399)**	(244)	(230)

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 19%. The differences are explained below:				
Profit on ordinary activities before tax	**3,322**	**2,849**	1,186	1,783
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax of 19%.	**631**	**541**	225	339
Effect of:				
Expenses not deductible for tax purposes	**1,135**	**1,332**	1,819	1,627
Income not taxable for tax purposes	**(1,757)**	**(1,900)**	(2,083)	(2,083)
Fixed asset timing differences	**17**	**17**	105	105
Chargeable loss	**-**	**-**	(40)	-
Adjustment to prior period tax charge	**(14)**	**(11)**	1	-
Amounts (charged)/credited directly to STGL or otherwise transferred	**(71)**	**(71)**	(271)	(271)
Group relief	**-**	**34**	-	53
Rate change in deferred tax	**(288)**	**(341)**	-	-
Current tax credit for period	**(347)**	**(399)**	(244)	(230)

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible fixed assets
Group

	Investment property £'000	Freehold property £'000	Plant and machinery £'000	*Computer equipment £'000	Office equipment and furniture £'000	Improve-ments to leasehold premises £'000	Total £'000
Cost:							
At 1 April 2021	16,752	3,899	668	1,359	103	22	22,803
Revaluation	-	-	-	-	-	-	-
Additions	-	32	20	-	8	-	60
Disposals	-	-	-	(30)	-	-	(30)
At 31 March 2022	**16,752**	**3,931**	**688**	**1,329**	**111**	**22**	**22,833**
Depreciation:							
At 1 April 2021	-	1,430	509	1,088	82	22	3,131
Provided in the year	-	36	32	118	12	-	198
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	(27)	-	-	(27)
At 31 March 2022	**-**	**1,466**	**541**	**1,179**	**94**	**22**	**3,302**
Net book amount at 31 March 2022	**16,752**	**2,465**	**147**	**150**	**17**	**-**	**19,531**
Net book amount at 31 March 2021	16,752	2,469	159	271	21	-	19,672

On 27 February 2014 three floors of the freehold property Lion Court were let on a ten-year commercial lease, however the tenant who provided serviced office space went into liquidation in July 2021 Therefore floors 1 and 3 are currently let as serviced offices to tenants on short term contracts. Floor 2 is vacant but is being actively marketed. Floor 4 was let in January 2019 on a ten-year commercial lease and this tenancy continues.

The remaining floor is used for operational purposes.

The whole property was independently valued at 31 March 2022 at £21m by BNP Paribas Real Estate, acting as an independent valuer as defined by Professional Standard 2 of the RICS Valuation Global Standards 2017. The basis of valuation was market value of the freehold interest in the property (as defined in the RICS Valuation Professional Standards), subject to any external tenancies. 79.8% of the building is let and is therefore included at a valuation of £16.75m i.e. 79.8% of the whole valuation.

Included in freehold property is an amount of £2.66m in respect of freehold land which is not subject to depreciation.

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible fixed assets (continued)

* Computer equipment includes various software and development cost which under FRS102 should be split out and shown separately as intangible assets. These are historical costs incurred as part of wider projects which also included other costs including hardware such as servers and it is not possible to appropriately split out such costs. There is no impact on the income and expenditure as the amortisation policy for these costs would be the same as the depreciation policy.

Company

	*Computer equipment £'000	Office equipment and furniture £'000	Improvements to leasehold premises £'000	Total £'000
Cost				
At 1 April 2021	1,359	103	915	2,377
Additions	-	8	33	41
Disposals	(30)	-	-	(30)
At 31 March 2022	**1,329**	**111**	**948**	**2,388**
Depreciation				
At 1 April 2021	1,088	82	912	2,082
Provided in the year	118	12	3	133
Impairment	-	-	-	-
Disposals	(27)	-	-	(27)
At 31 March 2022	**1,179**	**94**	**915**	**2,188**
Net book amount at 31 March 2022	**150**	**17**	**33**	**200**
Net book amount at 31 March 2021	271	21	3	295

* Computer equipment includes various software and development cost which under FRS102 should be split out and shown separately as intangible assets. These are historical costs incurred as part of wider projects which also included other costs including hardware such as servers and it is not possible to appropriately split out such costs. There is no impact on the income and expenditure as the amortisation policy for these costs would be the same as the depreciation policy.

NOTES TO THE FINANCIAL STATEMENTS

7. Investments

The NHF owns 100% of National Housing Federation Investments Limited, which itself owns a 49% ordinary shareholding in Housemark Limited. The total value of the investment is £531k in the company's balance sheet.

The NHF owns 100% of NHF Property & Services Limited which owns Lion Court, the NHF's head office.

The registered office of both subsidiaries is Lion Court, Procter Street, London, WC1V 6NY

The NHF owns one £1 ordinary share in The Housing Finance Corporation Limited (registered under the Co-operative and Communities Benefit Societies Act 2014), representing one-seventh of the nominal value of the issued share capital. The Housing Finance Corporation Limited assists housing associations and related charities in raising funds for capital projects and is incorporated in Great Britain.

Investments summary:

		2022	2021
National Housing Federation Investments Limited	Investment company	**100%**	100%
NHF Property & Services Limited	Property owning and office space provider	**100%**	100%
The Housing Finance Corporation Limited	Assists in the raising of funds for capital projects	**14%**	14%

	2022 £'000	2021 £'000
NHF Property & Services Ltd	-	-
Other	-	-
Group		
National Housing Federation Investments Limited	**531**	531
Company	**531**	531

In addition to the investments above the group and company have a 49% shareholding with 50% voting rights in Housemark Limited, which is treated as a joint venture (note 25). Housemark Limited, which is jointly owned with the Chartered Institute of Housing, provides benchmarking and consultancy services to the housing sector.

NOTES TO THE FINANCIAL STATEMENTS

8. Goodwill

A fair value review of the gross assets and liabilities of Housemark Limited was carried out; these have been restated under FRS 102 which has resulted in Housemark Limited accounts showing net liabilities. However, management has considered Housemark's performance against its business plan since the acquisition date together with the licence fee received each year and is content that no impairment has occurred therefore none of the carrying values of the assets or liabilities were altered for the goodwill calculation. No other circumstances have arisen which would indicate that the carrying amount of the goodwill (in the group's balance sheet) or the investment (in the balance sheet of National Housing Federation Investments Limited) are impaired.

As set out in the accounting policies, purchased goodwill is amortised over a period of twenty years. Management is of the opinion that such a period realistically reflects the expected useful economic life of the goodwill, given the nature of Housemark's business, the environment in which it operates and the scope and plans for future developments. Amortisation costs are charged to the income and expenditure account monthly. The following reconciliation of movements in goodwill is disclosed.

	£'000
Cost	
At 1 April 2021 and at 31 March 2022	**639**
Accumulated amortisation:	
At 1 April 2021	599
Charge for the period	32
At 31 March 2022	**631**
Net book amount at 31 March 2022	**8**
Net book amount at 31 March 2021	40

9. Stocks

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Stock for resale	**5**	**5**	8	8

NOTES TO THE FINANCIAL STATEMENTS

10. Debtors

Amounts due in less than one year:

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Trade debtors	**325**	**325**	596	596
Other debtors	**82**	**82**	258	258
Prepayments and accrued income	**969**	**969**	908	908
Amounts due from group undertakings	**-**	**7,645**	-	7,139
	1,376	**9,021**	1,762	8,901

Amounts due in more than one year:

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Deferred tax (note 15)	**1,199**	**1,422**	854	1,023
Amounts due from group undertakings	**-**	**3,500**	-	3,500
	1,199	**4,922**	854	4,523

A non-interest bearing deferred loan was made to the company's subsidiary undertaking, NHF Property & Services Limited in January 2004 to assist in the financing of the purchase of Lion Court, a property owned by NHF Property & Services Limited. At 31 March 2022 the amount outstanding on the loan was £3.5m (2021: £3.5m), to be repaid 20 years from date of issue.

The company has agreed not to recall the intercompany balance of £7,645k for twelve months from the date of signing these accounts unless NHF Property & Services Limited has the available funds to make the payment.

11. Creditors: amounts falling due within one year

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Bank loan (note 13)	**893**	**-**	893	-
SHPS deficit funding liability (note 21)	**5**	**5**	17	17
Trade creditors	**318**	**318**	136	136
Other tax and social security	**56**	**56**	235	207
Other creditors	**315**	**147**	712	599
Accruals and deferred income	**5,955**	**5,823**	5,297	5,410
	7,542	**6,349**	7,290	6,369

NOTES TO THE FINANCIAL STATEMENTS

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

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Other creditors	**44**	**44**	257	257
Bank loan (note 13)	**1,116**	**-**	2,010	-
SHPS deficit funding liability (note 21)	**10**	**10**	49	49
	1,170	**54**	2,316	306

Other creditors comprises rent deposits held in respect of the lease of floor 4 Lion Court and are repayable in more than two years but not more than five years.

13. Creditors: Capital borrowings

Creditors include bank loans (see note 22) which are due for repayment as follows:

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Amounts repayable:				
In one year or less or on demand	**893**	**-**	893	-
In more than one year, but not more than two years	**893**	**-**	893	-
In more than two years, but not more than five years	**223**	**-**	1,117	-
In more than five years	**-**	**-**	-	-
	2,009	**-**	2,903	-

14. Provisions for liabilities

Group and company

	Leave pay £'000
At 1 April 2021	112
Additions	80
Utilised	(112)
At 31 March 2022	**80**

The leave pay provision represents holiday and flexi time balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured at the salary cost payable for the period of absence.

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred taxation

Group and Company

Deferred taxation debtor (note 10) consists of the tax effect of timing differences in respect of:

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Property revaluation	**-**	**-**	-	-
Short term timing differences	**513**	**513**	446	446
Fixed asset timing differences	**(92)**	**78**	(67)	102
Losses and other deductions	**505**	**505**	475	475
Effect of tax rate change	**273**	**326**	-	-
	1,199	**1,422**	854	1,023

Deferred taxation (credit)/charge in the year consists of the tax effect of timing differences in respect of:

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
Property revaluation	**-**	**-**	(40)	-
Losses and other deductions	**(30)**	**(30)**	-	-
Short term timing differences	**(67)**	**(67)**	(223)	(223)
Fixed asset timing differences	**25**	**24**	(9)	(7)
Effect of tax rate change	**(273)**	**(326)**	-	-
	(345)	**(399)**	(272)	(230)

Balance at 1 April 2020	582	793
Charge for the year	272	230
Balance at 1 April 2021	854	1,023
Charge for the year	**345**	**399**
Balance at 31 March 2022 (note 10)	**1,199**	**1,422**

16. Reserves

Statement of Comprehensive Income and Retained Earnings includes all current and prior period retained profits and losses.

NOTES TO THE FINANCIAL STATEMENTS

17. Cash from operations

	2022	2021
	£'000	£'000
Operating surplus	**3,276**	1,047
Depreciation	**198**	223
Impairment of assets	**-**	546
Loss on disposal of tangible fixed assets / investments	**3**	22
Amortisation charges	**32**	32
Revaluation loss	**-**	1,236
Decrease in stock	**3**	-
Increase/(Decrease) in debtors	**385**	814
(Decrease)/Increase in creditors	**(1,396)**	(2,500)
Net cash inflow from operating activities	**2,501**	1,420

18. Analysis of changes in net debt

	At 1 April 2021	**Cash flow**	**At 31 March 2022**
	£'000	**£'000**	**£'000**
Cash in hand	2,768	1,453	**4,221**
Liquid resources	(2,903)	893	**(2,010)**
	(135)	2,346	**2,211**

19. Capital commitments

The company had no capital commitments at 31 March 2022 or 31 March 2021.

20. Contingent assets / liabilities

The Group incorporates relevant figures from the audited financial statements of the joint venture, Housemark, drawn up to 31 December 2021. Should there be any significant transactions or events relating to Housemark between 31 December 2021 and 31 March 2022, an adjustment is made to reflect this in the Group accounts.

21. Retirement benefit schemes

National Housing Federation Limited participates in the Social Housing Pension Scheme (SHPS) and the Growth plan.

SHPS
The company 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.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

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 2020. This valuation revealed a deficit of £1,560m. A Recovery plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a ‘last-man standing arrangement'. Therefore, the 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 financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme

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

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the company’s fair share of the Scheme’s total assets to calculate the company’s net deficit or surplus

The Trustee of the Scheme have notified the NHF 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.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

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	47,267	44,726
Present value of defined benefit obligation	53,955	55,700
Surplus (deficit) in plan	(6,688)	(10,974)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period Ending 31 March 2022 (£000s)
Defined benefit obligation at start of period	55,700
Expenses	28
Interest expense	1,199
Actuarial losses (gains) due to scheme experience	3,335
Actuarial losses (gains) due to changes in demographic assumptions	(852)
Actuarial losses (gains) due to changes in financial assumptions	(4,081)
Benefits paid and expenses	(1,374)
Defined benefit obligation at end of period	53,955

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

	Period Ending 31 March 2022 (£000s)
Fair value of plan assets at start of period	44,726
Interest income	975
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	1,524
Contributions by the employer	1,416
Benefits paid and expenses	(1,374)
Fair value of plan assets at end of period	47,267

The actual return on plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £2,499k.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

	Period Ending 31 March 2022 (£000s)
Expenses	28
Net interest expense	224
Defined benefit costs recognised in statement of comprehensive income	252

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period Ending 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	1,524
Experience gains and losses arising on the plan liabilities – gain (loss)	(3,335)
Effect of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	852
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	4,081
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	3,122
Total amount recognised in other comprehensive income - gain (loss)	3,122

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

ASSETS

	31 March 2022 (£000s)	31 March 2021 (£000s)
Global equity	9,071	7,128
Absolute return	1,896	2,469
Distressed options	1,692	1,292
Credit relative value	1,571	1,407
Alternative risk premia	1,559	1,685
Fund of hedge funds	-	5
Emerging markets debt	1,375	1,805
Risk sharing	1,556	1,628
Insurance-linked securities	1,102	1,074
Property	1,276	929
Infrastructure	3,367	2,982
Private debt	1,212	1,067
Opportunistic Illiquid Credit	1,588	1,137
High Yield	407	1,339
Opportunistic Credit	168	1,226
Cash	161	-
Corporate bond fund	3,153	2,643
Liquid Credit	-	534
Long lease property	1,216	877
Secured income	1,761	1,860
Liability driven investment	13,190	11,367
Currency Hedging	(185)	-
Net current assets	131	272
Total assets	44,267	44,726

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 assets used by the employer

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

KEY ASSUMPTIONS

	31 March 2022 % per annum	31 March 2021 % per annum
Discount rate	2.79	2.18
Inflation (RPI)	3.57	3.27
Inflation (CPI)	3.19	2.87
Salary growth	4.19	3.87
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

Growth Plan

National Housing Federation Limited participates in the Social Housing Pension Scheme Growth plan a multi-employer scheme which provide benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the schemes as defined benefit schemes. Therefore it accounts for the scheme as a defined contribution scheme.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum (payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	31 March 2022 (£000s)	**31 March 2021 (£000s)**	**31 March 2020 (£000s)**
Present value of provision	15	66	78

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2022 (£000s)	**Period Ending** 31 March 2021 (£000s)
Provision at start of period	**66**	78
Unwinding of the discount factor (interest expense)	-	2
Deficit contribution paid	(16)	(16)
Remeasurements - impact of any change in assumptions	-	2
Remeasurements - amendments to the contribution schedule	(35)	-
Defined benefit obligation at end of period	15	66

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2022 (£000s)	**Period Ending** 31 March 2021 (£000s)
Interest expense	-	2
Remeasurements – impact of any change in assumptions	-	2
Interest expense	(35)	2

ASSUMPTIONS

	31 March 2022 % per annum	31 March 2021 % per annum	31 March 2020 % per annum
Rate of discount	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	**31 March 2022 (£000s)**	**31 March 2021 (£000s)**	**31 March 2020 (£000s)**
Year 1	5	17	16
Year 2	5	17	17
Year 3	5	18	17
Year 4	-	15	18
Year 5	-	-	15

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance liability.

The total pension cost for the NHF for the year including pension deficit contributions was £1,737k (2021: £1,693k).

22. Financial commitments

On 29 January 2004, the group purchased Lion Court in Holborn for the sum of £13.74m The purchase was financed by a 25-year loan from the Bank of Scotland of £11.74m at an interest rate of 1.5% plus base. On 10th March 2021 the outstanding balance of £2.903m was transferred to Lloyds Bank Plc initially at an interest rate on 1.5% above base. On 30 April 2021 the whole amount was fixed at the rate of 1.837% until it is fully repaid on 19 February 2024.

As part of the facility agreement with Lloyds, National Housing Federation Limited has a £3m rolling credit facility until 19 February 2024. The amount utilised is £nil at 31 March 2022.

The facility is secured by mortgage charge over the building known as Lion Court

NOTES TO THE FINANCIAL STATEMENTS

23. Financial commitments (continued)

The group and company's future operating lease payments are as follows:

Amounts repayable:

	Group 2022 £'000	**Company 2022 £'000**	Group 2021 £'000	Company 2021 £'000
In one year or less on demand	**54**	**1,091**	52	1,090
In more than one year, but not more than two years	**50**	**914**	43	1,080
In more than two years, but not more than five years	**126**	**125**	121	985
In more than five years	**83**	**83**	123	123
	313	**2,213**	339	3,278

24. Transactions with directors and other related parties

During the year National Housing Federation Limited paid £nil (2021: £nil) to Housemark for services and received licence income from Housemark amounting to £290k (2021: £283k).

National Housing Federation Limited paid rent of £1.103m (2021: £1.553m) to NHF Property & Services Limited. NHF Property & Services Limited paid fees in respect of rents, rates and service charges to National Housing Federation Limited for the 1st, 2nd, 3rd and 4th floors of Lion Court amounting to £1.08m (2021: £1.06k).

In the normal course of business housing associations to which some directors are connected, pay affiliation fees, acquire publications and attend conferences of National Housing Federation Limited. All of these transactions are at arm's length other than attendance at conferences where the Director's attendance is required by virtue of being a Director. Affiliation fees received from members during the year ended 31 March 2022 were £8.39m (2021: £8.46m).

There are no other related party transactions.

25. Group and joint venture disclosures

The group and company have a 49% shareholding in Housemark Limited. Housemark's only other shareholder is the Chartered Institute of Housing. National Housing Federation Limited has 50% of voting rights and therefore 50% of the results of Housemark Limited are treated as a joint venture.

a) There are no intercompany loans or other balances due between National Housing Federation Limited and Housemark Limited.
b) Housemark Limited's accounting reference date is 31 December. The most recent audited accounts available are for the period ending 31 December 2021. These have been used in compiling the NHF's group financial statements.

NOTES TO THE FINANCIAL STATEMENTS

25. Group and joint venture disclosures (continued)

	2021	2020
	£	£
Profit and loss account		
Turnover	**5,360,232**	5,060,302
Profit after tax	**1,153,119**	72,409
Balance sheet		
Fixed assets	**596,359**	607,248
Current assets	**3,320,234**	2,817,106
Creditors: amounts falling due within one year	**(1,495,908)**	(1,560,788)
Pension liability and deferred tax	**(1,276,000)**	(1,872,000)
Net assets/(liabilities)	**1,144,685**	(8,434)
Called-up share capital	**100**	100
Profit and loss account	**1,144.585**	(8,534)
	1,144,685	(8,434)

Housemark Limited's registered address is 8 Riley Court, Millburn Hill Road, University of Warwick Science Park, Coventry CV4 7HP.

26. Financial risk management

The company has exposure to three main areas of risk:

Reputational risk
The company has identified as inherently high risk, the political, economic and regulatory aspects of its wider operating environment and the linked reputational risks relating to the activities of its members. These factors may impact in ways which are inherently unpredictable, but the company leads the sector in anticipating a range of scenarios and planning to deal with them. It does not involve itself directly in issues relating to an individual member, although offering advice and support where appropriate.

Customer credit exposure
The company has leased one floor of its freehold property by way of a commercial ten-year lease with a break clause after five years and two floors as short-term office lets. There is a risk that a tenant may default on the rent however, this is mitigated by holding a 2.5 month rent deposit on the long-term lease and one month each on the short term lets.

Interest rate risk
The company financed the purchase of its freehold property by way of a term loan from the Lloyds Bank Plc and is therefore subject to interest rate changes. This is mitigated by fixing the interest on the loan as disclosed in note 22.