Notting Hill Genesis

Annual report and financial statements

Year ended
31 March 2023

Better together

OUR VISION

Making London home

Our vision for Notting Hill Genesis, Making London Home is our response to the housing crisis in London. We are committed to working Better Together to provide good quality homes to enable our residents to live their lives well.

OUR MISSION

Working better together for our residents

Our story

Around two in every 100 Londoners live in a Notting Hill Genesis home. More than half are in general needs properties charged at social or affordable rent levels, but we also offer shared ownership, leasehold, market rent, supported and temporary housing, and commercial properties.

That tenure mix allows us to build on our proud legacy over almost six decades as an innovative and important player in London's housing story, and to maintain our determination to deliver homes that Londoners can afford, whatever their personal circumstances.

We are committed to working better together for our residents, providing safe, warm and comfortable homes where they can live their lives well.

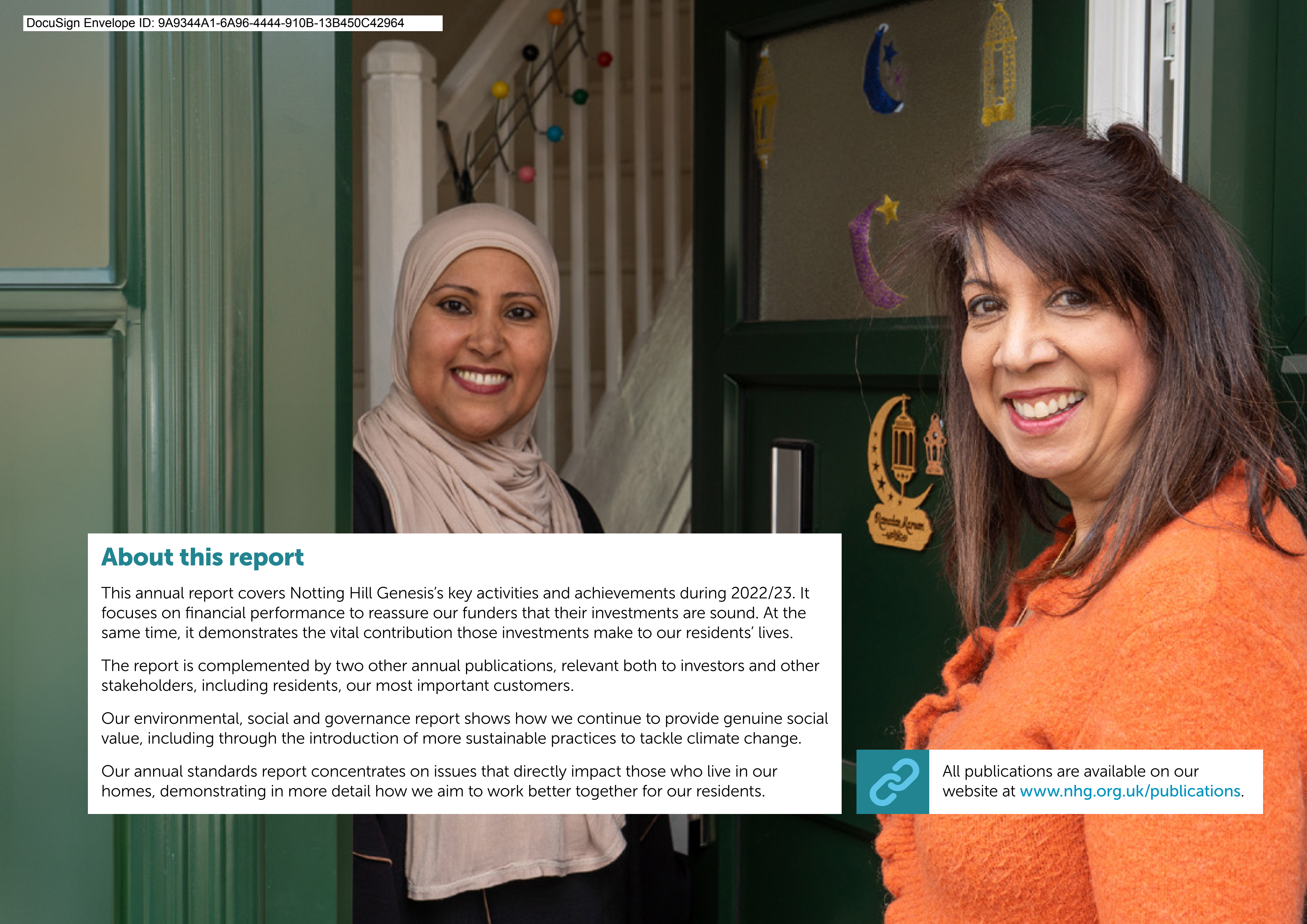
Our focus is on the capital, where we provide services to households in almost 61,000 homes across every London borough. We have slightly more than 6,000 properties in areas around London, but plan to transfer those to better placed registered providers over the coming years. As for previous transfers, we will work closely with local stakeholders and residents to ensure the process is as smooth as possible.

Alongside improving existing homes and services, we continue to build new homes. In 2023/24, we plan to deliver well in excess of

1,000

new homes,

more than 70% of which will be affordable, ensuring we are playing our part in addressing the capital's housing shortage and enabling more people to truly make London home.



About this report

This annual report covers Notting Hill Genesis's key activities and achievements during 2022/23. It focuses on financial performance to reassure our funders that their investments are sound. At the same time, it demonstrates the vital contribution those investments make to our residents' lives.

The report is complemented by two other annual publications, relevant both to investors and other stakeholders, including residents, our most important customers.

Our environmental, social and governance report shows how we continue to provide genuine social value, including through the introduction of more sustainable practices to tackle climate change.

Our annual standards report concentrates on issues that directly impact those who live in our homes, demonstrating in more detail how we aim to work better together for our residents.

All publications are available on our website at www.nhg.org.uk/publications.

Contents

Strategic report

Governance

Financial statements

Board

Ian Ellis
(Chair)
Kate Davies CBE
(Chief executive: resigned 02/01/23)
Patrick Franco
(Chief executive: appointed 03/01/23)
Fred Angole
Stephen Bitti
Elaine Bucknor
Claire Kober OBE
Arike Oke
Abayomi Okunola
(Chief financial officer – resigned 18/05/23)
Ingrid Osborne
Alex Phillips
(Senior independent director)
Richard Powell

Executive board

Kate Davies CBE
(resigned 02/01/23)
Patrick Franco
(appointed 03/01/23)
Katie Bond
Matthew Cornwall-Jones
(appointed 03/01/23)
Susan Hickey
(appointed 18/05/23)
Elly Hoult
(resigned 31/12/22)
John Hughes
Abayomi Okunola
(resigned 18/05/23)
Rajiv Peter
Vipul Thacker

Company secretary

Andrew Nankivell

Registered office and head office

Bruce Kenrick House
2 Killick Street
London N1 9FL

Registrations

Registered Society Number: 7746
Registered Provider Number: 4880
A charity exempt from registration.
Regulated by the Regulator of Social Housing.

Independent auditors

Crowe UK LLP
Statutory Auditors
55 Ludgate Hill
London, EC4M 7JW

Principal solicitors

Devonshires Solicitors LLP
30 Finsbury Circus
London, EC2M 7DT

Principal bankers

Barclays Bank PLC
Business Banking
Floor 28
1 Churchill Place
London, E14 5HP

At a glance

G1/V2
Regulatory rating

A- (stable)
S&P rating

A (negative)
Fitch rating

£106.1m
Surplus before tax

67,110
Properties owned or managed

£1,158.5m
Available liquidity

17,213
Unencumbered properties

1,159
Customers engaged by resident involvement

1,618
FTE staff

459
Homes completed

76.4%
Resident satisfaction

459
Starts on site

Strategic report

Welcome from the chair

Our new corporate strategy articulates our mission to work better together for our residents along with a new vision of making London home. Published in summer 2023, the Better Together strategy reflects an earlier conscious decision to reset our focus and prioritise the provision of a great service to residents, which we have continued to implement throughout the 2022/23 financial year covered by this annual report.

Recent wider changes in the landscape for all housing associations reinforce the need for us to continue with that organisational refocus. They include the introduction of new tenant satisfaction measures, increased scrutiny from our ombudsman, updated legislation to ensure building safety, and the recently published consumer standards regime. Of equal importance, our residents themselves are clear about what needs to change, in part because of tragedies such as the Grenfell Tower fire and the death of Awaab Ishak.

As a result, we have made a clear commitment to increasing investment in our existing homes and services, including a decision to spend almost £500 million on upgrades to our homes over the next 10 years. We have also decided to refocus our efforts more fully on London, where most of our activity is centred, and will seek to transfer our homes beyond the capital to new providers over the next few months and years.

Our decision to increase investment puts pressure on our financial margins, which are being further squeezed by external factors including high inflation. In that scenario, having strong financial foundations becomes ever more important, so I'm pleased to report that we achieved an overall surplus before tax of £106.1 million in 2022/23.

It is also reassuring that we maintained our G1 grade for governance and our V2 grade for financial viability from the Regulator of Social Housing in September 2022 following a routine in-depth assessment. At the same time, Standard and Poor's, one of our rating agencies, confirmed us as A– (stable outlook) in March 2023. Fitch's most recent assessment, from October 2022, rates us as A (negative outlook).

Although our focus has shifted further towards improvements for existing residents, we remain committed to building much-needed new homes for Londoners. Our target is to deliver 5,000 new homes by 2028, a figure we are confident is consistent with external risks and the increased investment in our existing portfolio.

There have been several changes to the executive team responsible for the strategic direction and day-to-day running of Notting Hill Genesis. Most notably, Kate Davies stood down at the end of December 2022 as chief executive. I speak for everyone here when I say that we owe Kate a huge debt of gratitude for her many years of service, not just over the past 18 years to our organisation and one of its predecessors, but to the wider housing association sector. She was truly a driver for positive change and I was especially pleased to see her contribution formally recognised with a CBE in the late Queen's birthday honours in 2022.

Kate has been replaced by Patrick Franco, who started as our new chief executive in January 2023. Patrick brings a wealth of relevant experience across various sectors, and is applying his skills and energy to maintain our momentum. He clearly shares our values and is committed to continuing with the Better Together strategic direction initiated at the start of the 2022/23 financial year.

Other changes to the executive team include the appointment of Matthew Cornwall-Jones as group director of assets and sustainability and, more recently, Susan Hickey as interim chief financial officer. They replace Elly Hoult and Abayomi Okunola respectively, both of whom I would like formally to thank for their contributions to Notting Hill Genesis during their tenures and wish well for the future.

Although not new to the executive team, Katie Bond took up a crucial new role in August 2022 as our chief operating officer, a post created as part of our drive for a greater focus on residents. In that role, Katie leads a new directorate covering all operational activity, and acts as a single point of accountability to ensure one high standard of services, including repairs, for all residents regardless of tenure.

One of the best aspects of chairing an organisation such as Notting Hill Genesis is the opportunities it provides to meet a wide array of supportive individuals and groups, including investors, our shareholders and residents. I am grateful to you all for your continued support.

Finally, I must thank the colleagues who work for Notting Hill Genesis. Their hard work and commitment makes us what we are. I've been especially pleased to continue my involvement with work to ensure greater equality, diversity and inclusion, vital if the make-up of our staff group is to better reflect that of the communities we serve. I want specifically to note the contribution of the many colleagues in our extra care service who transferred at the end of 2022/23 to a new provider. Their dedication over many years, including during the difficult pandemic months, will always be remembered and appreciated.

Ian Ellis

Ian Ellis
Chair

Chief executive's introduction

I was delighted to join the talented Notting Hill Genesis team in January 2023 and build on the momentum to reset our relationship with residents – our most important customers.

Our Better Together corporate strategy describes three strategic priorities for us over the next three years. Those focus on the provision of better connections, better homes and better places, with much of the groundwork for each being laid during the 2022/23 financial year covered by this report.

Our strong financial foundations meant that we could invest more over the year and for the future on crucial issues such as damp and mould and fire safety, alongside our existing remediation programme to ensure our buildings are safe. Those actions are vital in reducing risks for residents as well as for our organisation as a whole, reassuring funders that we continue to represent a sound investment. At the same time, work is underway to restructure our operations function to support the delivery of better services to residents with a focus on improving repairs and service charges.

There is much that we already do well. During 2022/23, we completed 140,000 repairs, installed 722 new kitchens and bathrooms, carried out cyclical maintenance to 3,300 homes and supported residents to claim more than £3 million in benefits payments. We've also made progress on our sustainability agenda, installing 723 new boilers and 31 new roofs and fitting double glazing in 326 homes. In addition, we were awarded £8 million to improve energy performance in 1,000 of our social homes in March 2023 following a successful bid to the Social Housing Decarbonisation Fund grant from the Department of Energy Security and Net Zero.

Alongside those positive achievements, it's clear we need to do more to address the issues that matter most to our residents. When I visit their homes, read their correspondence and review complaints to the housing ombudsman, three main issues arise – service charges, safety and repairs. Those are all also priorities for me and my executive team, and are covered in our Better Together strategy. We are absolutely committed to building on progress this year, supported by additional investment in our existing homes, to address those issues and work better together for our residents in future.

As well as engaging with residents, I have also met a range of other key stakeholders, including investors, borough partners, shareholders, our regulator and the housing ombudsman to understand how we can continue to work constructively together. I've also spent time with colleagues, both in our offices and out and about in the communities where they work to learn more about their day-to-day work and the support they need to provide the best possible service to our residents. I am grateful to everyone for their time and look forward to working more with you over the coming months and years.

Now is clearly a challenging time for many, and the need for safe, comfortable and affordable homes in and around London is as important as ever. That demands increasingly urgent, innovative, and adaptive approaches to meet the challenge across the public and private sector. As one of London's largest housing associations, Notting Hill Genesis is ideally positioned to take on this challenge and I am proud to be leading our work to rise to it.

Patrick Franco
Chief executive

Strategic context

Our focus during 2022/23 has been on refreshing our relationship with our residents, balancing the need to invest in existing homes and services with maintaining our financial strength. This strategic report, along with the financial statements, provide examples of how we have done that.

Better connections

We completed a significant piece of research and insight to inform priorities for customer services in future. Those priorities have been collated into a customer strategy, published internally in February 2023, and covered at a higher level in our corporate strategy, released over the summer.

The customer strategy identifies six core outcomes:

- Residents feel safe in their homes
- Residents feel like their house is a home
- Housing costs are fair, predictable and easy to pay
- We really listen to residents and act in response
- We fix things well and fast
- We take care of the property and place for today and the future

Work is underway to ensure those outcomes become the focus of everyone's work, whether they are in a resident-facing team or one that supports those teams.

Improving resident services

The customer strategy will build on previous activity, including several initiatives which started during 2022/23. Those include the introduction of an app, built in-house, as a first step towards improving how we manage service charges, a major cause of dissatisfaction for our residents. The app was successfully used to manage the detailed figures and calculations for the budget setting part of the service charge cycle in autumn 2022 and is being extended now to cover other parts of the process. Alongside other improvements, the app should make it easier for colleagues to carry out service charge activities and ensure our customers get value for money, fully understand what they are being charged for and why, and make the process of querying service charges simple and transparent.

We improved communications about annual rent and service charge changes introduced from 1 April 2023 by producing explanatory booklets tailored according to individual circumstances to include as much detail as possible about what residents are being charged for and why. The booklets included a QR code to encourage sign-ups to My Account, our online housing management portal, as well as information we needed to cover for legal reasons.

In common with other providers of social housing, we reviewed how we deal with damp and mould in our homes following the tragic death of Awaab Ishak in Rochdale. We ensured that all operational colleagues completed training to help them deal effectively with instances of damp and mould in their customers' homes and worked with our dedicated resident focus group to improve guidance and information for customers and colleagues. For staff, that included a checklist of what to look out for, a process map of what to do when damp and mould is identified, and a guide to assessing severity. We published a new stand-alone policy with information previously included in our responsive repairs policy, to emphasise our commitment to tackling this important topic and support efforts to be transparent in our approach.

Resident involvement

Residents are represented on all board sub-committees, putting them and their experiences at the heart of our decisions. That focus on customer experience is supported by our Resident Voices group, which brings together resident board and committee members with chairs of groups in our resident involvement network.

Our dedicated resident involvement team work to strengthen the link between customers and our wider business, ensuring that residents' voices are heard and can support service delivery.

In 2022/23, we held:

47 group activities, consultations or focus groups, with **112** individuals taking part.

70 activities run by Housing teams in their local areas, with about **1159** residents engaging with us. Of those who took the time to work with us, almost **eight out of 10** were satisfied with their involvement activity.

The full range of involvement opportunities is available on our website at www.nhg.org.uk/residents/get-involved, along with the second annual report from our Resident Voices group, which explains more about their work during 2022/23.

Responding to complaints

We learn from complaints by assessing themes, informing policy updates, changing procedures and training staff. Our handling of complaints plays a significant role in our customers' wider experience of dealing with us.

We received:

9,185 complaints in 2022/23, compared to 7,265 in 2021/22.

Of those, **61%** related to repairs. Sixty percent of all complaints were fixed to the resident's satisfaction within 10 days, without the request for a formal response, compared to 58% last year. For complaints that required a formal response, **89.5%** were resolved at stage one, a slight improvement on the previous year, with the remaining 10.5% escalated to stage two.

Fifty-eight complaints were determined by the housing ombudsman, compared to 60 in 2021/22. Of those, we received **28** findings of maladministration or service failure, one more than in the previous 12 months.

To improve how we handle complaints, the senior management team in our operations directorate started to run complaints surgeries to support colleagues who are struggling with an open complaint or who have an issue they think might turn into a complaint. Our customer experience team offers training sessions twice a month where colleagues can learn more about the complaints process and best practice, meaning they are better equipped to deal with complaints confidently and effectively.

We published our updated self-assessment guidance for housing ombudsman complaints, setting out good practice in how we respond to complaints effectively and fairly. The document reflects the ombudsman's complaint handling code and outlines how we meet their requirements.

In addition, we completed the groundwork to ensure we were ready to start new perception surveys with our customers to gather data during 2023/24 against national tenant satisfaction measures set by the Regulator of Social Housing.

Supporting our residents

We partner with many other organisations who offer a range of support services, including money advice, employment, wellbeing and health. Such support has been especially important during 2022/23 as many of our residents struggled with rising prices for essential items.

New resources this year included signposting to Warm Welcome, a directory of local spaces offering a safe, warm place to have a hot drink, as well as extra activities such as food, befriending, board games and homework clubs. We partnered with Re-engage, a nationwide charity on a mission to combat loneliness among older people through befriending schemes and initiatives and continued work with Centrepoint by revitalising an outbuilding to provide supported housing for 15 vulnerable and otherwise homeless young people, who are supported to gain valuable skills so that they can live independently in future. In addition, we funded and launched the SPACE baby bank in Brent, enabling residents referred to the service to select good quality pre-loved baby equipment, clothing, fresh food, and toys for their child or children for free. SPACE can also advise residents about debt, budgeting, wellbeing, or training and employment.

We celebrated our residents through a second series of the Every Kinda People podcast and the return of our biennial art show. The podcast, a social history project, aims to document and celebrate the diverse wealth of ordinary and extraordinary life stories of those who live in social housing. For this series, interviews were structured around a musical timeline, with free training offered to 12 people in our communities with an interest in learning about sound recording, interviewing and what goes into making an audio podcast. For the art show, 41 residents submitted around 200 pieces for display and sale, with 60% of proceeds going directly to the artists and the remaining 40% donated to our hardship fund. This year, the fund has supported around 500 families with essential household items, and emergency removal costs for those fleeing abuse.

Focusing on core services

In line with our strategic focus on core activities, we transferred the bulk of our extra care business to a new registered provider during 2022/23. The transfer has released funds for reinvestment elsewhere in our business at the same time as ensuring a better overall service for residents. It also offers greater opportunities for extra care colleagues who are now employed by a more specialist provider able to provide more bespoke support and better career development options.

Better homes

Our group board approved a new asset strategy in October 2022 with a focus on ensuring all our residents live in a safe, warm and comfortable home where they can enjoy life. At the same time, we published our first comprehensive sustainability strategy.

To ensure we can deliver the objectives of both, we have re-evaluated and addressed gaps in planning processes to ensure we have robust means to prioritise, sequence and deliver the various programmes that will contribute to our better homes agenda.

Aligning our programmes in that way means we have a cohesive approach and, crucially, minimise disruption to our customers. Most immediately, our focus is on dealing with fire remediation works and backlogs to repairs alongside ensuring that all our homes achieve an energy performance certificate of at least band C.

The Regulator of Social Housing has outlined what it expects from registered providers in its value for money standard – to ensure optimal benefit is derived from our assets and resources. We are committed to delivering that, ensuring a robust financial foundation supports our investment and growth.

Improving existing homes

We have earmarked **£497.4 million** over the next 10 years for investment in our general needs and care and support homes.

In 2022/23, we invested more than **£39.7 million** in improving existing homes, excluding mechanical and engineering projects. Our planned investment programme delivered cyclical works to **3,300** homes, three times the size of previous programmes, and we completed **722** kitchen and bathroom replacements. We carried out **7,020** stock condition surveys, significantly improving our asset data assurance to nearly **82%** by 31 March 2023. We performed better than target which was 7,000 stock condition surveys.

Many improvements to existing homes are being delivered as part of our ReNew programme, which brings together several strands to help us upgrade our portfolio.

With input from residents, we developed and introduced a new standard for void relets. In addition to general improvements, we now carry out substantial refurbishments that were originally scheduled for a later stage, ensuring that newly tenanted properties have updated kitchens, bathrooms, new extractor fans, and are redecorated. This approach significantly reduces initial issues encountered by residents upon moving in and minimises disruptions from planned maintenance work during the early years of their tenancy. Repair costs are also lower in the medium term because void improvements are completed to a higher standard.

The ReNew programme also aims to extend our successful SimpliCity product, which offers homes for working households who cannot easily access social housing, but are also unable to afford to rent or buy at market rates or participate in shared ownership schemes. As part of ReNew, the model is being extended to good quality, affordable one-bedroom and studio in central locations, mainly for keyworkers who live alone, as a couple or as part of a small family.

Better use of data and technology

We are using an independent surveyor to assess homes in our general needs and care and support portfolio for which we have gaps in our data. This is part of the first step in a wider data and information programme that will ultimately mean we can use information to make good decisions and improve the resident experience by moving away from using data solely to report on what's already happened, but analysing and optimising it to help us predict what will happen.

We are also piloting the installation of smart devices to provide more information on boiler use and help spot damp and mould early. That should additionally help us identify residents who are experiencing fuel poverty so we can offer assistance before the issue gets out of control. We anticipate the smart devices being the first of several technological solutions we should be able to use in future to improve our homes.

Ensuring homes are safe

Our remediation programme for properties with building safety issues continues to progress. As previously, we have required the original contractor to put things right where possible and have sought government funding, insurance monies and third-party contributions to complement the funds we have already earmarked to complete the programme.

We have made steady progress during 2022/23 to ensure we meet new legal requirements around building safety, including those around maintaining a 'golden thread' of information for our taller blocks. Importantly for our residents, we were able to confirm in September 2022 that we would not be asking them to pay any of the costs of fire remediation work to the external wall of their blocks, or to balconies where they have been deemed to pose a risk of spreading a fire.

We published a new building safety policy, setting out our approach to ensuring our buildings are safe and meet the regulatory requirements set out in the Building Safety Act 2022. The act was developed following Dame Judith Hackitt's independent review of building regulations and fire safety, commissioned after the Grenfell Tower tragedy in 2017. It introduces wide-scale reforms to support building safety across the industry through design, construction, and management of residential blocks classed as higher risk buildings – defined as residential buildings at least 18 metres or seven storeys high and containing two or more residential units.

Most recently, we recruited a new team of building safety managers, who will each be responsible for a set number of high-rise buildings within a specific patch. They will ensure safety risks are identified and mitigated, conduct assurance checks and on-site inspections and actively engage with residents over the safety of their building.

Enhancing communities in our heartlands

Our roots are in London, specifically in central locations to the west of the capital, which made our integrated upgrade of an entire locality in

Paddington during 2022/23 especially rewarding. Over several months, our planned investment team undertook a series of consultations with residents, local councillors and contractors to improve the conditions of our homes and the resident experience in two streets close to Paddington station. Houses in Star Street and St Michael's Street underwent internal and external works to raise their specification, including window replacements, new kitchens and boilers, cyclical works and energy efficiency improvements such as double-glazed and secondary glazing windows.

During 2022/23, our group board agreed to transfer most of our properties outside London to new owners in phases from 2023/24. Alongside the decision carried through in this financial year to transfer most of our extra care services to other providers, this will reduce geographical challenges and will eventually free up investment for other parts of the portfolio.

Building new homes

We remain committed to building much needed new homes. In 2022/23, we delivered

459 **new homes** and started on site for a further **459**. We continue to work closely with local authority partners across the capital to meet housing demand in their area, and with the Greater London Authority. GLA grants for many of our development schemes are important to ensure they include new homes at affordable levels.

As well as building new homes, we have expanded our portfolio during 2022/23 through partnerships and acquisitions. In February 2023, we signed a deal to increase the number of homes in our **temporary housing portfolio** by almost **600** over the next 12 months. The contract with Resonance, a social impact property fund manager, provides us with economies of scale and a stronger operating surplus for temporary housing. That means we will be better able to support families in the new homes move on from temporary accommodation and help our local authority partners with their shifting focus towards homelessness prevention.

We reiterated our commitment to providing social and affordable homes across London through two deals to buy homes from fellow housing associations. In April 2022, we bought **50** **affordable homes** in the heart of Islington from Places for People. Almost 12 months later, we agreed a deal with Orbit to move **48** homes in Hammersmith and Fulham and **11** in Barnet to our portfolio. Our greater local presence in these areas should provide long-term benefits for residents and a positive impact for the local community.

Better places

We have successfully completed a 12-month pilot to review how we design and manage our estates, of which we have around 600 of various sizes and complexity.

By focusing on specific estates and drawing on the expertise and best practice gained from our regeneration programmes and community initiatives, the pilot has effectively enhanced the resident experience. It has also laid the groundwork for a new structure and operating model for our estates and places in the future.

A resident focus at Factory Quarter

Factory Quarter in Acton was one of the schemes chosen as part of our placemaking pilot. To address the many historic challenges at the estate, we created a new onsite operations team to oversee the whole development from the boundary to residents' front doors.

The team started work with improvements to external areas to help residents to feel proud of where they lived. This included jet washing, repainting internal communal areas, replacing doormats, resurfacing damaged roads and paths, replacing glass awnings and upgrading external lighting across the development. We employed resident gardeners who created exquisite gardens with thousands of plants and flowers. They organised a family bulb planting day which should lead to an impressive floral display in spring 2024. A new intercom and remote access CCTV with more than 200 cameras across the site was also installed which has enhanced security and neighbourhood safety.

Of the 16 commercial units built as part of the development in 2010, 13 were empty, including the community hub. We decorated the windows with eye-catching signage and several have since been let. They will be occupied by local businesses such as a print press, contractor offices, children's soft play with café and a dance studio. We also launched a community hub in September 2022 as a dedicated neighbourhood space for residents.

We created a welcoming office space where residents can come and speak to the team without having to make an appointment. That initiative has made dealing with issues easier to manage and created better relationships with the residents, which has built trust. Regular inspections mean we can identify issues more quickly with a better response time and quality control. We employ local companies and directly manage relationships with them so we know what happens each step of the way.

Regeneration programmes

Work continues on our major regeneration schemes at the Aylesbury Estate in Southwark, Grahame Park in Barnet and Woodberry Down in Hackney.

Alongside new homes, community facilities and improved open spaces, all three programmes are committed to ensuring that local people experience the social and economic benefits of regeneration.

To that end, we manage extensive socio-economic programmes, providing practical help through employment, education and training opportunities and programmes to support health and wellbeing, and running a range community activities to bring neighbourhoods together.

Aylesbury Estate

At the Aylesbury Estate, we are working in partnership with the London Borough of Southwark to delivering a masterplan for **3,500** new homes, **50%** of which will be affordable. **Three quarters** of the affordable homes will be social rented homes and **25%** will be shared ownership or shared equity. At least **30%** of the homes across all tenures will have three bedrooms or more.

In April 2023, the programme reached a significant milestone when we welcomed our first residents to the area known as plot 18. Many of the residents who live there now are part of our resident design group and have been heavily involved in the creation of their new homes. Plot 18 is a new hub at the heart of the Aylesbury community. Alongside the new homes, which include a mix of social and private rent as well as properties for private sale and shared ownership, plot 18 will deliver a spacious new library, a GP surgery and health centre, community and retail facilities and a public square.

Earlier in the year, we gained planning consent for phase 2b of the Aylesbury regeneration. Approval from the London Borough of Southwark paves the way for more than 600 new homes, commercial and community space, two public areas, improved play and sports facilities and wide, tree-lined streets. Half of the homes in the five buildings that make up phase 2b will be affordable and offer a mix of mansion blocks, higher-rise apartments, courtyard flats and maisonettes.

Grahame Park

PLANNING AWARDS 2023 WINNER

Our partnership with the London Borough of Barnet is set to provide **2,088** new homes on the Grahame Park estate in Colindale alongside a community centre, nursery, shops, cafés, restaurants and flexible workspaces for local businesses. The £700m investment will also enhance the lives of those living on the estate, many of whom are on low incomes.

In April 2023, the first homes in the second phase of the regeneration – known as plot A – reached its highest point. Plot A is due to be completed in spring 2024 and will include more than **200** affordable homes, including **60** at social rent and London Affordable Rent and **149** for shared ownership. There will also be a new green space and a small supermarket on the plot. Plot A is part of a wider masterplan which will create more than **2,000** new homes in total as well as retail, workspace, health facilities and a new main street.

The topping out of the tallest block on plot A follows planning permission towards the end of 2022 for the next step of the regeneration (plots H and K). That stage, the result of extensive consultation with residents and the wider community, will provide **364** affordable and market sale homes. There will also be shops, a café, a community centre and a new energy centre as well as safe play areas, a play street and a woodland walk for pedestrians and cyclists.

Over the summer, we opened a community garden on the main concourse at Grahame Park, just one of many activities co-ordinated by our socio-economic regeneration team who ensure that major developments are about far more than just bricks and mortar. The garden was developed with several local organisations and will be maintained by resident volunteers.

Creating new communities

As well as breathing new life into existing communities through regeneration programmes, we are also active in creating entirely new neighbourhoods.

During 2022/23, we celebrated a trio of milestones at Royal Albert Wharf in the Docklands with Mayor of London Sadiq Khan. We welcomed new residents to Gallions Place, providing **47** homes for affordable rent, **48** for shared ownership and **146** for private sale, alongside 1,500sqm of commercial space. At Gallions 2b, we celebrated the topping out of the tallest building, and construction work started at Gallions 3b. Due for completion in early 2024, Gallions 2b will consist of **267** new homes, more than half of which will provide affordable homes and **40%** of which will be family units. Gallions 3b will provide **238** new homes with **76%** affordable housing thanks to additional funding from the Greater London Authority and will include homes at London Affordable Rent, London Living Rent and shared ownership. It's scheduled to be complete by spring 2024.

Also in east London, we got the green light for **190** new homes around Hackney Wick station in July 2022. The homes will be across four buildings and will provide a mix of London Affordable Rent, shared ownership and private sale housing. Creatives and small businesses will benefit from more than 4,000sqm of commercial space, a quarter of which will be low-cost. The Hackney Wick development is on land owned by the London Legacy Development Corporation, who are responsible for regeneration as part of London 2012 Olympic Games provision.

Focusing on sustainability

Our environmental, social and governance (ESG) activities provide a strong foundation for becoming a more sustainable housing association and demonstrate the positive social impact of investments to funders. Further information including sustainability reporting standards are included in our ESG report.

To support the ESG agenda, we published our first comprehensive sustainability strategy in October 2022. The strategy frames our work towards being net carbon zero for our own business operations by 2035, and for our homes and supply chain by 2050. Developed through extensive input from residents, colleagues and stakeholders, the strategy explains our priorities and objectives for becoming a more sustainable organisation and will contribute greatly to both the better homes and better places strands of our refreshed strategic direction.

The strategy sets out plans to enhance our green spaces for nature and people, restoring and improving them to maximise benefits for people and nature, and to provide inclusive and welcoming areas for people to enjoy and wildlife to thrive. It also looks at how we can use resources sustainably through the responsible buying of goods and services, alongside working towards being a zero waste organisation by 2050.

A further strand of the strategy concerns how we will provide warm, comfortable low carbon homes by retrofitting and building them to become net carbon zero and resilient to a changing climate. That commitment received a boost in March 2023 when we successfully bid for a grant of **£8 million** from the Social Housing Decarbonisation Fund, managed by the Department of Energy Security and Net Zero.

The grant will ensure that more than **1,000** households living in our social homes will ultimately benefit from reduced energy use and associated lower bills. We will use it to upgrade several different types of homes in our social housing stock to ensure they achieve an energy performance certificate (EPC) at band C by 2025. Improvements will focus mainly on better insulation and ventilation, which will also support our drive to reduce the risk of damp and mould, which we know is important to residents.

Crucially, the people living in the homes identified for improvement using the grant won't be the only ones to benefit. We designed our bid to create a template for best practice and learning, which means we can scale up the delivery of improvement packages to ensure all our rented homes are at EPC band C by 2030.

Our people

Continual investment in the people who work for us is crucial. That investment takes several forms, including giving colleagues the right tools to do their jobs and the freedom to take action and be creative so that our residents get the best service. Ensuring a diverse and inclusive workplace and supporting our people's health and wellbeing are equally important, as are opportunities for them to learn and develop so that they can grow with our organisation and enjoy a fulfilling and interesting career.

Being a good employer

The results of our annual staff survey, published in October 2022, were positive. More than **64%** of colleagues completed the survey, providing us with confidence that the results are a genuine reflection of how staff feel about working for Notting Hill Genesis. Of those who responded, **nine out of 10** agreed that overall, we are a good employer.

79% of respondents agreed that we are committed to supporting their wellbeing, providing a helpful reinforcement of our first silver wellbeing award from Investors in People in June 2022. Our wellbeing offer includes an occupational health service and access to Help@Hand, an employee assistance programme. We train colleagues as mental health first aiders and run a range of health and wellbeing activities.

We support our people to attend various learning and development courses and programmes, run in-house and externally. External opportunities include the Accelerate programme run by the G15 group of large housing associations in London. Accelerate is a Chartered Management Institute (CMI) leadership development programme for ethnically diverse managers who want to equip themselves with the skills, confidence and connections to help accelerate their careers. We also have staff participating in the Housing Diversity Network's mentoring scheme, which aims to help unlock talent and give mentees the confidence to take the next step in their housing career, and in the Future of London Leaders Plus programme.

In November 2022 we piloted a new Better Together management development programme, which is being rolled out to all people managers. The programme aims to equip them with practical skills and an understanding of our expectations of them so that they can genuinely own and lead the culture shift needed if we are to routinely put residents first in all our actions and decisions.

Equality, diversity and inclusion

We publish an annual equality, diversity and inclusion report, setting out key data, achievements and areas for improvement on this important topic. During 2022/23, we were proud to achieve a **silver award from Stonewall** and be named one of their **top 100 employers in the UK**. In February 2023, our chair, Ian Ellis, made a public commitment to ensuring our board becomes more equal, diverse and inclusive by signing up to the National Housing Federation's 'chairs challenge'.

We are legally obliged to publish our gender pay gap every year, but we also publish our ethnicity pay gap on a voluntary basis. Our snapshot at 5 April 2022 showed a gradual improvement over the previous year for both gender and pay gaps, with an improvement in the number of women in senior leadership roles. For our ethnicity pay gap, we observed over-representation of certain ethnic groups in the lower pay quartiles, but have made significant progress in the upper quartiles, with the largest increase from all quartiles being at the top, where the percentage of ethnically diverse colleagues occupying roles in this quartile increased by 7.34%.

Our five staff networks continue to thrive, with groups covering carers, disability, ethnic diversity, LGBTQ+ and women. Together, they offer mutual support, help shape corporate initiatives and enhance career development through a programme of events, workshops and networking opportunities to raise awareness of and celebrate diversity.

Our commitment to equality, diversity and inclusion was recognised externally in May 2022 when we were given a **special recognition award** at the inaugural Ethnicity in Housing awards run by the G15 group of London's leading housing associations.

Modern ways of working

In common with most organisations post-pandemic, we operate a hybrid working model, with colleagues working variously in our communities, at an office or from home depending on the nature of their work and the needs of their customers. We provide colleagues with technology that supports the hybrid model to ensure they can work effectively whatever their location.

Over the course of 2022/23, we largely completed our programme to move all our systems and applications into the cloud, reducing our reliance on costly data centres and ageing computer hardware as well as providing agility. This enables us to respond quickly to new infrastructure capability and implement new applications or cloud services, which in turn supports our drive to automate services, use data and business intelligence for better business decision-making, and improve digital services.

We have a rolling programme of improvements for My Account, our resident portal, to ensure it is easy to use both for colleagues and customers.

Future focus

Over the summer of 2023, we published a new corporate strategy. The strategy, Better Together, covers a three-year period and sets out how we will continue to deliver on the connections, homes and places strands started during 2022/23.

The Better Together strategy combines the three core strands of better connections, better homes and better places into one high level document for both internal and external audiences. It incorporates the key objectives and priorities from the customer, assets, people and value-for-money strategies agreed and communicated to colleagues during 2022/23. The strategy also reflects our aspirations for sustainability, as set out in our 'one home, one planet', sustainability strategy, endorsed by the group board in October 2022.

It will be a three-year corporate strategy, running from 2023 to 2026, a timescale that aligns well with our aspirations for delivering the necessary transformation.

Performance against the new strategic priorities will be reported in a Better Together performance framework, presented to our executive board every month and to our operations committee and group board quarterly.

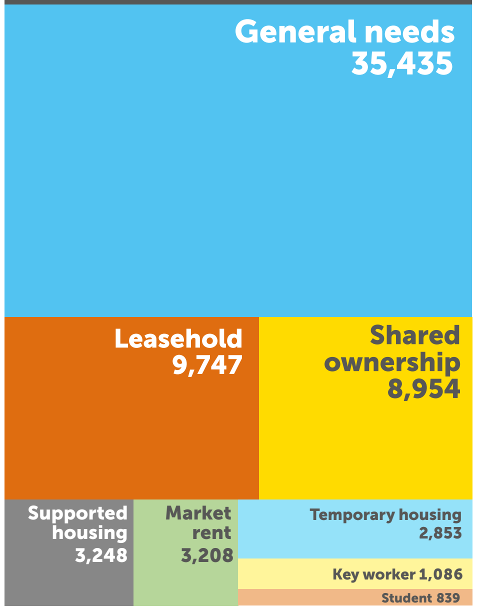
Where we work

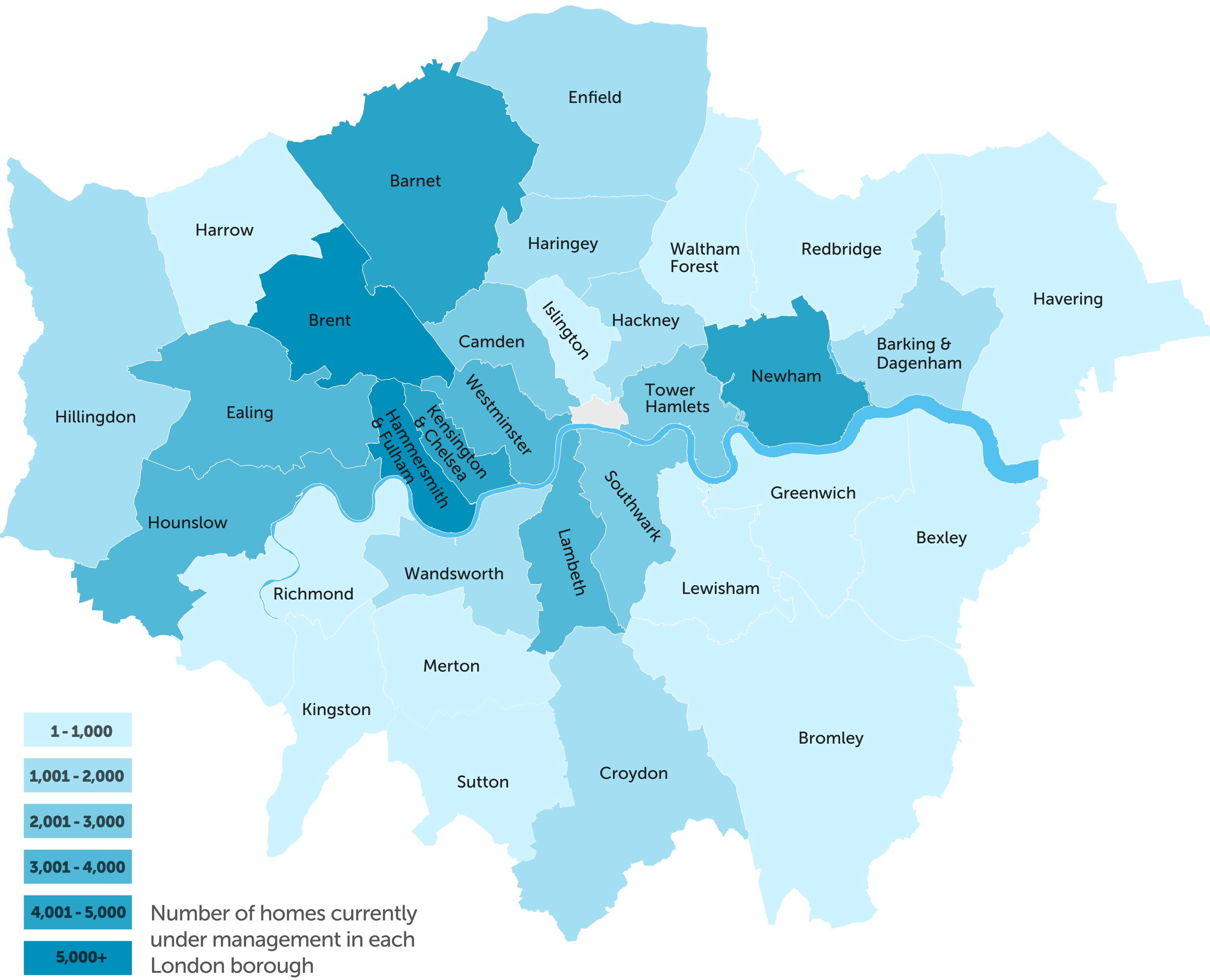
67,110
Total properties owned or under management

60,759 In London

6,351 Outside London

65,370
Properties under management
By tenure type:





Number of homes currently under management in each London borough

Key performance indicators

We have a well-developed set of performance indicators which are considered regularly by the board and are used by the board and the executive team to measure performance and drive improvements.

Key performance indicator (KPI)	2022/23 Performance	2022/23 Target	2021/22 Performance	2021/22 Target	Commentary
Rent collection rate over 12 months	99.8%	99.9%	99.3%	99.8%	Rent collection has improved during 2022/23 despite the continuing challenging economic conditions.
Current tenant rent arrears	5.3%	5.1%	5.8%	5.2%	The level of tenant rent arrears reduced from 5.8% in April to finish the year at 5.3%.
Occupancy rate	99.2%	98.6%	98.8%	98.4%	The occupancy rate has improved in 2022/23 and finished the year above target.
Transactional customer satisfaction	76.4%	75.0%	73.9%	73.0%	Regular transactional surveys are carried out with our residents to obtain feedback which assists us in making changes to the services we provide. Customer satisfaction finished the year above target. New tenant satisfaction measures are being applied and will be published in 2024.
Ombudsman findings of maladministration or service failure as % of all findings	48%	40%	45%	25%	We deeply value our customers and their satisfaction is our top priority. While the Ombudsman's findings in 22/23 were disappointing, they were influenced by increased industry-wide complaints and a new regulatory approach. To address this, we are initiating a transformative process centred around enhancing service delivery and complaints management. In 2023/24, we will conduct a thorough review of our complaints process and implement a centralised management framework to ensure a seamless and customer-centric experience.
Percentage of homes with a valid gas certificate	99.9%	100%	99.9%	100%	The vast majority of our homes have valid gas certificates with only 16 outstanding at the end of the year due to access issues.
Sales time to completion (weeks)	13	12	16	12	This year the average time to sell has reduced from 16 to 13 weeks.
Homes started	459	1,428	1,385	1,406	Our internal process only enables starts to be scored at the point of full building contract rather than on pre contract service agreement or developer commencement. Adding pre contact service agreements, performance was 1,544.
Homes completed	459	1,087	1,346	1,224	459 new homes were delivered this year, short of target with six schemes moved into the new financial year (626 homes).
Percentage of buildings with both an in-date fire risk assessment and no overdue actions	72%	100%	80%	100%	Our closure of overdue fire risk actions in 2022/23 was disappointing. This receives close scrutiny by the executive board. A plan to reduce the overdue actions over the current calendar year was approved in February 2023, since when performance has improved. All buildings have in-date fire risk assessments.

Chief financial officer's report

The Notting Hill Genesis group is in a strong financial position. Demand for our core business, affordable housing in London, remains high. Liquidity stands at £1,158.5m at 31 March 2023 and drawn debt is fixed, effectively managing risk in the current uncertain interest rate environment. Surplus for the year before tax was £106.1m.

Underpinning the updated corporate strategy is a revised asset management strategy, driving clear investment plans which can be met from our resources. 2023 has seen £39.7m (2022: £19.4m) of capital expenditure in existing properties and an increase of £40.3m in revenue expenditure on routine and planned maintenance. This ensures we address safety requirements, so that we provide good quality homes and estates to enable our residents to live their lives well.

Table 1 - Analysis of group surplus		2023 £m	2022 £m	2021 £m	2020 £m
Core operating surplus					
Turnover - excluding sales	Turnover increased by £30m with an Increase in general needs housing and supported housing grant amortisation	612.0	582.0	567.6	550.2
Operating costs – excluding development and sales	Operating costs increased by £40m in routine and planned maintenance as well as higher management and service costs	(485.2)	(427.5)	(409.3)	(393.0)
		126.8	**154.5**	**158.3**	**157.2**
Margin	Increased maintenance has reduced margin by 6%	**21%**	**27%**	**28%**	**29%**
Impairment		(4.7)	10.6	(10.4)	(10.0)
		122.1	**165.1**	**147.9**	**147.2**
Sales and investment surplus					
Fair value gains -investment properties	Rise in market rent offset by fall in the commercial valuations	36.3	4.8	16.2	12.6
Surplus from joint ventures	Higher sales volume during 2023	8.2	1.0	7.2	18.6
Surplus on disposal of assets	Reduced shared ownership staircasing, offset by extra care sale	50.8	49.2	37.7	27.8
Development and sales	Compensation of £6.9m to residents for cladding defects has reduced surpluses in 2023, alongside fewer sales	0.5	10.6	53.2	6.4
		95.8	**65.6**	**114.3**	**65.4**
Results from financing activities					
Net financing costs	Positive gain on financial instruments	(111.8)	(117.8)	(117.5)	(114.5)
Surplus for the financial year before tax		**106.1**	**112.9**	**144.7**	**98.1**

Overall, group turnover decreased from £836.9m in the year to 31 March 2022, to £728.1m in the year to 31 March 2023. The decrease of £108.8m is explained by the £138.8m decrease in sales and development revenues to £116.1m (2022: £254.9m) offset by the £30.0m increase in core business turnover as shown in table 1 above. The overall surplus before tax was £106.1m, less than the comparable surplus in 2022 of £112.9m. The analysis table details the breakdown of the surplus of £106.1m, together with the comparatives for the previous three years.

The margin on core operations has fallen largely as the result on increased expenditure on repairs, from 27% in 2022 to 21% in 2023.

Sale of assets

In November 2022 we sold 435 units to Housing 21, an extra care provider, for £61m. Other housing assets realised a surplus of £17.8m and shared ownership staircasing delivered a surplus of £33.0m.

Sales margins

The margin on private sales was 9% (2022: 12%) and on shared ownership first tranche sales 18% (2022: 14%).

Compensation

We are the freeholder at Oak Square and Windmill Estate which have suffered from some significant building defects. We are working with the National House Building Council (NHBC) to resolve the defects and remedial works are underway. Unfortunately, the remedial works are leading to disruption and inconvenience for the residents. In recognition of the negative impact on our residents we have paid compensation amounting to £6.9m in 2023.

Fire remediation

We have continued our programme to assess the risk to our buildings of the spread of fire across the external wall and remediate where deficiencies are identified. In 2023 we spent £8.2m on fire remediation. This work is being partly funded by grant from the Building Safety Fund and the original contractors agreeing to remediate defects, as well as our own budgeted funds. Alongside these remediation works we are working to ensure we meet all the requirements of the Building Safety Act 2022 as the implementation timetable comes into effect.

Table 2 – Analysis of unsold homes

Category	Shared ownership	Private sale	2023/23 Total	2021/22 Total
Unsold homes as at 1 April	215	60	275	548
Homes completed – as originally intended	61	-	61	387
Homes transferred to London Living Rent tenure	-	-	-	(76)
Homes sold on a plot by plot basis	(246)	(57)	(303)	(424)
Bulk sale to private investor	-	-	-	(160)
Unsold homes as at 31 March (Units)	**30**	**3**	**33**	**275**

Sales of unsold homes

Throughout the year and as shown in table 2, we have diligently monitored and effectively managed handovers as well as unsold homes, resulting in a significant reduction to just 33 units unsold as at March 2023.

Impairment

We have carried out an impairment review of housing properties, analysing both those in the course of construction and completed units. In addition, we have considered the impact of fire remediation works on housing properties in the impairment assessment. The result of this review is set out below:

Completed properties (nil impairment)

- The impairment review of completed properties, taking into consideration the cost of the fire remedial works, does not reveal any adverse movement in the net book value compared to the depreciated replacement cost. Therefore, there is no impairment.
- Work performed in respect of impairment of void properties found no impairment.

Other social housing (£0.7m impairment and £2.2m cost of sales adjustment)

- Following the review of ongoing development projects, the stock write-down of schemes under development is £1.9m and potential write-down of completed projects after factoring in 5% reduction in the estimated sales price correction due to the current political and economic environment is £0.3m. This write-down is carried in cost of sales.

- £2.3m previously impaired on the Paragon scheme has been transferred to repair costs, incurred in the year.
- Additional development work in progress has been assessed for impairment and a provision of £3m made.

Other than social housing (£4m)

- In addition to housing properties and development projects, we have assessed and impaired software held in intangible assets by £3.7m.
- Joint ventures and commercial properties have been impaired by £0.3m

Pension liabilities

Actuarial pension movements are £6.7m adverse for the year (2022: £13.5m positive). Defined benefit liabilities total £23.8m at 31 March 2023. The board continues to evaluate routes to mitigate future risk.

Going concern

The board has considered the potential impacts from numerous multi-variant adverse scenarios, which include a decline in sales, increase in rental arrears, increase in voids, and tightening of liquidity among other factors. Options for mitigation to ensure the business can continue in the short and longer term have also been reviewed. Mitigations exist for all scenarios as a precaution, to ensure compliance with all covenant and regulatory requirements. In addition to the scenarios outlined, the board has stress tested a number of different scenarios which could affect Notting Hill Genesis' future plans. The main areas the stress testing considered were building contracts, sales, operating income and costs. The outcome of stress tests performed focussed on liquidity and covenant compliance as a result of adjusting the key inputs. The resulting worst case scenario of the stress testing exercise, in which all adverse impacts described above would crystallise, indicates the probability of a covenant breach occurring in 2023 and 2024 is remote, and exhibited that Notting Hill Genesis is able to withstand these external pressures. Periodic updates to the financial business plan, management accounts forecasts and key performance indicator reporting enables continuous monitoring of the business.

After making these enquiries, the board has a reasonable expectation that Notting Hill Genesis has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, Notting Hill Genesis continues to adopt the going concern basis in the financial statements.

Ratings

Notting Hill Genesis is rated by Standard and Poor's (S&P) and Fitch.

On 14 March 2023, Standard and Poor's (S&P) reaffirmed the rating of A- (outlook stable) assigned to Notting Hill Genesis. This reflects their expectation that social housing lettings form the bulk of turnover, and the sale of unsold and new homes, will be managed in a risk appropriate manner. This rating has remained unchanged since 5 June 2019.

On 31 October 2022, Fitch reaffirmed the rating of A (outlook negative).

We do not solicit a rating from Moody's, but they maintain an unsolicited rating on several of our bonds issued by our legacy organisations. On 14 March 2023, Moody's reaffirmed its opinion on these instruments of A3 (outlook negative).

Capital structure and treasury policy

The board approves an annual treasury plan each year, which sets the strategy on how we mitigate and manage treasury-related risks.

As at 31 March 2023, the group had eight public bonds in issue with an outstanding nominal value of £2.3bn.

Secured borrowings at 31 March 2023 were £3,305.2m (2022: £3,352.5m) and immediately available undrawn facilities were an additional £1,098.3m (2022: £789.7m). This debt is borrowed from banks and building societies in the UK, as well as from the capital markets.

Unrestricted cash and deposits immediately available to the group totalled £54.3m, meaning we had available liquidity of £1,158.5m (2022: £866.2m). This is comfortably in excess of the group's internally set liquidity requirement limits.

The current interest rate strategy, along with the position as at 31 March 2023 is set out in table 3.

Table 3 – Interest rate strategy

	Policy range			
Category	Lower	Central	Upper	Actual
Fixed	50%	75%	105%	100%
Floating	(5%)	20%	40%	(2%)
Inflation linked	0%	10%	20%	2%

The interest policy range disclosed in table 3 are set by the board on an annual basis. The figure shown as 'lower' is the minimum approved by the board and the figure shown as 'upper' is the maximum.

Table 4 provides an analysis of when the debt outstanding at 31 March 2023 falls due for repayment.

Table 4 – Debt maturity

	Group £m	NHG £m
0-1 years	30.1	27.3
1-2 years	26.7	21.7
2-5 years	371.9	77.8
5-10 years	1,007.2	966.8
10-20 years	1,060.8	961.1
20-30 years	477.7	477.7
30-40 years	330.8	330.8
TOTAL	**3,305.2**	**2,863.2**

The group's policy in relation to cash surpluses is to preserve capital. Cash surpluses are thus invested in money market funds rated AAAmf and approved UK institutions rated ukA1 by S&P.

Notting Hill Genesis had entered into various interest rate swaps at the year-end to manage the interest rate charged on variable, fixed and currency debt. Under the terms of its interest rate swap agreements, we can be required to provide cash or property as security for future payments. The amount of security is assessed by the counterparty banks on a regular basis (weekly or monthly, dependent on the lender).

As at 31 March 2023, the amount of cash and properties pledged as security for interest rate swap transactions was £332.8m (2022: £332.8m).

The group generally borrows and lends only in sterling, which minimises associated currency risk. In the interests of diversifying the lender base borrowings in foreign currency may be made but all associated cash flows are swapped into sterling to mitigate currency risk.

As at 31 March 2023, £624.7m (2022: £651.0m) of the group's variable debt had its interest rate hedged by stand-alone interest rate swaps.

A further £42.0m (2022: £42.0m) of the group's fixed debt had its interest rate hedged by stand-alone swaps and ¥5bn (2022: ¥5bn) of the group's debt had been hedged into £28.0m (2022: £28.0m) by a currency swap.

Notting Hill Genesis and Notting Hill Home Ownership have a policy of not granting floating charges, although this policy does not extend to subsidiaries.

Housing properties

Notting Hill Genesis now owns and/or manages more than 67,200 properties of various tenure types. The property valuation table below details the cost of the properties together with their net book value, as well as the estimated open market value.

Housing properties are held at either cost or deemed cost in the balance sheet. At 31 March 2023, the board was of the opinion that the value of the completed housing properties owned by the group compared with their cost is as detailed in table 5.

Valuation of the shared ownership properties is based on the open market value for the equity share retained by the group. The equity share retained by the group, typically represents 57% of the whole property, with the balance owned by the leaseholder.

Table 5 – Property valuation table

	General needs £m	Shared ownership £m	Market rent £m	Total £m
Cost (excluding depreciation and social housing grant)	5,848.7	1,162.7	1,064.8	8,076.2
Net book value	5,299.5	1,154.3	1,064.8	7,518.6
Value				
On a market value subject to tenancy basis	10,998.0	1,395.9	1,064.8	13,458.7
On an existing use for social housing basis	4,989.3	1,395.9	n/a	6,385.2

Value for money (VfM)

Strategic context

Our corporate strategy under the Better Together plan and its three strands of better homes, better connections, and better places, aims to deliver improved outcomes for our residents and NHG. Key underpinning strategies have been refreshed for customers, assets, people and sustainability.

Supporting this is VfM and transformation in structures and technology.

Through making best use of all our resources, we will achieve VfM. We have developed appropriate objectives and metrics that will enable us to demonstrate these improved outcomes.

We have a suite of operational KPIs that are reported to the board each quarter, with each metric linked to a theme within the corporate strategy, giving the board a clear understanding of performance and the ability to take informed decisions about the use of the group's limited resources, to deliver outcomes for residents.

Our revised VfM strategy was approved by the board in March 2023 and is the framework to ensure we deliver VfM while maintaining our financial strength. This annual report provides our stakeholders with information on how NHG is performing against our peers and measures our position over time. Other key performance indicators (KPIs) can be found elsewhere within this report that provide information on NHG's progress against key operational targets and give an indication of how effective we are in both the delivery and quality of our services with the resources we have.

The Regulator for Social Housing (RSH) has outlined certain expectations in its 'VfM Standard 2018'. The Regulator has defined seven VfM metrics and these are included below together with median data for the last financial year (2021/22) for our G15 (London largest RPs) peer group.

External environment

Over the last year, we have seen rising inflation impacting our costs in particular utility, staffing and maintenance contracts. Combined with the capping of social rents below inflation (at 7% for 2023/24) this has put additional pressure on our budget for 2023/24 and our medium-term financial forecasts.

These financial pressures will impact our ability to demonstrate improved performance across all aspects of VfM in the short term.

Despite these challenges and recognising the high need in London, NHG remains committed to high-cost specialist accommodation such as temporary housing (2,900 homes) and care and support (4,400 homes). The outcomes for residents who would otherwise be homeless or living in less supportive and more expensive accommodation is considerable.

In the core general needs housing portfolio, sustained low rents delivers sizeable VfM, for residents and also for the public purse. Each year NHG subsidises rents at levels below the local housing allowance and in 2022/23 this exceeded £330m.

Our residents

KPIs on page 19 show strong occupancy (99.2%) and well managed collections (99.8%) with customer satisfaction of 76.4%.

The quality of complaints handling is recognised as an area for improvement and resources have been deployed in 2023/24 and beyond, to improve service effectiveness and outcomes for residents. The efficiency with which stage 1 complaints are dealt with (70% within the 10-day timescale at March 2023) is targeted to reach 100% in 2023/24.

Table 1 – Regulatory VfM metrics)	21/22 peer group (median)	NHG ranking across G15	21/22 actual	22/23 budget	22/23 actual	23/24 budget
1. Reinvestment % (development)	6%	12	3.4%	3.1%	3.7%	4.4%
2A. New supply delivered - social housing homes	1.1%	4	1.6%	1.1%	0.5%	1.7%
2B. New supply delivered - non-social housing homes	0.2%	4	0.8%	0.4%	0.3%	0.2%
3. Gearing %	47%	8	47.6%	50.7%	46.6%	46.9%
4. EBITDA MRI interest cover	99%	2	145.3%	140.7%	92.9%	119.6%
5. Headline social housing cost per unit (CPU)*	5,191	12	6,673	6,663	7,953	7,521
CPU - excluding building safety and asset strategy	n/a	n/a	6,458	6,024	7,552	7,091
CPU - excluding other costs	4,786	11	5,217	5,392	6,551	6,370
6A. Operating margin % - social housing lettings only	27%	9	25.1%	25.2%	18.8%	24.5%
6B. Operating margin % - overall	20%	3	21.0%	24.7%	16.8%	23.5%
7. Return on capital employed (ROCE) %	2.5%	1	6.2%	2.3%	2.2%	2.2%

* excludes costs related to properties sold to Housing 21

Effective procurement helps deliver VfM. During 2022/23 the in-house procurement team has delivered savings of over £2m in contract tendering (over the contract period). The largest contributors to this are heating and hot water upgrades and warden callout, both of which in turn directly benefit residents.

Our homes

Notting Hill Genesis's strategy remains focused on planned, long term investment in existing stock. We are spending £500m (uninflated) on our planned investment between now and 2030 with a constrained development programme, whilst improving our residents' experience. The board has set a strategic direction to focus on London and resultant stock disposals over the coming years will ensure optimal future services for residents.

We have continued our programme of investment in response to building safety regulations related to cladding and tall buildings. Between now and 2031, we prudently estimate we will spend £157m (uninflated) net of recoveries from third parties and funding from the government building safety fund. £8m was spent in 2022/23.

Levels of reinvestment and new supply form two of the regulatory metrics, as shown in Table 6.

Reinvestment % measures the investment made in both our existing homes and on new developments. Performance has not returned to pre pandemic levels due to the intention to reduce our development programme to focus on investing in our existing assets. 2023/24 will see an increase.

On new supply we are lower than peer group median in social housing and higher in non-social housing homes for 2022/23. For 2023/24, we plan to deliver an increased number of social housing homes with a smaller programme of non-social housing than previously. We expect to remain in line with our peer group.

Financial strength

Gearing: measures the ratio of debt to assets. It shows we are in line with our peer group and maintaining a stable position over the last three years. The regulatory metric does not include investment properties where NHG carries a portfolio of £1.2bn, considerably larger than most peers. Including these assets would give gearing of 39.8% compared with 46.6% shown in Table 6. Capacity is strong but is constrained by the ability to meet interest payments on any new debt.

EBITDA MRI interest cover: indicates the capacity to meet interest payments. For 2021/22, NHG remains above the peer median, although for 2022/23 this is lower due to reduced sales surplus and increased spend on maintaining our properties. There will be further planned spend on our existing assets and continued fire remediation spend for 2023/24, in addition to the impact of rising inflation on operating costs. The regulatory metric omits other operating activities which are significant to NHG and included in interest cover covenants. Including this income would give interest cover of 167.8%.

Operating margin % - social housing lettings: has decreased from 25.2% to 18.8% in 2022/23 due to higher spend on our assets in both planned and routine repairs but this is budgeted to improve for 2023/24.

Operating margin % - overall (excludes other operating income): Our operating margin for 2022/23 is lower than 2021/22 due to the increased repairs and planned maintenance spend. For 2023/24 we are expecting to be at our 2021/22 level, which reflects the continued spend on both routine and planned maintenance and fire remedial works, compounded by inflationary pressures on utility and other costs.

Return on capital employed: indicates how well we make use of our assets and debt to generate a financial return and we are currently above our peers in this metric for 2021/22 and for 2022/23, driven by one-off items. However, this is budgeted to return to peer group median for 2023/24.

Operating costs

Headline social housing cost per unit (CPU): we have seen a rise in 2022/23 due to our planned investment in existing assets and building safety programme. 2022/23 has also seen higher routine repairs spend. For 2023/24, this metric will drop slightly but still reflects our continued level of spend on routine maintenance and increased planned maintenance. This is compounded by the impact of inflation on operating costs.

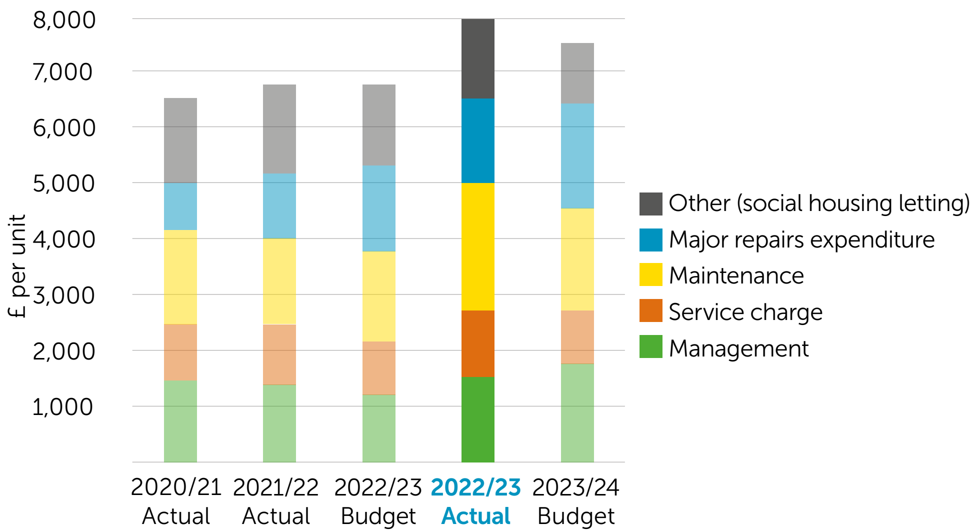
Table 7 provides a breakdown of social housing cost per unit and also draws out the impact of temporary housing and care and support costs, which are more costly but strategically important to the group's mission and a conscious decision on the board's

Table 7 - Breakdown of social housing cost per unit

	21/22 peer group	21/22 actual	22/23 actual	23/24 budget
Management	1,422	1,514	1,623	1,739
Service charges	884	978	1,096	952
Routine and planned maintenance	1,440	1,545	2,283	1,881
Major repairs	1,042	1,186	1,549	1,797
Other (mainly landlord rents)	698	1,450	1,402	1,151
Total[1]	**5,191**	**6,673**	**7,953**	**7,521**
Total excl temporary housing and care costs	**n/a**	**5,812**	**7,249**	**6,973**
Total excl temporary housing, care and building safety	**n/a**	**5,522**	**6,979**	**6,438**

[1] The peer group individual costs are median values; therefore, do not sum to median £5,191

Chart 1 – RSH cost per unit – years ending 31 March



part. We recognise that our CPU is therefore higher than others within the G15.

For 2023/24 our portfolio of temporary housing stock has projected costs for landlord rent of £43.4m. This activity has an overall impact of £545 on CPU. Our housing is mostly in London which further increases costs. NHG is ranked 12th amongst its peer group, in 2021/22, which now comprises thirteen members, with the inclusion of Guinness Partnership.

Management costs: shows a slight increase during 2022/23 and a further increase into 2023/24 arising from the impact of inflation and the increased resources needed to deliver planned organisational changes during the coming year and deliver our corporate strategic aims.

Service charges: will increase during 2023/24 driven in the main by rising utility prices. For 2022/23, costs fell as the prior year captured one-off costs.

Routine and planned maintenance: has risen significantly during 2022/23 due to higher response repair spend on damp and mould and additional compliance activities. This level of activity is anticipated to continue into 2023/24 which maintains current budget levels.

Major repairs: costs will continue to rise in 2023/24, reflecting further planned investment in our homes to improve the quality of them for our residents and meet building safety requirements.

Further VfM metrics

Going forward to 2026/27, the NHG individual business five-year plans aim to continue to drive VfM and cost efficiencies through year-on-year reductions in business metrics of 2.5% per annum from 2023/24 through to 2026/27 whilst recognising the continued challenge of funding the programme of activities to meet long term building safety requirements and investment in our existing homes as well as the impact of high inflation on our cost base.

Each business activity within NHG has a metric which is set as part of the annual budget cycle and is reported to the Board quarterly. These provide information to the Board on any adverse variance from target and enable businesses to act, where possible, to improve performance. These are also set as part of business five-year plans that are prepared as part of the long-term planning cycle.

There is a further suite of financial performance metrics as part of the business planning policy. These form part of the long-term strategic business plan and provides the board with assurance that NHG will meet banking, regulatory or credit rating agency requirements to ensure long term financial stability. These are also reported to the board each quarter as part of the financial results.

Further information

Stakeholders can find more VfM information on our website which includes our financial statements, corporate strategy and annual standards report.

Conclusion

2022/23 has once again been a year of continued reduction in risk at Notting Hill Genesis. In line with earlier decisions, the amount spent on new housing has continued to trend down to reach £267m in 2022/23. We expect to stay around this level over the next few years.

The level of unsold homes has continued to be closely managed and reduced from 275 at 31 March 2022 to just 33 at 31 March 2023, and has continued to fall after year-end. This has been achieved by a combination of individual home sales, bulk sales and transfers to rental tenancies, showing the flexibility of our model. Overall, this has meant that the net debt of the organisation fell in 2022/23.

Further planned portfolio management and high levels of available liquidity means that we expect to finance the estimated repairs, costs of stock investment and new development for the next four years from existing resources. Overall, the group is in a strong position to continue to deliver on its corporate strategy.

Principal risks and uncertainties

Notting Hill Genesis's board is responsible for ensuring that threats and opportunities are managed appropriately to ensure the long-term success of the group. It is supported by the audit and risk committee and the executive board. Executive board members individually are accountable for effective risk management within their areas of responsibility and are corporately responsible as the group's executive board.

Our risk framework comprises the following elements:

- Risk mapping and assessment to identify and prioritise risks at corporate and business or department level.
- A statement of risk appetite that provides the board's boundaries on risk taking.
- A system of internal controls to provide the board with adequate assurance on control effectiveness.

The framework sits at an operational level with executive board members responsible for the identification and measurement of risks within their operational areas. These operational risk maps inform the corporate risk review. Those are reviewed at least quarterly at an operational level and then compared for cross-cutting themes and risk interdependencies.

The corporate risk map is owned by the executive board. It is reported to the audit and risk committee each quarter and reviewed by board at least annually. The board is responsible for any changes to risks identified on it. The audit and risk committee at each meeting reviews one of the identified risks with a deep dive discussion.

Risk maps are also in place for individual projects such as development and regeneration schemes and major projects. These are reviewed as part of performance management and would inform wider discussion of risks.

Articulating risk levels

All corporate risks could cause significant harm to Notting Hill Genesis and they are therefore not scored for likelihood – they are automatically graded as red prior to consideration of any controls in place. Each risk activity is assessed against the financial, regulatory and reputational impact as well as any other impacts that may be pertinent. Where a risk is identified as either red or amber, an action plan is put in place to address those risks. It is accepted that it may not be possible to deliver corporate objectives without taking some risks. Risk appetite varies between different business areas and changes over time depending on the opportunities presented by the activity weighed against the risk exposure.

There is a comprehensive system of internal controls in place outlined within the statement of board responsibilities.

Looking ahead

Given the challenging external operating environment the board will continue to appraise the group's risk appetite and adequacy of risk mitigations. Understanding and meeting the changing needs of customers is a key focus.

Current RAG status	Risk heading	Comments	Mitigation
	Adverse consequences arising from regulatory action and / or changes in government policy/legislation	The external political situation is volatile, and NHG works with a wide range of public bodies. There has been new regulation and government support opportunities.	NHG continues to monitor the evolving political landscape closely. Furthermore, NHG continues to stress test business plans with changing scenarios and review uncommitted development sites.
	Failure to comply with health and safety standards and building safety act.	Risks in relation to building safety, particularly fire safety and carbon monoxide are of key concern for us, and decisive action is taken as necessary.	NHG commits significant spend to building safety works on existing homes and those being developed. This is supported by clear structures and performance monitoring. There is a clear health and safety culture in place.
	Liquidity risk	We maintain sufficient liquidity at an affordable price in order to meet our commitments as they fall due.	NHG has in place a treasury policy which includes a liquidity policy that the board monitors closely. The policy is approved annually by the board and is prepared jointly with our treasury advisers. We test compliance with the liquidity policy on our business plan and regularly update cashflow forecasts to identify funding needs well ahead of time to maintain compliance with our liquidity policy.
	Governance	We aspire to be led by a skilled board, which reflects the diversity of the residents we serve.	NHG has an experienced and skilled board consisting of non-executive and executive members which has been refreshed. There are regular skill reviews and appraisals as well as reflection on governance good practice.
	Failure in customer service delivery	The service we deliver to residents is of key importance, and we aim to provide a consistently high level to all our customers.	There is a new Customer Strategy in place delivery of which is closely monitored by the operations committee. A new operating model with greater clarity for service delivery is being introduced informed by significant customer insight work with residents.
	Poor data integrity and governance	NHG relies on quality data to ensure that it serves residents and manages its assets and liabilities.	There is a dedicated data governance team that works to improve data quality across the group.
	Failure to secure the people we need to deliver NHG's mission	NHG needs the right people in the right roles.	NHG is reviewing how it develops, supports and recruits staff. There is a new people strategy in place and each manager is taking part in a manager development programme.
	Technology failure	NHG needs technology that supports business needs now and into the future. There are risks to this technology from hostile external attacks and supplier failure.	The IT operating environment is regularly reviewed for areas where security can be improved including penetration testing and business continuity testing.
	Cost pressures mean that corporate objectives cannot be met	There has been consistently high inflation, particularly for core building products.	NHG seeks to work closely with suppliers to explore joint efficiencies as well as enforce clear contract management. The board has prioritised spending to be on resident facing activities.
	Unable to achieve building safety in line with legislation	Building safety requirements for existing and proposed building are increasing, placing pressure on supply chains.	NHG proactively prepares for forthcoming legislation and has identified staffing and budget resource to meet current and anticipated requirements.
	A fraud leads to significant financial loss, prosecution or reputational damage	There is always a risk that NHG or its residents / staff could be affected by fraudulent activity.	There are clear internal controls in place. These are communicated with staff regularly and NHG is increasing its levels of engagement with core contractors to ensure they maintain consistent control environments.

Streamlined energy and carbon report

The total greenhouse gas emissions for Notting Hill Genesis are 20,312 tCO2e for the financial year 1 April 2022 to 31 March 2023. These include the emissions associated with UK electricity and natural gas consumption, and business travel in company vehicles, as required to be disclosed by legislation.

Comparison with the previous year shows a decrease in emissions of 1,494 tCO2e, or -7%. This decrease is largely contributed to by reductions in electricity consumption. The decrease in carbon emissions, however, should be considered against a reduction in company annual turnover from £836.4m to £728.1m or -13%, in the corresponding period. The ratio of emissions/turnover has thus increased from 26.1 (tCO2e per £m Turnover) to 27.9, an increase of 7.0%.

Greenhouse gas emissions

Table 1: Greenhouse gas emissions by fuel (tCO2e)

Group - Emissions source	2021/22	2022/23	Share (%)	YoY Variance (%)
Fuel combustion: Natural gas	12,589	12,274	60.43%	-3%
Purchased Electricity	9,203	8,033	39.55%	-13%
Fuel combustion: Transport	14	5	0.02%	-64%
Total emissions (tCO2e)	**21,806**	**20,312**	**100%**	**-7%**
Revenue £m	836.4	728.1		-13%
Intensity: (tCO2e per £m)	**26.1**	**27.9**		**7.0%**

Table 2: Greenhouse gas emissions by scope (tCO2e)

Group - Emissions source	2021/22	2022/23	Share (%)	YoY Variance (%)
Scope 1	12,593	12,274	61%	-3%
Scope 2	8,464	7,361	36%	-13%
Scope 3	749	677	3%	-10%
Total emissions (tCO2e)	**21,806**	**20,312**	**100%**	**-7%**

Scope 1: Natural gas. Scope 2: Electricity and company operated vehicles. Scope 3: Losses from electricity distribution and transmission, and Grey Fleet. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.

Energy consumption

The energy consumption for reporting period for Notting Hill Genesis is 105,320,908 kWh for the financial year 1 April 2022 to 31 March 2023.

Table 3: Energy consumption by fuel (kWh)

Group - Emissions source	2021/22	2022/23	Share (%)	YoY Variance (%)
Natural gas	68,732,450	67,240,133	64%	-2%
Purchased Electricity	39,818,504	38,059,155	36%	-4%
Fuel combustion: Transport	59,662	21,620	0%	-64%
Total consumption (kWh)	**108,610,616**	**105,320,908**	**100%**	**-3%**

Boundary, methodology and exclusions

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary[1].

This approach captures emissions associated with the operation of all buildings such as offices and houses, and company-owned transport. This report covers UK operations including Notting Hill Genesis. Included is the mandatory disclosure of emissions of those subsidiary companies which would otherwise be required to account on their own account, plus the voluntary disclosure of emissions of those subsidiaries which are not liable under SECR and which Notting Hill Genesis are not therefore obliged to, but choose to, report. A list of all subsidiaries whose emissions are reported is appended, for information.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2020.

Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

The overall data completeness of electricity and gas is 98% (across 5584 sites) and 96% (across 251 sites). No estimation has been made since the missing data is considered trivial.

The reporting period is April 2022 to March 2023, as per the financial accounts.

[1] An operational control approach to Green House Gas emissions boundary is defined as: "Your organisation has operational control over an operation if it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies at the operation".

Energy efficiency initiatives

Notting Hill Genesis is a leading housing association that manages over 67,000 homes in London and the southeast of England. As part of its ongoing efforts to reduce carbon emissions, improve energy efficiency and improve system reliability, Notting Hill Genesis partnered with Fairheat, a specialist energy consultancy, to carry out heat network improvement works. The aim of these works was to upgrade the existing heating and hot water systems, reduce energy waste, and improve resident comfort.

Improvements were carried out at the following places:

Place	Improvement
Windmill Park	The heat network improvement works at Windmill Park involved upgrading the existing communal heating and hot water systems, installing new heat interface units, and upgrading the control systems.
Grange Walk:	The heat network improvement works at Grange Walk involved upgrading the existing communal heating and hot water systems. The upgrades included installing more efficient boilers, installing new heat interface units, and upgrading the control systems.
Thomas Road	The heat network improvement works at Thomas Road involved upgrading the existing communal heating and hot water systems. The upgrades included installing more efficient boilers, installing new heat interface units, and upgrading the control systems.
Mildmay Estate:	Mildmay is a district heating system located in Shoreditch, East London. The development-led network was built in 2014 and serves 139 residential connections and a hospital. The system utilizes central gas boilers to provide heat to the network. In 2017/2018, a FairHeat Optimisation Study was conducted on the district heating system. The study found that some of the heat interface units were performing poorly, which resulted in high energy bills for customers. As a result, these heat interface units were replaced. Additionally, a smart metering system was installed to allow for better monitoring and management of energy usage. Underfloor heating systems were also recommissioned to improve their performance. Overall, these improvements have resulted in a more efficient and cost-effective district heating system for the residents and hospital served by Mildmay. The heat network improvement works at the Mildmay Estate included extensive improvements to the distribution of heat and hot water from the main plant room. In addition new heat interface units were installed in homes where the previous models were performing poorly, smart metering was installed to allow for better monitoring and management of energy consumption and underfloor heating systems were recommissioned to optimize their performance.

In addition, NHG approved a strategy that will mean that all its homes for letting will carry an EPC "C" rating or better by 2030.

Further information on environmental, social and governance issues can be obtained from the NHG 2022/23 ESG report.

Governance

The board and committees

Group board

- Audit and risk committee
- Corporate finance and treasury committee
- Operations committee
- Development and sales committee
- People committee
- Nominations committee

Notting Hill Genesis (NHG) is governed by a board ('the board'). The board has nine non-executive members plus one executive. Details of all board members, who are drawn from a range of backgrounds, are set out on the next page.

The board delegates some of its responsibilities to committees, each of which has a group-wide remit. Each of these committees has clear terms of reference and delegated authority. They report back to the board after each meeting.

During the year ended 31 March 2023, there were six main functional committees in operation within NHG: the operations committee, the audit and risk committee, the corporate finance and treasury committee, the development and sales committee, the people committee and the nominations committee.

Audit and risk

The audit and risk committee oversees internal and external audit functions, the risk management framework and internal control framework. In 2022/23, the committee reviewed the organisation's cyber security measures and whistleblowing and fraud register, as well as conducting a risk deep dive into several critical areas, including declining sales, failure to comply with health and safety regulations, failure in customer service delivery, and the impact of changes to government policy, legislation, and regulation.

During the review of cyber security, the committee assessed the effectiveness of the group's information security measures, vulnerability assessments, incident response plans, and data protection protocols. It also evaluated our readiness to defend against cyber threats and analysed any recent cyber incidents or breaches to identify areas for improvement.

On the whistleblowing and fraud register, the committee ensured that we have robust mechanisms in place to receive and address reports of misconduct, fraud, or any unethical behaviour. It reviewed our whistleblower protection policies, anonymity provisions, and the responsiveness of management to reported concerns.

Finally, the committee thoroughly examined the potential risks arising from changes to government policy, legislation and regulation. It evaluated our processes for monitoring and adapting to evolving legal and regulatory requirements, ensuring compliance and minimising potential adverse impacts on our operations.

Corporate finance and treasury committee

The corporate finance and treasury committee oversees performance in core financial areas. In 2022/23, the committee reviewed the organisation's quarterly treasury reports, which provided a comprehensive analysis of our cash flow, liquidity position, and investment activities. It assessed the performance against treasury objectives and considered any potential areas for improvement or risk mitigation. On an annual cycle, the committee reviewed our treasury management policy to ensure it aligned with current best practices and addressed the evolving treasury risks faced by the organisation. The policy was updated to incorporate any changes in regulations, market conditions, and our financial priorities.

The committee has also overseen the proposed bulk transfer of pension assets and liabilities from the Social Housing Pension Scheme to the Notting Hill Genesis pension scheme. It reviewed the property and corporate insurance renewal report for the given period, and the scope and coverage of insurance policies to safeguard our assets, properties, and other valuable resources. Additionally the committee conducted a detailed analysis of our use of financial derivatives, including interest rate swaps and other hedging instruments. It assessed the effectiveness of these derivatives in managing financial risks and examined the associated accounting treatments.

The committee oversaw the process of updating bond signatories, ensuring that the authorised individuals responsible for bond-related activities were current and aligned with the organisation's management structure and policies. By reviewing and deliberating on these critical areas, the committee provided valuable insights, recommendations, and strategic guidance to the organisation's leadership. Its oversight contributed to overall financial stability, risk management, and continued success in the core residential businesses during the 2022/23 fiscal year.

Operations committee

The operations committee oversees performance of our core residential businesses. In 2022/23, it reviewed the operational performance of our residential businesses, examining key performance indicators and operational metrics to gauge the efficiency and effectiveness of property management, maintenance, and other essential services. The financial performance of our core residential businesses was also subject to a comprehensive review by the committee. It analysed financial reports, budget adherence, cost management strategies, and revenue generation to ensure financial sustainability and support the organisation's mission.

Rent collection and rent arrears management reports were examined to assess the effectiveness of our procedures for collecting rent, reducing arrears, and supporting residents facing financial difficulties. The committee sought to maintain a fair balance between revenue generation and providing assistance to residents in need. It conducted a detailed voids and lettings review to optimise property occupancy rates and minimise the time between tenancies. The committee also evaluated the efficiency of the letting process and explored strategies to reduce void periods.

Regarding the new customer strategy for the business, the committee critically evaluated our approach to attracting and retaining customers. It examined customer onboarding processes, and initiatives to enhance customer loyalty. The Better Together managers development programme was reviewed to ensure that managerial staff received adequate training and support to lead their teams effectively. The committee assessed the programme's outcomes and impact on operational performance and employee satisfaction.

Finally, the resident annual report was thoroughly assessed to understand resident perspectives on our services, identify areas of success and improvement, and reinforce the organisation's commitment to transparency and accountability.

Based on the findings and insights from these reviews, the committee provided recommendations and strategic guidance to the organisation's leadership, contributing to the continued success and growth of our core residential businesses.

Development and sales committee

In 2022/2023, the development and sales committee reviewed and assessed the success and issues faced in development and regeneration projects, some of which are being run as joint ventures. This included a financial appraisal of their performance, viability and constraints. The committee examined how each project aligned with the group's overall strategy and objectives. Furthermore, the committee took into account any challenges or constraints faced during project execution, developing limiting strategies to minimise risks and enhance project viability. By addressing these issues proactively, the committee aimed to improve the overall performance and profitability of the joint ventures.

People committee

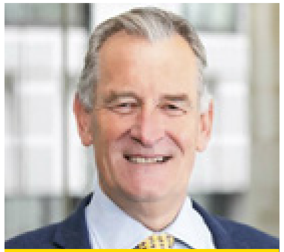
The people committee oversees the people function and provides for challenge through review, scrutiny, advice and support. Colleagues at Notting Hill Genesis are key for the delivery of its objectives. In 2022/23 it reviewed the emerging managers development programme that is now rolled out to all managers within the organisation, made recommendations on non-executive director remuneration to the board and agreed executive board member remuneration and bonus scheme.

The committee oversaw development of and the delivery plan of the people strategy which prioritises work to support colleagues across the organisation to deliver improved services to customers. It also reviewed the gender and ethnicity pay gap for 2022, examining initiatives in place and proposed to deliver improvements in outcomes as well as reviewing organisational people data.

Nominations committee

The nominations committee reviewed the recruitment of a new resident board member and for members of our operations committee.

Board and committee membership



Ian Ellis
Chair

Ian Ellis became chair of Notting Hill Genesis on 1 September 2019 and leads our experienced group board in providing strategic direction and oversight to the organisation to ensure we continue to provide high quality homes for lower income households in and around London.

Ian has a wealth of experience in the property world, particularly in vital areas such as repairs, maintenance and facilities management.

He has worked in real estate for more than 40 years. He is also an independent director of Portman Settled Estates.

During the 1990s, Ian was an equity partner and head of investment management at Richard Ellis, now CBRE. In 1998 he helped found Trillium, the UK's first integrated real estate, construction and facilities management business.

Following acquisition by Land Securities, Ian became chief executive of Land Securities Trillium and a main board director of Land Securities PLC. He remained with Trillium when it was bought by Telereal in 2009 to become executive chair of the combined Telereal Trillium, until 2014.

Fred Angole

Fred joined the board of Notting Hill Genesis in August 2020, having served as a member of its audit and risk committee from November 2019.

He also serves on the boards of Notting Hill Home Ownership and SpringBoard Two.

He has considerable executive and board level experience within the social housing sector including with the social housing regulator. He has previously been part of the successful turnaround of three troubled housing associations, having been appointed to their boards by the regulator, though that is not the case in this instance. He was previously finance and operations director at presentation housing association, a predecessor of Notting Hill Genesis.

Fred is a fellow of the Chartered Association of Certified Accountants with an MSc in finance and investment.

Fred serves on the board and is chair of the audit & risk committees for Newlon Housing Trust. He is group finance director of YMCA St Paul's Group.

Stephen Bitti

Stephen joined the Genesis Housing Association board in May 2017 and became a member of the Notting Hill Genesis group board when it was formed in April 2018.

He is chief executive officer at Healthwatch Kingston upon Thames, and director of his company Nudge Associates that provides consultancy services to health, social care, and wellbeing sectors. He is chair of his local residents association, and a former chief executive of UK Coalition of People Living with HIV and AIDS.

Stephen is a member of the Notting Hill Genesis and Notting Hill Home Ownership boards. He is also the chair of the resident voices group and a member of the operations committee.

Elaine Bucknor

Elaine joined the Notting Hill Genesis board in August 2018.

Elaine has over 20 years in operational and strategic technology consultancy and leadership roles, with multinational market leaders in the telecommunications, media, technology, travel, financial and public sectors.

She has recently been appointed as a non executive director of ULS Technology plc. ULS Technology is an innovative E platform to facilitate property market activities.

Patrick Franco

Patrick joined Notting Hill Genesis as chief executive in January 2023. He has a wide range of relevant experience across various sectors, including residential management, finance investment, hospitality, and tourism. Most recently, he was chief operating officer at Foxtons, where he led digital transformation programmes to improve customer experience and was instrumental in their work on environmental, social and governance matters. At Foxtons he was also an ardent advocate for LGBTQ+ inclusion within the property sector.

Patrick's earlier career was predominantly at Credit Suisse, where he held several roles, including chief operating officer of Credit Suisse Asset Management UK.

Patrick has additionally spent nearly a decade on the board, most recently as vice chair, of Global Heritage Fund, an international non-profit organisation that invests in cultural heritage to advance sustainable economic development and provide emergency response during crises.

Claire Kober OBE

Claire joined the Notting Hill Genesis board in September 2021.

She is the managing director (homes) at Pinnacle Group overseeing the company's housing, estates and property management contracts. Claire works in partnership with a range of clients in the local government, institutional investment and development sectors. She sits on the Pinnacle Group executive committee. Outside of Pinnacle she also serves on the board of Housing and Finance institute.

Prior to joining Pinnacle, Claire spent a decade in local government as leader of the London Borough of Haringey. Claire is a former chair of London Councils and held several senior portfolios at the Local Government Association. In 2015, Claire was awarded an OBE for services to local government.

She is a member of the audit and risk committee and chair of the operations committee.

Arike Oke

Arike Oke joined the group board in December 2020. She is currently the executive director for Knowledge and Collections at the British Film Institute. Formerly, Arike has been the managing director for Black Cultural Archives, the home of Black British history. She's worked in heritage for over 15 years, from the seminal Connecting Histories project in Birmingham, to building Welcome Collection's archive, and co-convening Hull's first Black History Month. Previously, she served as Co-Chair of the Association of Performing Arts Collections.

Arike is a shared ownership resident with Notting Hill Genesis. She's a member of the development and sales committee, the remuneration committee, the nominations committee, and of the resident voices group.

Ingrid Osborne

Ingrid joined the Notting Hill Genesis board in September 2021.

Ingrid is divisional chair, London and south east and member of TW UK group management team at Taylor Wimpey. She joined Taylor Wimpey as a graduate trainee in 2001 and began a long career in various roles and teams. Ingrid is also the group management team lead for the environment and sponsor of the Working Family Network.

She is a member of the audit and risk committee and chair of the people committee.

Alex Phillips
Senior independent director

Alex re-joined Notting Hill group board in September 2017 and became a member of the Notting Hill Genesis board when it was formed in April 2018, he also serves as senior independent director. He previously served as vice-chair of the Notting Hill Housing Trust and chair of the board of Notting Hill Home Ownership between 2008 and 2014.

Alex has over 28 years of experience in corporate finance and capital markets, as an investment banker and as the chief executive of a private company. Today, Alex is director of S-Ventures PLC, an investment vehicle in the consumer products sector and a Partner at Smith Square Partners, an independent partner-owned corporate finance firm in London which he joined in 2017. Prior to joining Smith Square, Alex was chief executive of Passtech, a private business serving oil & gas equipment manufacturers throughout the Middle East, leading its turnaround and sale to Overmach SpA between 2014 and 2017. Prior to joining Passtech, Alex enjoyed 22 years as an investment banker at large integrated firms advising corporations and governments: Credit Suisse (managing director) and Morgan Stanley (executive director).

Alex is a graduate of the University of Bristol, B.Sc. with joint honours in politics and economics (1992).

Richard Powell

Richard joined the Notting Hill Genesis group board in May 2017 and became a member of the Notting Hill Genesis board when it was formed in April 2018.

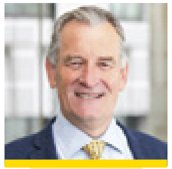
He is managing director of Latchmoor Properties Ltd, an advisory business promoting large mixed-use development projects across the UK. He is also a co-director of Cambria Group Ltd, an investment and development business investing in senior living, co-living and strategic land schemes in the south east. Richard is also director to Houghton Build Group Ltd, Cognatum Developments Ltd, Redwell Garden Village Ltd, Harlequin Campus Ltd and a director at Oxford West End Development Limited.

Richard was previously an executive director and board member at Grosvenor Britain & Ireland, where he was responsible for the £1.6bn investment and development activity outside Grosvenor's London estate. He was also a founding member of HM Treasury Taskforce in 1997, charged with structuring Public Private Partnerships to deliver better public services.

Richard serves on various boards, panels and foundations including the Chairman's Guild of the International Network of Traditional Building Architecture and Urbanism, Cambridge Ahead, and the Design Council. He was a member of the Mayor of London's Design Advisory Group and the New London Architecture Sounding Board.

Richard is a board member of Notting Hill Genesis and Notting Hill Home Ownership. He is the chair of the development and assets committee.

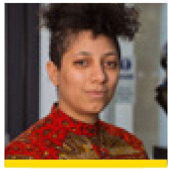
Board and committee membership



Ian Ellis
Chair

Stephen Bitti

Patrick Franco
Chief executive



Arike Oke

Alex Phillips
Senior independent director

Fred Angole

Elaine Bucknor

Claire Kober OBE

Ingrid Osborne

Richard Powell

	Ian Ellis (Chair)	Fred Angole	Stephen Bitti	Elaine Bucknor	Patrick Franco (Chief executive)	Claire Kober OBE	Arike Oke	Ingrid Osborne	Alex Phillips (Senior independent director)	Richard Powell
Audit and risk committee		Chair				✓		✓		
Corporate finance and treasury committee				✓					Chair	
Development and sales committee							✓		✓	Chair
Nominations committee	Chair			✓	✓		✓			
Operations committee			✓			Chair				
People committee		✓					✓	Chair		
Additional comments			Resident		Co-opted board member		Resident			
Attendance board meetings during 2022/23	7/8	8/8	7/8	7/8	3/3	8/8	6/8	8/8	8/8	7/8

The executive board

Patrick Franco

Chief executive
(appointed 03/01/23)

Notting Hill Genesis is managed by the executive board (EB), headed by the chief executive and supported by a team of six group directors.

Executives and other staff have no interest in NHG's shares and act as executives within the authority delegated by the board.

The chief executive and the EB members are on notice periods ranging from three to six months. Details of board and EB remuneration are shown in note 30.

Board members, senior staff and committee members are insured against personal liability when acting on behalf of NHG.

Katie Bond

Chief operating officer
(appointed 17/08/22)

Matthew Cornwall-Jones

Group director of assets and sustainability
(appointed 03/01/23)

Susan Hickey

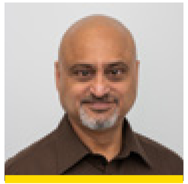
Interim chief financial officer
(appointed 18/05/23)

John Hughes

Group director of development and sales and deputy chief executive

Rajiv Peter

Chief information officer



Vipul Thacker

Group director of central services

Kate Davies CBE

Chief executive
(resigned 02/01/23)

Elly Hoult

Group director of assets and sustainability
(resigned 31/12/22)

Yomi Okunola

Chief financial officer
(resigned 18/05/23)

Key legal entities in the Notting Hill Genesis Group

Notting Hill Genesis
Asset owning RP

Folio London Ltd
Market rent company

- Treasury and bond vehicles

Notting Hill Commercial Properties Ltd
Develops and lets commercial properties

Development SPVs:
- Notting Hill Developments Limited
- Walworth Homes Limited
- Project Light Development 1 Limited
- Project Light Development 2 Limited

Notting Hill Home Ownership
Asset owning RP

Development SPVs:
- Canonbury Developments Limited

Notting Hill Community Housing Ltd
Rent properties at sub-market prices

Choices for Grahame Park Ltd
Develops and sells properties

GenFinance II Plc
Treasury vehicle

Springboard Two Housing Association
RP develops and owns homes

Activities at Notting Hill Genesis are carried out through a range of legal structures. The group is led by the parent, which is a charity, as well as being a registered provider of social housing. A number of limited companies and limited liability partnerships carry out the group's activities, which helps to mitigate risk. The key legal entities are listed above. The full list of subsidiaries and joint venture entities are disclosed in note 33.

Resident involvement

Residents are actively encouraged to become involved in decision-making by NHG, which promotes mechanisms through which they can influence operations. At 31 March 2023, we had two resident board members. We also maintain clear reporting arrangements between resident groups and the board.

Code of Governance

NHG has subscribed to the National Housing Federation's Code of Governance 2020 (code) as its code of governance.

NHG meets all provisions within the updated code.

The chief executive serves on the nominations committee.

Board evaluation, skills and appraisal

The chair is responsible for managing the performance of the board and the chief executive. The performance of the chair is reviewed by the senior independent director and the chief executive having taken feedback from all board members.

The board undertakes an annual self-assessment of its performance collectively and as individuals. An independent evaluation of board effectiveness is carried out approximately every three years. The last annual review was considered by board in March 2022. There are no concerns arising from the self-assessment in 2022/23. A number of small areas for future focus were identified and are being progressed.

Board member renewal

Members of the board are appointed for three-year terms. Their appointment can be renewed but they cannot serve beyond their sixth consecutive annual general meeting unless the board agrees that circumstances exist where it would be in the best interest of the group for them to serve for a longer period. No board member has served for beyond the agreed term:

Fred Angole	2020
Stephen Bitti	2017
Elaine Bucknor	2018
Ian Ellis	2019
Claire Kober	2021
Arike Oke–	2020
Ingrid Osborne	2021
Alex Phillips	2017
Richard Powell	2017

Compliance with the Governance and Financial Viability standard

The board confirms that an assessment of the group's compliance with the Governance and Financial Viability Standard has been completed and certifies that the group is compliant with the Governance and Financial Viability Standard

Employees

The strength of NHG lies in the quality of all its employees. Our ability to meet our objectives and commitments to residents in an efficient and effective manner depends on their contribution. NHG is committed to equal opportunities and in particular we support the recruitment of disabled people and the retention of employees who become disabled while in the employment of NHG. NHG has received recognition from the Department for Education for establishing policies of positive promotion of employment opportunities for candidates and employees with disabilities. NHG was assessed by Investors in People in 2022, and received the silver accreditation for wellbeing and silver overall.

We achieved silver in the Stonewall Workplace Equality Index and are ranked 58 in the UK, achieving top 100 employer status for the first time.

NHG has pledged to close the BAME gap, particularly at senior managerial, leadership and board roles and aims to achieve 40% BAME representation at board and committee level by 2025.

Our 2022 mean gender pay gap was 22.7 per cent and median gender pay gap was 16.0 per cent which compares to the UK median of 14.9 per cent.

More details can be found in the publicly available financial statements of all the relevant subsidiaries in the group required to report under S172 of the Companies Act and in our published pay gap reports available on our website.

Statement of board's responsibilities

The board is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The financial statements have been prepared in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice (UK GAAP), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Statement of Recommended Practice Accounting for Registered Social Housing Providers 2018 (SORP 2018) and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the registered provider of social housing (RPSH) and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

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

The board is responsible for keeping adequate accounting records that are sufficient to show and explain the transactions and which disclose with reasonable accuracy at any time the financial position of the RPSH and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing in England 2022 and the Registered Social Landlords Determination of Accounting Requirements 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the RPSH and to prevent and detect fraud and other irregularities.

The board is responsible for ensuring that the strategic report includes a fair review of the development and performance of the business and the position of Notting Hill Genesis (NHG) and its subsidiaries included in the consolidation, together with the disclosure of the principal risks and uncertainties they face.

The board is responsible for the maintenance and integrity of NHG's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Internal controls

The board has overall responsibility for establishing and maintaining the whole system of internal control for NHG and for reviewing its effectiveness.

The board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of NHG's assets and interests.

In meeting its responsibilities, the board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which NHG is exposed and is consistent with Turnbull principles.

The process adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes the items listed below.

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of NHG's activities. The executive board regularly considers and receives reports on significant risks facing NHG and the chief executive is responsible for reporting to the board any significant changes affecting key risks.

Monitoring and corrective action

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

Control environment and control procedures

The board retains responsibility for a defined range of matters covering strategic, operational, financial and compliance issues, including treasury strategy and consideration of the viability of large new investment projects. The board has adopted and disseminated to all employees a code of conduct for employees. This sets out NHG's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud prevention and detection.

Information and financial reporting systems

The board approves a strategic plan in each financial year, which includes longer-term financial plans and limits on investment in its various activities. Financial reporting procedures include detailed budgets for the year ahead, management accounts produced monthly and forecasts for the remainder of the financial year. These are reviewed in various levels of detail by appropriate staff and in summary on a quarterly basis by the board. The board also regularly reviews progress towards the achievement of key business objectives, targets and outcomes.

Fraud

The board has a policy on fraud covering prevention, detection and reporting of fraud and the recovery of assets. A register is maintained of any frauds or potential frauds. The audit and risk committee reviews the fraud register at each meeting and has taken the results of these reviews into account in its report to the board.

Anti- Slavery and Anti Trafficking Statement

Notting Hill Genesis is committed to identifying and mitigating human rights abuses related to our employees, individuals within supply chains supporting NHGs activities and affecting our customers. Actions taken by NHG and its subsidiaries to deliver this commitment are set out in a statement on our web site.

Anti-bribery policy statement

We seek to maintain the highest standards of ethics and integrity in the way we conduct our business. We recognise that bribery and corruption, in all its forms, is illegal and unacceptable. Our bribery policy statement has been integrated into our code of conduct and our gifts and hospitality policy, adopted by the board, signed by the chair and chief executive and made available on our corporate website. We expect our business partners to adopt a similar approach to bribery or corruption and make this a condition for new contracts awarded.

Audit assurance

Internal audit

Beever and Struthers acted as the internal auditors for the group during the year ended 31 March 2023. The internal control framework and the risk management process are subject to regular review by the internal auditors who advise the executive directors and report to the audit and risk committee.

An audit plan was agreed by the audit and risk committee for 2022/23 and was completed. The internal auditors have direct access to the audit and risk committee, independent of paid staff. The audit and risk committee met four times during the financial year and considered internal control and risk at each of its meetings.

External audit

NHG and its subsidiaries appointed Crowe LLP as external auditors following a tender exercise in December 2022. NHG receives a report from the external auditors each year as part of the audit process. In this they convey details of any internal control weaknesses that may have come to their attention in the course of their duties. This letter is considered by the audit and risk committee and the board.

The audit and risk committee met with the internal and external auditors during the year without the presence of paid staff or executive directors.

The audit and risk committee conducts an annual review of the effectiveness of the group's system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process. The audit and risk committee makes an annual report to the board, which the board has received.

Independent auditors and AGM

The reappointment of the auditors, Crowe UK LLP, will be proposed at the annual general meeting.

At the date of this report, each board member confirms the following:

- So far as each board member is aware, there is no relevant information needed by NHG's auditors in connection with preparing their report of which NHG's auditors are unaware
- Each board member has taken all the steps that they ought to have taken as a board member in order to make themselves aware of any relevant information needed by the auditors in connection with preparing their report and to establish that the auditors are aware of that information

Statement of compliance

NHG has undertaken an assessment of compliance with the Governance and Financial Viability standard as required by the Accounting Direction 2022. NHG can confirm that no evidence of non-compliance has been identified since the last report.

In preparing the strategic report, the board has followed the principles set out in the Statement of Recommended Practice for Registered Social Housing Providers (SORP: 2018).

The report was approved and authorised for issue by the board on 12 September 2023.

Ian Ellis
Ian Ellis
Chair

Group highlights

For the year ended 31 March	2023 £m	2022 £m	2021 £m	2020 £m
Consolidated statement of comprehensive income				
Turnover	728.1	836.9	909.1	731.5
Cost of sales and operating income	(605.5)	(661.2)	(708.0)	(577.9)
Other operating activities	95.3	55.0	61.1	59.0
Operating surplus	**217.9**	**230.7**	**262.2**	**212.6**
Net financing costs	(111.8)	(117.8)	(117.5)	(114.5)
Taxation	(11.7)	(10.6)	-	-
Surplus for the year after tax	**94.4**	**102.3**	**144.7**	**98.1**
Consolidated statement of financial position				
Housing properties	6,815.4	6,741.8	6,594.1	6,593.0
Other fixed assets and investments	1,292.0	1,328.0	1,228.1	1,197.3
Net current assets	183.9	254.0	185.0	454.2
Creditors due after one year	(4,547.9)	(4,693.9)	(4,526.1)	(4,899.0)
Net assets	**3,743.4**	**3,629.9**	**3,481.1**	**3,345.5**
General reserves	2,640.6	2,544.2	2,424.5	2,306.2
Revaluation and hedge reserves	1,102.8	1,085.7	1,056.6	1,039.3
Total funding	**3,743.4**	**3,629.9**	**3,481.1**	**3,345.5**
Consolidated statement of cash flows				
Net cash inflow from operating activities	219.3	311.8	321.4	233.7
Cash flows from investing activities	(223.0)	(258.0)	(255.5)	(260.3)
Cash flows from financing activities	(48.5)	(20.9)	(104.7)	11.9
Cash and equivalents at start of year	112.4	79.5	118.3	133.0
Cash and equivalents at end of year	60.2	112.4	79.5	118.3

	2023	2022	2021	2020
Accommodation owned and in management	**Homes**	**Homes**	**Homes**	**Homes**
General rented housing	35,860	35,719	35,123	35,993
Supported housing	4,419	4,782	4,784	5,435
Temporary housing	2,854	2,912	2,880	3,326
Market rent	3,210	3,394	3,203	3,096
Key worker and student rented housing	1,925	2,289	2,286	2,187
Shared ownership	9,093	9,419	9,124	8,309
Leasehold	9,749	9,176	9,137	8,107
Total	**67,110**	**67,691**	**66,537**	**66,453**
Statistics				
Surplus as % of turnover	13.0%	12.2%	15.9%	13.4%
Operating margin (operating surplus % of turnover)	29.9%	27.6%	28.8%	29.1%
Operating margin (core lettings)	20.7%	26.5%	27.9%	28.6%
Operating margin (social housing lettings)	18.8%	25.1%	25.2%	26.0%
Void loss (social housing lettings)	1.4%	1.6%	1.6%	1.4%
Gearing* (net debt as % housing & investment property)	39.8%	39.2%	40.0%	40.7%
Interest cover* (EBITDA MRI: operating surplus before interest, tax, depreciation and amortisation, major repairs included)	167.8%	192.8%	222.1%	188.6%
Return on capital employed* (operating surplus as % of net assets)	5.8%	6.4%	7.5%	6.4%

* alternative performance measures, as defined, are used by the group and differ from those required by the RSH as shown in the VFM section

Financial statements

Independent auditor's report to the members of Notting Hill Genesis

Opinion

We have audited the financial statements of Notting Hill Genesis (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2023 which comprise the Group and Association Statement of comprehensive income, the Group and Association statement of changes in reserves, the Group and Association statement of financial position, the Group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Associations affairs as at 31 March 2023 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and Association's ability to continue to adopt the going concern basis of accounting included:

- reviewing the period used by Board to assess the ability of the Group and Association to continue as a going concern;
- examining budgets and forecasts prepared by management covering the period of the going concern assessment to ensure that these appropriately support the Board' conclusion and checking the mathematical accuracy of financial models used and assessing the reasonableness of scenarios selected by management for stress testing downside sensitivities;
- reviewing the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year;

- obtaining supporting evidence for the availability of financing facilities during the period of the going concern assessment;
- reviewing compliance, both during the year and within forecasts, with loan covenants by recalculation of ratios on basis required by lender agreements;
- reviewing compliance with laws and regulations and challenging management on whether any non-compliance could be a risk to going concern;
- reviewing the stress-testing of financial forecasts and applying our own variants to consider the impact on future cashflows; and
- challenging management on the suitability of assumptions and the plausibility of mitigating actions identified in their assessment based on our knowledge of the business and the operating environment.

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 and Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £7.2millon, based on 2% of revenue (2022: £13.8million based on 5% of adjusted operating surplus). Materiality for the Association financial statements as a whole was set at £5.2million based on 2% of revenue (2022: £9.4million based on 5% of adjusted operating surplus).

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Performance materiality was set at 70% of materiality (2022: 65%) for the financial statements as a whole, which equates to £5million for the Group (2022: £9million) and £3.6m for the Association (2022: £6.1million).

We agreed with the Audit Committee to report to it all identified errors in excess of 5% of materiality being £360,000 (2022: £276,000) for the Group and £260,000 (2022: £188,000) for the Association. Errors below that threshold would also be reported to the Committee if, in our opinion as auditor, disclosure was required on qualitative grounds.

Prior period materiality was determined by the predecessor auditor.

Overview of the scope of our audit

The scope of our group audit was established by gaining an understanding of the group and the environment in which it operates including evaluation of the system of internal controls.

The financial reporting function for the Group and its material subsidiaries is centralised in one operating location in the UK, with the exception of Folio Residential Finance No 1 Plc who has an outsourced management function. Our audit was conducted from the main operating location and all material subsidiaries, including Folio Residential Finance No 1 Plc, were within the scope of our audit.

For a number of group subsidiaries, the audit was led by a separate key audit partner. Under their direction and supervision, the team undertook specified audit procedures on those companies. The work was planned and executed in conjunction with the Group Audit Partner with both the planning and completion meetings attended by both partners.

The scope of the audit work and the design of audit tests undertaken was solely for the purposes of forming an audit opinion on the Group and Association financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

We identified going concern as a key audit matter and have detailed our response in the conclusions relating to going concern section above.

This is not a complete list of all risks identified by our audit.

Key audit matter		How the scope of our audit addressed the key audit matter
Assessment of the net realisable value of properties in the course of sale (inventories) (refer to accounting policy in note 1 and financial disclosures in note 15)	At 31 March 2023 the Group was carrying total properties in the course of sale (of £280.8million. This includes £146.8million of landbank, £108.9million of properties under construction and £25.1million of completed properties available for sale either through outright sale or shared ownership first tranche sale. Inventories must be held at the lower of cost and net realisable value (being sales proceeds less costs to sell and costs to complete). Management are required to assess whether there is any indication that net realisable value has decreased below carrying value and, if so, reduce this at the reporting date. Due to the inherent estimation uncertainty in determining both sales proceeds and costs to complete we consider there is a significant risk that the carrying value of stock is materially misstated and this is a key audit matter.	**Our procedures included:** • Reviewing the Group's impairment assessment and challenging the determination the calculation of net realisable value by reference to supporting documentation; • Comparison to original scheme appraisal and challenging changes in assumptions or lack of changes where it is considered appropriate; • Inspection of Board papers for any indication of a reduction in the net realisable value such as changes to planning restrictions, identification of contamination of land, changes to timelines for completion, rising costs or a decline in the property market; • Checking the arithmetical accuracy and verifying the inputs into the net realisable value calculation including estimates of sales proceeds by reference to external valuation and market data and cost to complete by reference to latest development appraisal; and • Sensitivity analysis over the key assumptions and consideration of outcomes achieved post year end, particularly sales values achieved after the reporting date. **Key observations and results:** Based on our audit procedures we are satisfied that the value of properties in the course of sales is reasonably stated at the lower of cost or net realisable value.

Key audit matter		How the scope of our audit addressed the key audit matter
Impairment of housing properties and investment properties under construction (refer to accounting policy in note 1 and financial disclosures in notes 9 and 10)	At 31 March 2023 the Group held Housing Properties of £6,815million and investment properties under construction (carried at cost) of £41million. The Housing SORP requires that assets be reviewed for indicators of impairment annually. If such indicators exist, an impairment assessment and estimate of the recoverable amount must be performed. This assessment should be carried out at scheme level. Viability of the properties held may be impacted by a range of factors. In recent years there has been significant impairments in relation to the Paragon Scheme due to complexities in remedial works required. Judgement is required in determining whether indicators of impairment have arisen in the year and where these are identified there is inherent estimation uncertainty in determining both value in use and fair value less costs to sell and therefore a significant risk of material misstatement and this is a key audit matter.	**Our procedures included:** • Reviewing the Group's impairment assessment and challenging the determination of impairment indicators based on understanding of the operating and economic environment referencing those indicators outlined in paragraph 14.6 of the Social Housing SORP. • Comparison of Group's impairment assessment against internal data on voids; • Inspection of Board papers for any indication of impairment such as plans to dispose or demolish, remediation works required, identification of contamination of land, changes to timelines for completion, rising costs or a decline in the property market; • For investment properties under construction we compared the total development costs to date against the original scheme appraisal approved by the Board; • For 1 scheme where impairment triggers were identified we reviewed management's calculation of recoverable value. Both Net Present Value (NPV) and Value in Use – Service Potential, via the calculation of Depreciated Replacement Cost (DRC), were assessed as suitable measures for recoverable amount. • For investment properties under construction we identified schemes under construction where the latest project costs exceed those originally approved. It is noted that no material schemes were identified where the construction costs exceed those originally approved. • We considered the appropriateness of key assumptions adopted by Management and reviewed the integrity of the valuation models used by management in their calculation of NPV and DRC as well as the reliability of development budgets produced by Management. **Key observations and results:** Based on our audit procedures we are satisfied that the value of housing properties and investment properties under construction are reasonably stated and there is no material impairment that has not been recognised.
Valuation of investment properties (refer to accounting policy in note 1 and financial disclosures in note 10)	At 31 March 2023 the Group held completed investment properties of £1,137million. Completed investment properties are carried in the financial statements at fair value at the reporting date in accordance with FRS 102. Due to volatility of market conditions there is inherent estimation uncertainty in the fair value assessments which make this a key audit matter.	Our procedures included: • Review of management's assessment of fair value of investment properties at the reporting date: • Agreement to valuation reports obtained from management's experts and challenge of the accuracy of information which was sent to the external valuer, giving consideration to risk of management bias; • Assessment of the competency and capability of the Group's external valuer; • Consideration and challenge of the appropriateness of valuation methodology and assumptions used; • Agreement of inputs (rental terms and lease duration) into the valuation models on a sample basis; and • Sensitivity analysis over the key assumptions and consideration of outcomes achieved post year end, particularly for assets disposed post year end. **Key observations and results:** Based on our audit procedures we are satisfied that the value of investment properties are reasonably stated at fair value.

Key audit matter		How the scope of our audit addressed the key audit matter
Allocation of development costs between tenure types and group entities (refer to accounting policy in note 1)	Costs incurred in developing schemes with multiple units and multiple tenure types need to be apportioned on an appropriate and consistent basis. Where there are shared ownership units those costs must be further apportioned between the first tranche and retained equity elements and where a scheme is being developed by multiple entities in the group, there needs to be appropriate allocation of costs between group entities. Due to the volume of developments and the level of judgement in determining costs apportionments (between tenure types and between group entities), there is an inherent risk of estimation uncertainty, complexity and management bias and therefore of material misstatement, as such this is considered a key audit matter.	**Our procedures included:** • Obtained an understanding of the design and implementation of controls; • Reviewing the basis of allocation of costs between tenure types and between group entities, as well as the apportionment between first tranche and retained equity elements to ensure that this is reasonable; • Assessment of the internal controls operating to ensure that the allocation methodology is consistently applied; and • Agreement of a sample of costs to supporting evidence and reperformance of calculations of allocation ensuring that costs are allocated to the correct tenure and group entity. **Key observations and results:** Our work identified no factual misstatements or inappropriate application of judgement or estimation in the allocation of development costs between tenure types and between group entities.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 Board is 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by Association; or
- the Association financial statements are not in agreement with the books of accounts;
- a satisfactory system of control over transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board for the financial statements

As explained more fully in the Board's responsibilities statement set out on page 42, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has 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, this however, is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 together with the Statement of Recommended Practice for registered social housing providers (Housing SORP) and the Accounting Direction for Private Registered Providers of Social Housing. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or avoid a material penalty or have another material effect on the financial statements. We also considered the opportunities and incentives that may exist within the Group for fraud. The laws and regulations we considered in this context were the requirements imposed by the Regulator of Social Housing, health and safety legislation, taxation legislation, employment legislation and General Data Protection Regulations (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of property sales and allocation of development costs, the assumptions applied in the consideration of impairment of property assets and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, analytical review and substantive testing of income and cost allocation, scrutiny and challenge of management's impairment assessment, ensuring policies are appropriate under the relevant accounting standards and applicable law, corroborating recognised sample to supporting documentation ensuing those policies are followed, reviewing regulatory correspondence with relevant regulators and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, forgery, collusion or the provision of intentional misrepresentations. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board on 7th February 2023 to audit the financial statements for the period ending 31 March 2023. Our total uninterrupted period of engagement is 1 year, covering the period ended 31 March 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Association and we remain independent of the Association in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Association's members as a body in accordance with Section 87 (2) and Section 98(7) of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

9AB36074C1BA4A8...

Crowe U.K. LLP
Statutory Auditor
London
United Kingdom

Date: 15/9/2023

Crowe U.K. LLP is a limited liability partnership registered in England and Wales (with registered number OC 307043).

Statement of comprehensive income

	Notes	Group 2023 £m	Group 2022 £m	NHG 2023 £m	NHG 2022 £m
Turnover	2	728.1	836.9	523.8	668.7
Cost of sales	2	(90.4)	(221.3)	(11.6)	(180.4)
Operating costs	2	(515.1)	(439.9)	(462.4)	(389.8)
Subtotal	2	122.6	175.7	49.8	98.5
Surplus on sale of assets	4	50.8	49.2	21.9	15.3
Joint venture share of operating surplus	33	8.2	1.0	-	-
Fair value movement on investment properties	10	36.3	4.8	16.0	(0.2)
Operating surplus		**217.9**	**230.7**	**87.7**	**113.6**
Gift aid receivable		-	-	63.7	80.5
Surplus before interest		**217.9**	**230.7**	**151.4**	**194.1**
Interest receivable and similar income	5	7.0	2.5	33.1	22.7
Interest payable and similar charges	6	(139.4)	(131.3)	(138.7)	(132.7)
Gains in respect of financial derivatives	35	20.6	11.0	14.8	3.2
Surplus on ordinary activities before taxation	7	**106.1**	**112.9**	**60.6**	**87.3**
Taxation	8	(11.7)	(10.6)	-	-
Surplus for the financial year after taxation		**94.4**	**102.3**	**60.6**	**87.3**
Other comprehensive income					
Movement in fair value of effective cash flow hedges		25.6	36.0	23.5	33.2
Actuarial pension movement		(6.7)	13.5	(6.7)	13.5
Deferred tax		0.2	(3.0)	-	-
Other comprehensive income total		**19.1**	**46.5**	**16.8**	**46.7**
Total comprehensive income for the year		**113.5**	**148.8**	**77.4**	**134.0**

The notes on pages 58 to 106 form part of these financial statements.

All amounts relate to continuing activities.

Statement of changes in reserves

Group	General reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Total funding £m
Balance at 1 April 2021	**2,424.5**	**1,112.1**	**(55.5)**	**3,481.1**
Surplus for year	102.3	-	-	102.3
Transfers to general reserves upon asset sale	3.9	(3.9)	-	-
Fair value measurement of derivatives	-	-	36.0	36.0
Actuarial pension movements	13.5	-	-	13.5
Deferred tax		(2.7)	(0.3)	(3.0)
Balance at 1 April 2022	**2,544.2**	**1,105.5**	**(19.8)**	**3,629.9**
Surplus for the year	94.4	-	-	94.4
Transfers to general reserves upon asset sale	8.7	(8.7)	-	-
Fair value measurement of derivatives	-	-	25.6	25.6
Actuarial pension movements	(6.7)	-	-	(6.7)
Deferred tax	-	0.7	(0.5)	0.2
Balance at 31 March 2023	**2,640.6**	**1,097.5**	**5.3**	**3,743.4**

NHG	General reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Total funding £m
Balance at 1 April 2021	**1,889.1**	**1,039.3**	**(52.2)**	**2,876.2**
Surplus for the year	87.3	-	-	87.3
Transfers to general reserves upon asset sale	-	-	-	0.0
Fair value measurement of derivatives	-	-	33.2	33.2
Actuarial pension movements	13.5	-	-	13.5
Reserves from collapsed subsidiaries	1.1	-	-	1.1
Balance at 1 April 2022	**1,991.0**	**1,039.3**	**(19.0)**	**3,011.3**
Surplus for the year	60.6	-	-	60.6
Transfers to general reserves upon asset sale	6.2	(6.2)	-	-
Fair value measurement of derivatives	-	-	23.5	23.5
Actuarial pension movements	(6.7)	-	-	(6.7)
Reserves from collapsed subsidiaries	-	-	-	-
Balance at 31 March 2023	**2,051.1**	**1,033.1**	**4.5**	**3,088.7**

Statement of financial position

	Notes	Group 2023 £m	Group 2022 £m	NHG 2023 £m	NHG 2022 £m
Tangible fixed assets					
Housing properties	9	6,815.4	6,741.8	5,525.0	5,528.8
Investment in properties	10	1,177.4	1,200.1	291.3	269.8
Intangible assets	11	12.3	13.0	12.3	12.9
Other fixed assets	11	35.7	37.0	34.8	36.0
Total fixed assets		**8,040.8**	**7,991.9**	**5,863.4**	**5,847.5**
Investments					
Homebuy	12	24.0	24.9	-	-
Investments in subsidiaries	14	-	-	482.1	462.1
Investment in joint ventures	33	37.3	47.7	-	-
Other investments		5.3	5.3	5.3	5.3
		8,107.4	**8,069.8**	**6,350.8**	**6,314.9**
Current assets					
Properties in the course of sale	15	280.8	316.5	54.6	64.9
Debtors falling due within one year	16	127.7	115.5	595.4	618.0
Debtors falling due after one year	17	17.8	26.4	399.5	401.0
Current asset investment	18	65.8	30.0	14.7	15.9
Cash at bank and in hand		60.2	112.4	39.3	58.4
		552.3	**600.8**	**1,103.5**	**1,158.2**
Current liabilities					
Creditors: Amounts falling due within one year	19	(368.4)	(346.8)	(428.5)	(359.6)
Net current assets		**183.9**	**254.0**	**675.0**	**798.6**
Total assets less current liabilities		**8,291.3**	**8,323.8**	**7,025.8**	**7,113.5**
Creditors					

	Notes	Group 2023 £m	Group 2022 £m	NHG 2023 £m	NHG 2022 £m
Creditors: Amounts falling due after more than one year	20	(4,393.3)	(4,495.3)	(3,829.4)	(3,974.3)
Pension deficit liability	28	(23.8)	(24.7)	(23.8)	(24.7)
Derivative financial instrument	35	(44.6)	(99.4)	(52.8)	(100.8)
Deferred tax	8	(77.1)	(65.6)	-	-
		(4,538.8)	**(4,685.0)**	**(3,906.0)**	**(4,099.8)**
Provisions for liabilities and charges	22	(9.1)	(8.9)	(31.1)	(2.4)
		(4,547.9)	**(4,693.9)**	**(3,937.1)**	**(4,102.2)**
Net assets		**3,743.4**	**3,629.9**	**3,088.7**	**3,011.3**
Capital and reserves					
Share capital	23	-	-	-	-
General reserves	24	2,640.6	2,544.2	2,051.1	1,991.0
Revaluation reserve	24	1,097.5	1,105.5	1,033.1	1,039.3
Cash flow hedge reserve	24	5.3	(19.8)	4.5	(19.0)
		3,743.4	**3,629.9**	**3,088.7**	**3,011.3**
Total funding		**3,743.4**	**3,629.9**	**3,088.7**	**3,011.3**

The notes on pages 58 to 106 form part of these financial statements. The financial statements pages 54 to 106 were approved and authorised for issue by the board on 12 September 2023 and signed on its behalf by

Ian Ellis
Chair

Patrick Franco
Chief Executive

Andrew Nankivell
Company Secretary

Statement of cash flow

Group	Notes	2023 £m	2022 £m
Net cash inflow from operating activities	25	219.3	311.8
Returns on investments and servicing of finance			
Cash flows from investing activities			
Purchase and construction of housing properties		(251.6)	(226.8)
Sale of housing properties		235.5	139.2
Social housing grant paid		(44.4)	(16.5)
Social housing grant received		10.3	5.6
Purchase of other fixed assets		(10.1)	(8.5)
Fixed asset investment/(disinvestment)		18.7	(11.4)
Interest received		7.0	2.5
Interest paid		(152.6)	(142.7)
Increase/(decrease) in cash on deposit		(35.8)	0.6
Net cash flow from investing activities		**(223.0)**	**(258.0)**
Cash flows from financing activities			
Loans received		55.0	401.9
Loans repaid		(103.5)	(422.8)
Net cash outflow used in financing		**(48.5)**	**(20.9)**
Net (decrease)/increase in cash and cash equivalents		**(52.2)**	**32.9**
Cash and cash equivalents at 1 April		**112.4**	**79.5**
Cash and cash equivalents at 31 March		**60.2**	**112.4**

The notes on pages 58 to 106 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2023

Note 1 - Accounting policies

The financial statements have been prepared in pounds sterling.

General information

Notting Hill Genesis is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing. It is a public benefit entity.

Statement of compliance

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements of Notting Hill Genesis (NHG) and Notting Hill Genesis Group (the group).

The financial statements have been prepared in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice (UK GAAP), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Housing Regeneration Act 2008, the Statement of Recommended Practice Accounting for Registered Social Housing Providers 2018 (SORP 2018) and the Accounting Direction for Private Registered Providers of Social Housing 2022, and the Co-operative and Community Benefit Societies Act 2014.

Basis of preparation

The financial statements have been prepared under the historic cost convention as modified by the application of fair value as deemed cost and by the revaluation of certain properties, investments and financial instruments. They have been prepared on a going concern basis and in accordance with the applicable accounting standards in the United Kingdom. The accounting policies have been consistently applied.

The preparation of the financial information requires management to exercise its judgement in applying the group's accounting policies. Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are explained in the accounting policies below.

Going concern

The board has considered the potential impacts from numerous multi-variant adverse scenarios, which include a decline in sales, increase in rental arrears, increase in voids, and tightening of liquidity among other factors. Options for mitigation to ensure the business can continue in the short and longer term have also been reviewed. Mitigations exist for all scenarios as a precaution, to ensure compliance with all covenant and regulatory requirements. In addition to the scenarios outlined, the board has stress tested a number of different scenarios which could affect the group and Notting Hill Genesis' future plans. The main areas the stress testing considered were building contracts, sales, operating income and costs. The outcome of stress tests performed focussed on liquidity and covenant compliance as a result of adjusting the key inputs. The resulting worst case scenario of the stress testing exercise, in which all adverse impacts described above would crystallise, indicates the probability of a covenant breach occurring in 2023 and 2024 is remote, and exhibited that the group and Notting Hill Genesis are able to withstand these external pressures. Periodic updates to the financial business plan, management accounts forecasts and key performance indicator reporting enables continuous monitoring of the business.

After making these enquiries, the board has a reasonable expectation that the group and Notting Hill Genesis have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, the group and Notting Hill Genesis continue to adopt the going concern basis in the financial statements, and provides letters of support to relevant subsidiaries.

Basis of consolidation

Group financial statements are the result of the consolidation of the financial statements of the NHG and its subsidiaries. Uniform accounting policies have been used throughout the group. All intra-Group transactions, balances and surpluses or deficits are eliminated in full on consolidation.

Jointly controlled entities are accounted for using the equity method in the group financial statements, which reflects the group's share of the profit or loss, other comprehensive income and the equity of the jointly controlled entities.

Investment in associates is accounted for using the equity method in the group financial statements. The investment is initially recognised at transaction price (including transaction costs) subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and the equity of the jointly controlled entities.

Investments in subsidiaries are accounted for using the equity method in the group financial statement.

Segmental reporting

Segmental reporting is presented in the consolidated financial statements in respect of the group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the group's management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the group has no material activities outside the UK, segment reporting is not required by geographical region. The chief operating decision-makers (CODM) have been identified as the group's executive board. The CODM review the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments as rented social housing, shared ownership, temporary housing, keyworker housing, supported housing, first

Turnover and revenue recognition

Rent	Rent is recognised over the period the accommodation is provided on an accrual basis, measured at the fair value of the consideration received or receivable and represents the amount receivable for the services rendered net of empty properties (void losses).
Service charge income	Fixed service charge income is recognised in the year to which it relates. Variable service charge income is based on budget in the year and with subsequent adjustment recognised in respect of unders and overs in the following year.
First tranche shared ownership property sales and properties developed for outright sale	Property sales income is recognised when the risks and rewards of ownership have passed to the buyer upon legal completion of the sales, except in circumstances where specific legal contractual terms dictate that risks and rewards of ownership pass at different times.
Revenue grants	Revenue grants are recognised when the performance-related conditions are met or when the grant proceeds are received or become receivable if no conditions are imposed.
Amortisation of Government grant	Grants provided to construct social housing assets are recognised on a systematic basis over the useful economic life of the asset for which the grant is intended to compensate.
Interest receivable	Interest income is recognised on a receivable basis.
Gift aid	Gift aid is receivable where deeds of covenant are in place and gift aid is accrued at the year end in subsidiaries. Where no covenant is in place or distribution not declared, gift aid is recognised on a cash received basis.
Supported housing services	Where the NHG and the group hold the support contract with the Supporting People Administering Authority and carry the financial risk, all the project's income and expenditure are included in the NHG's and the group's statement of comprehensive income.
Other income	Other income relates to management fees for services provided to leaseholders , administration fees in relation to extension of leases. These are recognised on receivable basis.

tranche home ownership sales, development services, commercial rent properties, student accommodation and market rent properties. The CODM assess the performance of the operating surplus margins. Segmental disclosure of key balance sheet items is not produced for CODM and hence not disclosed. Other information provided to them is measured in a manner consistent with that in the financial statements. See note 2 for further details.

Taxation

NHG has charitable status and is not subject to corporation tax on surpluses in furtherance of charitable objectives. The profits of trading subsidiaries are subject to corporation tax, however the subsidiaries elect to distribute all profits to the parent or other charitable group entities via gift aid.

Deferred taxation

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Current or deferred tax assets and liabilities are not discounted.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Deferred tax has been recognised in relation to investment property that is measured at fair value using tax rates and allowances that apply to the sale of an asset.

Value added tax

The group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on costs to the extent that it is suffered by the group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest is capitalised on a fair proportion of total borrowings on development costs during the period of development.

Other interest payable is charged to the comprehensive income statement in the year by the effective interest rate method.

Employee benefits

Short term employee benefits are recognised as an expense in the period in which they are incurred. Unused annual leave is accrued at the year end.

Pensions

The group's employees and past employees are active members, deferred members or pensioners of 5 defined benefit pension schemes operated by the group. These are Social Housing Pension Scheme (SHPS DB.), the Notting Hill Genesis scheme (NGPS) the PCHA 2001 scheme (PCHA 2001), the London Pension Fund Authority Pension Fund scheme (LPFA) and the Wandsworth Council Pension Fund (WCPF) (collectively the "Plans"). All the Plans are closed to new entrants. Further information on each of the Plans is provided below.

SHPS (DB)

For SHPS DB, the group is able to identify its share of the assets and scheme liabilities and therefore has applied defined benefit accounting.

The scheme assets are measured at fair value. The scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on net defined benefit liability and remeasurements are reported in other comprehensive income. Refer to note 28 for more details.

NHGPS and PCHA 2001

The assets of these schemes are held separately from those of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme assets and liabilities are recorded in the Statement of Financial Position. Contributions payable, net interest and actuarial gains/ losses are recognised in the Statement of Comprehensive Income. The carrying value of any resulting pension scheme assets are restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through the scheme.

LPFA and WCPF

The LPFA and WCPF are accounted for as defined benefit schemes using the unit credit method. Actuaries are used in order to calculate the assets and liabilities of the scheme. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits were earned. The related finance costs, expected return on assets and any other changes in fair value of assets and liabilities, are recognised in the accounting period in the period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the statement of comprehensive income along with changes in fair value of assets and liabilities. The carrying value of any resulting pension scheme assets are restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through the scheme.

Defined contribution (DC) pension schemes

The group currently contributes to a number of defined contribution schemes for certain employees, the most significant of which is the NHGPS-DC section, Social Housing Pension Scheme(the SHPS DC) and Aviva. Employer contributions payable to these schemes in respect of the accounting period are charged to the Statement of Comprehensive Income.

Government grant

Grants received in relation to assets that have been treated as deemed cost at the date of transition to FRS102 have been accounted for using the performance model. In applying this model such grant has been presented as if it were originally recognised as income within the statement of comprehensive income in the year it was receivable and is therefore included within brought-forward general reserves.

Grants received since transition in relation to newly acquired or existing housing properties are accounted for using the accrual model. Grant is carried as deferred income in the balance sheet and is amortised on a systematic basis over the useful life of the housing property structure, even if the fair value of the grant exceeds the carrying value of the structure in line with SORP 2018. No grant is recognised against other components.

When a housing property is sold which was partly funded by Social Housing Grant (SHG) the grant becomes repayable and is transferred to a Recycled Capital Grant (RCGF) fund until it is either reinvested in a replacement property or repaid to the grant provider. Amortised grant liability is created by increasing the cost of sale of the asset, unamortised grant is transferred between deferred Government grant and RCGF amortised grant is disclosed as a contingent liability in note 36.

Donated land

Land donated by local authorities and other Government sources for development purpose is added to the cost of the asset at the fair value of the land at the time of the donation. The difference between the fair value of the land and the consideration paid is treated as a non-monetary grant and recognised as a gain in the statement of comprehensive income.

Properties for sale

Shared ownership first-tranche

Note 1 - Accounting policies (continued)

sales, completed properties and properties under construction for outright sale are valued at the lower of cost and net realisable value. Cost comprises land, payments to contractors, fees, direct development overheads and interest capitalised. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

At the end of each reporting period, work in progress is compared to net realisable values. If the cost of property is greater than net realisable value, the identified property is reduced to its selling price less costs to complete and sell and a charge is recognised in the statement of comprehensive income. Where the net realisable value has increased, the charge is reversed, up to the original cost and is recognised as a credit in the statement of comprehensive income.

Current asset first-tranche shared ownership work in progress and completed properties in relation to shared ownership are calculated based on average first-tranche equity percentage purchased in the year.

Housing properties

Housing properties not converted to deemed cost or constructed or acquired since the transition to FRS102 are measured using the cost model (cost less accumulated depreciation and impairment (where applicable)).

Housing properties in the course of development are stated at cost.

Housing properties other than shared ownership properties have been split between their land and structure costs and a specific set of major components which require periodic replacement.

The portion of completed shared ownership property retained with the expectation of future staircasing sale is not depreciated on the basis that the residual value (being the staircasing sales value) is higher than carrying value.

Refurbishment or replacement of such components is capitalised and replaced component disposed. Freehold land is not depreciated. Depreciation is charged on completed housing properties, excluding the land element, on a straight-line basis over the useful economic life of the component as follows:

Component	Useful economic life (years)
Land	Not depreciated
Structure	100
Roof	60
Heating	30
Windows	30
Electrical	30
Bathroom	30
Kitchen	20
Lift	30
Boilers including air source heat pumps	15
Leasehold property with term over 100 years	Not amortised
Leasehold property with term less than 100 years	Over the term of the lease

Cost includes the cost of acquiring land and buildings, cost of construction, capitalised interest, administration costs and expenditure incurred in improving or reinvesting in existing properties. Only directly attributable project management costs relating to developments are capitalised as part of the costs of those properties.

Reinvestment expenditure is capitalised where the works increase the net rental stream over that expected at the outset. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance cost, or a significant extension in the life of the property. Where the works are either repair or replacement with no additional utility, the costs are charged to the statement of comprehensive income.

Interest incurred on a loan financing a development is capitalised up to the date of the practical completion of the scheme.

Shared ownership properties in the course of development are split proportionally between current and fixed assets based on the element relating to expected first-tranche sales.

The first-tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Shared ownership properties have been split between land and structure only.

Deemed cost on transition to FRS102

The group took the option to carry out a one-off valuation of the majority of social housing and shared ownership properties at the date of transition on 1 April 2015 and to use that amount as deemed cost. To determine the deemed cost, the group engaged independent valuation specialist Jones Lang LaSalle Ltd (JLL) to value the housing properties on an Existing Use Value-Social Housing (EUV-SH) basis. Housing properties are subsequently measured at cost.

Revaluation reserve

The revaluation reserve is used to reflect the surplus on asset revaluation upon transition to deemed cost. When an asset is disposed the surplus on asset revaluation is transferred from the revaluation reserve to general reserves.

Property impairment

The housing property portfolio for the group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash-generating units for which impairment is indicated to their recoverable amounts. The 'recoverable amount' is taken to be the higher of its value in use and fair value less costs to sell. Fair value less costs to sell can be considered as existing use value – social housing (EUV-SH). Therefore, where EUV-SH is higher than the 'carrying amount' of an asset, no further estimates are required. However, if lower the value in use is calculated.

The SORP considers that properties held for social benefit are held for their service potential and, therefore, value in use service potential should be used (VIU-SP).

The SORP also notes that depreciated replacement cost (DRC) will provide a reasonable measure of VIU-SP.

The group defines a cash-generating unit as a scheme. The assessment of value in use may involve considerations of the service potential of the assets or cash-generating units. Details of properties where consideration has been given to service potential are provided in note 9.

Investment properties

Investment properties are defined as properties held to earn rentals and for capital appreciation on a commercial basis. The group holds properties rented on the open market and commercial properties.

Investment properties are included in the balance sheet at their open market value. This has been determined in accordance with the guidance notes on the valuation of assets issued by the Royal Institute of Chartered Surveyors.

Housing properties for market rent are stated at Market Value Subject To Tenancies (MV-STT).

Properties held as investments are revalued annually and the surplus or deficit is recognised in operating surplus. No depreciation is provided in respect of investment properties. These are subsequently carried at fair value which is determined annually by external valuers.

Other fixed assets

Other fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis as follows:

- Other land and buildings
  - Freehold offices and buildings - 50 years
  - Leasehold offices and buildings - over the life of the lease
- Other tangible assets - 2 to 5 years

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.

- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles over their estimated useful lives, using the straight-line method. The intangible assets are amortised over four years.

Provisions

Provisions have been included in the financial statements only to the extent that there is a present legal or constructive obligation to transfer economic benefits.

Leased assets

Where assets are financed by leasing agreements that transfer substantially all risks and rewards to ownership, they are treated as if they had been purchased outright. The amount capitalised is the lower of present value of the minimum lease payments payable during the lease term or the fair value of the leased asset. The corresponding leasing commitments are shown as the present value of the obligations to the lessor. Lease payments are treated as consisting of a finance charge and a reduction in liability. The finance charge is charged to the statement of comprehensive income for the period using the effective interest method.

Rentals paid under operating leases are charged to the statement of comprehensive income for the period on a straight-line basis over the period of the lease.

Gift aid

Charitable donations made between group entities are shown in the financial statements at the value of the donation. Within the group such transactions are eliminated. Gift aid payments are treated as distributions of reserves in the Group's subsidiaries.

Financial instruments

The group has elected to recognise and measure its financial assets and liabilities in accordance with the Measurement and Disclosure requirements of sections 11 and 12 of FRS102 "Financial Instruments".

Interest rate swap financial instruments and hedging activities

The group uses interest rate swaps to adjust interest rate exposure. The group also uses, if appropriate, foreign exchange contracts to reduce exposures to movements in foreign exchange rates on foreign currency nominated financial instruments. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Interest rate swaps are initially accounted for and measured at fair value on the date an interest rate swap contract is entered into and subsequently measured at fair value. The gain or loss on measurement is taken to the statement of comprehensive income except where the interest rate swap is a designated cash flow hedging instrument. The accounting treatment of interest rate swaps classified as hedges depends on their designation, which occurs on the date that the interest rate swap contract is committed to.

The group designates interest rate swaps as a hedge of the income/cost of a highly probable forecasted transaction or commitment ('cash flow hedge')

In order to qualify for hedge accounting, the group is required to document in advance the relationship between the item being hedged and the hedging instrument. The group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective.

Gains or losses on cash flow hedges that are regarded as highly effective are recognised in equity in cash flow hedge reserve. Where the forecast transaction results in a financial asset or financial liability, only gains or losses previously recognised in the statement of comprehensive income are reclassified to the statement of comprehensive income in the same period as the asset or liability affects income or expenditure. Where the forecasted transaction or commitment results in a non-financial asset or a non-financial liability, any gains or losses previously deferred in the statement of comprehensive income are included in the cost of the related asset or liability. If the forecasted transaction or commitment results in future income or expenditure, gains or losses deferred in the statement of comprehensive income are transferred to the statement of comprehensive income in the same period as the underlying income or expenditure. The ineffective portions of the gain or loss on the hedging instrument are recognised in the statement of comprehensive income.

For the portion of hedges deemed ineffective or transactions that do not qualify for hedging, any change in assets or liabilities is recognised immediately in the statement of comprehensive income. Where a hedge no longer meets the effectiveness criteria, any gains or losses deferred in equity are only transferred to the statement of comprehensive income when the committed or forecasted transaction is recognised in the statement of comprehensive income. However, where an entity applied cash flow hedge accounting for a forecasted or committed transaction that is no longer expected to occur, the cumulative gain or loss is transferred to the statement of comprehensive income. When a hedging instrument expires or is sold, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income.

Financial assets

The group classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired.

Financial assets also include cash and cash equivalents. Cash and cash equivalents are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Loans and receivables

These assets are non-interest rate swap financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate. Provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable item.

Rental debtors

Rental debtors are stated gross of amounts paid in advance and overpayments, which are shown in other creditors.

Homebuy

Homebuy transactions are grants received from the grant provider and passed on to an eligible beneficiary. The group has the benefit of a fixed charge on the property entitling the group to a share of the proceeds on the sale of the property by the beneficiary. Homebuy loans have been classified as a financial asset and treated as a concessionary loan. Concessionary loans are carried in the statement of financial position at amortised cost less any impairment. The Government grants that fund these concessionary loans are recognised as liabilities and amortised.

Financial liabilities

The group classifies its financial liabilities into one of the following categories depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship, the group's accounting policy for each category is as follows.

Fair value through the statement of comprehensive income

Other than interest rate swap financial instruments which are not designated as hedging instruments, the group does not have any liabilities for trading nor does it voluntarily classify any financial liabilities as being at fair value through the statement of comprehensive income.

Other financial liabilities

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes the amortisation of initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Interest rate swaps embedded in host debt contracts are not accounted for separately where they are considered to be closely related.

Where swaps are considered not to be closely related they are accounted for separately and treated as fair value through the statement of comprehensive income.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate.

In the temporary housing business, under the terms of the leases, funds are set aside on acquisition of property in order to meet contractual obligations to fund dilapidations.

Critical accounting judgements, estimates and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The following significant judgements are made in applying the accounting policies of the group and NHG that have the most significant effect on the financial statements:

- The operating surplus / deficit includes amounts disclosed is representative of activities that would normally be regarded as "operating". For example, it would be inappropriate to exclude items clearly related to operations (such as inventory write downs, profit and losses on sale of property, plant and equipment (including housing properties), investment property and intangible assets and restricting and relocation expenses) because the occur irregularly and infrequently or are unusual in amount. Similarly, it would be inappropriate to exclude items on the grounds that they do not involve cash flow, such as depreciation and amortisation expenses.
- Indicators of impairment of groups and NHG fixed assets and assumptions made in:

    1. Determining the cash generating unit (CGU) level at which recoverable amount is assessed

    2. Estimating the recoverable amount of cash generating unit

    3. Calculating the carrying amount of cash generating unit

    4. Comparing the carrying value to recoverable amount to determine if an impairment loss has occurred

Critical accounting estimates and assumptions will include estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are addressed below.

The key estimates are applied in respect of housing properties and property components. See page 62 for more details.

Critical accounting judgements and estimation uncertainty

The group makes estimates and assumptions concerning the future. Estimates and judgements are based on historical experience and future expectations but by definition, will seldom equal the related actual results. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below.

Operating surplus

Operating surplus is shown including the following as these are part of our usual operating activity

- Gain on disposal of housing properties and other properties including property plant and equipment
- Recognition of grant following the sale of housing stock to another registered provider
- Share of operating profit/ (loss) in joint ventures

Management have made a judgement that the movement in fair value of investment properties does not form part of our usual operating cycle based on the existing use of the assets.

Useful economic lives of fixed assets (note 9)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors (note 16)

The group makes an estimate of the recoverable value of trade and other debtors including rental debtors. When assessing impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience of cash collection from tenants.

Investment property (note 10)

The fair value of investment properties is determined by using valuation techniques. The valuation of commercial properties is determined using open market value with vacant possession. Properties rented on the open market are valued at market value subject to tenancies using a discounted cash flow methodology.

Housing property cost allocation

Housing property costs include the cost of acquiring land and buildings, cost of construction, directly attributable management costs and capitalised interest. Directly attributable management costs are allocated at 2.0% (2022:2.0%) of project acquisition and works costs to a maximum of costs incurred. Interest is capitalised up to the date of practical completion based on the weighted average cost of capital at a rate of 4.08% (2022: 4.06%), reviewed annually.

Allocation of stock of first tranche sales (note 15)

The estimate of stock of first tranche sales is reviewed in line with actual sales achieved on an annual basis.

Impairment of housing properties (note 9)

Housing properties are assessed for indicators of impairment at each balance sheet date. Where indicators of impairment are identified, a detailed assessment is undertaken to compare the carrying value of the assets or cash generating units for which impairment is indicated, to their recoverable amounts. The recoverable amount is considered to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of the value in use may involve considerations of the service potential of the assets, or cash generating unit concerned, or the present value of the future cash flows.

The group defines cash generating units as individual historic completed homes.

Where the recoverable amount of the asset or a cash generating unit is lower than its carrying value, an impairment is recorded and charged to the statement of comprehensive income and expenditure.

Impairment of properties (note 9 and 15)

We have carried out an impairment review of housing properties, analysing both those in the course of construction and completed units. In addition, we have considered the impact of fire remediation works on housing properties in the impairment assessment. The result of this review is set out below:

Projects

- Following the review of on-going development projects, there was stock write down of four schemes under development and write down of four completed projects after factoring in 5% reduction in the estimated sales price correction due to the current political and economic environment.

Completed properties

- The impairment review of completed properties, taking into consideration the cost of the fire remedial works, did not reveal any adverse movement in the net book value compared to the depreciated replacement cost. Therefore, there is no impairment
- Work performed in respect of impairment of void properties recommended no impairment charge.

Fire provisions (note 22)

Building safety provisions require judgement to be made as to whether a constructive or legal obligation exists and whether a reliable estimation can be made. Our approach has been on a scheme-by-scheme basis taking into consideration the specific facts and circumstances of each scheme. The key judgements applied are as follows:

- Construction obligation: Where the Group have made specific communications to residents that raises a valid expectation that certain works will be undertaken, a provision will be recognised;
- Legal obligation: A provision will be recognised where it is judged not to be reasonably practical or possible to avoid undertaking certain works in line with the Building Safety Act 2022 requirement with the scope of remediation works being assessed by means of FRAEW (Fire Risk Appraisal of External Works);
- Reliable estimation: A provision will be recognised where management can reliably estimate the potential remediation costs subject to sufficient knowledge of the scope of works required through intrusive surveys and reports from independent experts or employer agents.

In accordance with FRS 102 paragraph 21.9, any pending claims from contractors or government grants are excluded from the calculation of provisions. These are only recognised when reimbursement is virtually certain.

Remediation provisions are included for all on-site leased properties where the Building Safety Act 2022 requires the Group not to recharge any remedial works costs to the leaseholders. These are charged to the Statement of Comprehensive Income.

The group closely monitors government guidance in respect of combustible materials and building safety regulatory compliance to determine the nature and extent of any remedial work required to its housing properties. At the year-end, remediation work was ongoing for 8 schemes. There are several complexities involved in determining the remedial work required and the associated costs, due to the possibility that wider safety issues might be uncovered during the remediation. As such, this provision represents the best estimate of these costs at the year-end. Where it is possible but not uncertain that NHG will be required to transfer economic benefits in settlement of the obligation, this has been disclosed as a contingent liability.

The valuation of pension liabilities (note 28)

The critical selection of financial and actuarial assumptions in relation to defined benefit scheme obligation (DBO) are based on best estimates derived from the group's policies and practices and their application across all pension scheme operated by the group where appropriate and confirmed with actuaries where these are beyond management expertise e.g. mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau (supported by the Actuarial profession). Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in note 28).

Valuation of derivatives (note35)

All financial assets or liabilities are calculated using measurements based on inputs that are observable for the asset either directly or indirectly from prices. All other loans and receivables are shown at amortised costs.

Note 2 - Turnover, cost of sales, operating costs and operating surplus

Group continuing activities - year ended 31 March 2023	Turnover £m	Cost of sale £m	Operating costs £m	Operating surplus £m
Social housing lettings (note 3)	**515.8**	**-**	**(418.6)**	**97.2**
Other social housing activities				
Development services	13.4	-	(21.2)	(7.8)
Sales and marketing services	-	-	(4.0)	(4.0)
Neighbourhood activities	0.6	-	(1.3)	(0.7)
First tranche shared ownership sales	38.4	(33.2)	-	5.2
Supporting people and care	10.5	-	(11.1)	(0.6)
Impairment	-	-	(0.7)	(0.7)
	62.9	**(33.2)**	**(38.3)**	**(8.6)**
Activities other than social housing activities				
Properties for sale	64.3	(57.2)	-	7.1
Charitable fund raising activities	0.2	-	-	0.2
Commercial rent properties	5.8	-	(2.6)	3.2
Student accommodation	-	-	(0.4)	(0.4)
Impairment	-	-	(4.0)	(4.0)
Market rent properties	60.3	-	(29.4)	30.9
Other income	0.4	-	-	0.4
Non -social lease owners	18.4		(21.8)	(3.4)
	149.4	**(57.2)**	**(58.2)**	**34.0**
Total	**728.1**	**(90.4)**	**(515.1)**	**122.6**

Group continuing activities - year ended 31 March 2022	Turnover £m	Cost of sale £m	Operating costs £m	Operating surplus £m
Social housing lettings (note 3)	**486.6**	**-**	**(364.5)**	**122.1**
Other social housing activities				
Development services	1.7	-	(15.1)	(13.4)
Sales and marketing services	-	-	(7.9)	(7.9)
Neighbourhood activities	0.7	-	(1.6)	(0.9)
First tranche shared ownership sales	70.6	(60.9)	-	9.7
Supporting people and care	12.1	-	(12.2)	(0.1)
Impairment in shared ownership	-	-	-	-
	85.1	**(60.9)**	**(36.8)**	**(12.6)**
Activities other than social housing activities				
Properties for sale	182.6	(160.4)	-	22.2
Charitable fund raising activities	0.1	-	(0.1)	-
Commercial rent properties	9.6	-	(1.9)	7.7
Student accommodation	0.4	-	11.1	11.5
Impairment	-	-	(2.1)	(2.1)
Market rent properties	55.2	-	(28.8)	26.4
Other income	0.5	-	-	0.5
Non -social lease owners	16.8		(16.8)	-
	265.2	**(160.4)**	**(38.6)**	**66.2**
Total	**836.9**	**(221.3)**	**(439.9)**	**175.7**

* Included in the operating costs of £11.1m for student accommodation is impairment write back of £12.7m.

Note 2 - Turnover, cost of sales, operating costs and operating surplus (continued)

NHG continuing activities - year ended 31 March 2023	Turnover £m	Cost of sale £m	Operating costs £m	Operating surplus £m
Social housing lettings (note 3)	**464.3**	**-**	**(411.2)**	**53.1**
Other social housing activities				
Development services	9.3	(5.6)	(15.9)	(12.2)
Sales and marketing	-	-	(1.2)	(1.2)
Neighbourhood activities	0.6	-	(0.9)	(0.3)
First tranche shared ownership sales	6.6	(6.0)	-	0.6
Supporting people and care	10.5	-	(11.1)	(0.6)
Impairment	-	-	0.7	0.7
	27.0	**(11.6)**	**(28.4)**	**(13.0)**
Activities other than social housing activities				
Commercial rent properties	3.8	-	(2.1)	1.7
Private sales	-	-	-	-
Charitable fundraising activities	0.1	-	-	0.1
Market rent properties	20.2	-	(15.3)	4.9
Impairment of investment in subsidiary	-	-	6.0	6.0
Non-social lease owners	8.4	-	(11.4)	(3.0)
	32.5	**-**	**(22.8)**	**9.7**
Total	**523.8**	**(11.6)**	**(462.4)**	**49.8**

NHG continuing activities - year ended 31 March 2022	Turnover £m	Cost of sale £m	Operating costs £m	Operating surplus £m
Social housing lettings (note 3)	**438.2**	**-**	**(333.0)**	**105.2**
Other social housing activities				
Development services	137.1	(136.8)	(9.7)	(9.4)
Sales and marketing services	-	-	(1.5)	(1.5)
Neighbourhood activities	0.7	-	(1.3)	(0.6)
First tranche shared ownership sales	25.6	(22.6)	-	3.0
Supporting people and care	12.1	-	(12.2)	(0.1)
Impairment	-	-	-	-
	175.5	**(159.4)**	**(24.7)**	**(8.6)**
Activities other than social housing activities				
Commercial rent properties	6.8	-	(1.6)	5.2
Private sales	22.6	(21.0)	-	1.6
Charitable fund raising activities	0.1	-	(0.1)	-
Market rent properties	19.6	-	(14.8)	4.8
Impairment of investment in subsidiary	-	-	(9.7)	(9.7)
Non -social lease owners	5.9	-	(5.9)	-
	55.0	**(21.0)**	**(32.1)**	**1.9**
Total	**668.7**	**(180.4)**	**(389.8)**	**98.5**

Note 3 - Income and expenditure from social housing lettings

Group - year ended 31 March 2023	Rented social housing £m	Shared ownership £m	Temporary housing £m	Key worker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	276.3	51.5	54.4	10.4	24.6	417.2
Service charges receivable	24.3	18.5	-	0.4	8.1	51.3
Net rents receivable	**300.6**	**70.0**	**54.4**	**10.8**	**32.7**	**468.5**
Amortised government grants	9.6	2.0	-	-	1.3	12.9
Management fee	1.2	4.4	-	0.2	2.0	7.8
Other income	3.9	6.5	-	-	15.7	26.1
Other grants	0.3	-	-	-	0.2	0.5
Total income from social housing lettings	**315.6**	**82.9**	**54.4**	**11**	**51.9**	**515.8**
Expenditure						
Management	(53.5)	(14.2)	(6.0)	(5.0)	(10.2)	(88.9)
Service charges	(31.3)	(17.6)	(0.2)	(1.2)	(9.8)	(60.1)
Routine maintenance	(91.2)	(9.9)	(3.0)	(1.0)	(6.1)	(111.2)
Planned maintenance	(11.2)	-	-	(0.1)	(1.7)	(13.0)
Major repairs expenditure	(36.3)	(1.8)	(0.2)	-	(6.4)	(44.7)
Bad debts	(1.7)	0.1	(0.2)	(0.1)	-	(1.9)
Lease charges	(0.3)	-	(39.0)	(0.1)	(0.1)	(39.5)
Depreciation of housing properties	(52.8)	(0.6)	(0.2)	(1.1)	(4.6)	(59.3)
Operating costs on social housing lettings	**(278.3)**	**(44.0)**	**(48.8)**	**(8.6)**	**(38.9)**	**(418.6)**
Operating surplus on social housing lettings	**37.3**	**38.9**	**5.6**	**2.4**	**13.0**	**97.2**
Void losses	4.0	-	0.6	0.3	2.3	7.2

Note 3 - Income and expenditure from social housing lettings (continued)

Group - year ended 31 March 2022	Rented social housing £m	Shared ownership £m	Temporary housing £m	Key worker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	263.4	49.2	57.0	10.0	23.7	403.3
Service charges receivable	19.6	18.0	-	0.6	9.2	47.4
Net rents receivable	**283.0**	**67.2**	**57.0**	**10.6**	**32.9**	**450.7**
Amortised government grants	10.0	3.0	-	-	1.4	14.4
Management fee	-	3.8	-	0.2	2.0	6.0
Other income	2.8	6.9	-	0.2	3.4	13.3
Other grants	1.9	-	-	-	0.3	2.2
Total income from social housing lettings	**297.7**	**80.9**	**57.0**	**11.0**	**40.0**	**486.6**
Expenditure						
Management	(48.3)	(13.4)	(6.2)	(3.5)	(10.8)	(82.2)
Service charge costs	(26.3)	(18.0)	(0.3)	(1.0)	(7.5)	(53.1)
Routine maintenance	(65.7)	(1.4)	(2.9)	(1.4)	(4.9)	(76.3)
Planned maintenance	(6.5)	-	-	(0.2)	(0.9)	(7.6)
Major repairs expenditure	(28.5)	(9.9)	(0.5)	-	(4.3)	(43.2)
Bad debts	(1.9)	(1.3)	0.2	(0.1)	(0.3)	(3.4)
Lease charges	(0.3)	-	(41.5)	-	(0.1)	(41.9)
Depreciation of housing properties	(49.1)	(0.5)	(0.2)	(1.9)	(5.1)	(56.8)
Operating costs on social housing lettings	**(226.6)**	**(44.5)**	**(51.4)**	**(8.1)**	**(33.9)**	**(364.5)**
Operating surplus on social housing lettings	**71.1**	**36.4**	**5.6**	**2.9**	**6.1**	**122.1**
Void losses	4.1	-	0.9	1.3	1.6	7.9

Note 3 - Income and expenditure from social housing lettings (continued)

NHG - year ended 31 March 2023	Rented social housing £m	Shared ownership housing £m	Temporary housing £m	Keyworker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	266.1	18.7	54.3	10.3	24.6	374.0
Service charges receivable	24.3	7.9	-	0.5	16.3	49.0
Net rents receivable	**290.4**	**26.6**	**54.3**	**10.8**	**40.9**	**423.0**
Amortised grants	9.6	0.9	-	-	1.3	11.8
Other grants	0.3	-	-	-	0.2	0.5
Management fee income	1.2	1.9	-	0.2	2.0	5.3
Other fee income	4.0	4.0	-	-	15.7	23.7
Turnover from social housing lettings	**305.5**	**33.4**	**54.3**	**11.0**	**60.1**	**464.3**
Expenditure						
Management	(51.9)	(0.3)	(5.9)	(5.0)	(12.2)	(75.3)
Service charge costs	(31.2)	(7.9)	(0.2)	(1.2)	(16.1)	(56.6)
Routine maintenance	(89.0)	(3.3)	(3.0)	(1.0)	(6.1)	(102.4)
Planned maintenance	(11.2)	-	-	(0.1)	(1.7)	(13.0)
Major repairs expenditure	(58.6)	(0.1)	(0.2)	-	(6.4)	(65.3)
Bad debts	(1.5)	(0.5)	(0.2)	(0.1)	-	(2.3)
Lease charges	(0.3)	-	(39.0)	(0.1)	(0.1)	(39.5)
Depreciation of housing properties	(50.4)	(0.5)	(0.2)	(1.1)	(4.6)	(56.8)
Operating costs on social housing lettings	**(294.1)**	**(12.6)**	**(48.7)**	**(8.6)**	**(47.2)**	**(411.2)**
Operating surplus on social housing lettings	**11.4**	**20.8**	**5.6**	**2.4**	**12.9**	**53.1**
Void losses	4.0	-	0.6	0.3	2.3	7.2

Note 3 - Income and expenditure from social housing lettings (continued)

NHG - year ended 31 March 2022	Rented social housing £m	Shared ownership housing £m	Temporary housing £m	Keyworker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	254.6	18.3	57.0	10.0	23.7	363.6
Service charges receivable	19.5	10.8	-	0.6	15.3	46.2
Net rents receivable	**274.1**	**29.1**	**57.0**	**10.6**	**39.0**	**409.8**
Amortised grants	10.8	0.9	-	-	1.4	13.1
Other grants	1.2	-	-	-	0.3	1.5
Management fee income		1.3	-	0.2	2.0	3.5
Other fee income	3.5	3.3	-	0.1	3.4	10.3
Turnover from social housing lettings	**289.6**	**34.6**	**57.0**	**10.9**	**46.1**	**438.2**
Expenditure						
Management	(47.9)	(0.2)	(6.2)	(3.5)	(11.6)	(69.4)
Service charges	(26.3)	(10.9)	(0.3)	(1.1)	(13.1)	(51.7)
Routine maintenance	(64.7)	(0.5)	(2.9)	(1.5)	(4.9)	(74.5)
Planned maintenance	(6.5)	-	-	(0.2)	(0.9)	(7.6)
Major repairs expenditure	(26.5)	(0.1)	(0.5)	-	(4.3)	(31.4)
Bad debts	(1.8)	(0.2)	0.2	(0.1)	(0.3)	(2.2)
Lease charges	(0.4)	-	(41.5)	-	-	(41.9)
Depreciation of housing properties	(47.0)	(0.2)	(0.2)	(1.9)	(5.0)	(54.3)
Operating costs on social housing lettings	**(221.1)**	**(12.1)**	**(51.4)**	**(8.3)**	**(40.1)**	**(333.0)**
Operating surplus on social housing lettings	**68.5**	**22.5**	**5.6**	**2.6**	**6.0**	**105.2**
Void losses	3.8	-	0.9	1.3	1.6	7.6

Note 4 - Surplus on disposal of assets

Group	2023 Shared ownership £m	2023 Other £m	2023 Total £m	2022 Shared ownership £m	2022 Other £m	2022 Total £m
Disposal proceeds	93.3	142.2	235.5	131.2	8.0	139.2
Social housing grant	(5.8)	(0.3)	(6.1)	(7.3)	(0.3)	(7.6)
Carrying value of fixed assets	(54.2)	(122.2)	(176.4)	(79.6)	(2.3)	(81.9)
Selling costs	(0.3)	(1.9)	(2.2)	(0.5)	-	(0.5)
Year-ended 31 March	**33.0**	**17.8**	**50.8**	**43.8**	**5.4**	**49.2**

NHG	2023 Shared ownership £m	2023 Other £m	2023 Total £m	2022 Shared ownership £m	2022 Other £m	2022 Total £m
Disposal proceeds	32.6	65.3	97.9	49.8	7.8	57.6
Social housing grant	(1.2)	(0.4)	(1.6)	(1.0)	(0.2)	(1.2)
Carrying value of fixed assets	(21.8)	(51.7)	(73.5)	(38.7)	(2.2)	(40.9)
Selling costs	-	(0.9)	(0.9)	(0.2)	-	(0.2)
Year-ended 31 March	**9.6**	**12.3**	**21.9**	**9.9**	**5.4**	**15.3**

Note 5 - Interest receivable and similar income

	Group 2023 £m	Group 2022 £m	NHG 2023 £m	NHG 2022 £m
Bank deposits	3.0	1.3	0.9	0.1
Intercompany	-	-	28.3	21.4
Interest on financial assets held at amortised cost	**3.0**	**1.3**	**29.2**	**21.5**
Interest on financial assets held at fair value	4.0	1.2	3.9	1.2
	7.0	**2.5**	**33.1**	**22.7**

Note 6 - Interest payable and similar charges

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Other loans	139.6	124.1	132.1	118.2
Interest on financial liabilities held at amortised cost	**139.6**	**124.1**	**132.1**	**118.2**
Interest paid on financial liabilities held at fair value	9.7	19.0	9.5	18.0
	149.3	**143.1**	**141.6**	**136.2**
Less: interest capitalised on developments	(9.9)	(11.8)	(2.9)	(3.5)
	139.4	**131.3**	**138.7**	**132.7**
Interest is capitalised at	4.08%	4.06%	4.40%	4.32%

Note 7 - Surplus on ordinary activities before taxation

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Surplus on ordinary activities before taxation is stated after charging/(crediting):				
Depreciation on housing properties	59.5	57.0	56.7	54.4
Depreciation on other fixed assets	2.7	2.9	2.6	2.9
Amortisation of intangible assets	5.4	5.7	5.1	4.7
Rent on temporary housing leases (Less than 28 days)	39.5	41.9	39.5	41.9
Impairment	4.7	(10.6)	(6.7)	9.7
Write down of inventories	1.8	0.1	-	-
Auditors' remuneration	£'000	£'000	£'000	£'000
Audit services (excluding VAT)	500.0	449.0	277.0	260.0
Non-audit services (including VAT)	-	-	-	-

Note 8 - Taxation

	Group		NHG	
Total tax reconciliation	2023 £m	2022 £m	2023 £m	2022 £m
Surplus on ordinary activities before tax	**106.1**	**112.9**	**60.6**	**85.2**
Theoretical tax at UK corporation tax rate 19% (2022: 19%)	20.2	21.4	11.5	16.2
Charitable activities	(17.8)	(25.3)	(11.5)	(16.2)
Expenses not deductible for tax purposes	0.5	(1.2)	-	-
Chargeable losses	9.8	5.8	-	-
Effect of rate change on deferred tax	(1.0)	12.1	-	-
Adjustment to tax charge in respect of previous periods	-	(2.2)		
Total tax charge	**11.7**	**10.6**	**-**	**-**

	Group		NHG	
Deferred tax	2023 £m	2022 £m	2023 £m	2022 £m
Balance at 1 April	65.6	52.0	-	-
Deferred tax charge in the statement of comprehensive income	11.7	10.6	-	-
Deferred tax charged to revaluation reserve	(0.7)	2.7	-	-
Deferred tax charged to cash flow hedge reserve	0.5	0.3	-	-
Balance at 31 March	**77.1**	**65.6**	**-**	**-**

Note 9 - Housing properties

On transition to FRS102, the group took the option of carrying out one off valuation on the majority of its housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the Group engaged Jones Lang LaSalle (JLL) to value housing properties on an EUV-SH basis. Housing properties are subsequently to be measured at cost.

The valuation was carried out as a desktop exercise on an EUV-SH basis using discounted cash flows. The properties were grouped by local authority area.

The cash flow was calculated over 50 years with the net income in the final year capitalised into perpetuity with an assumption of 1% real rent increase per annum with a discount rate of between 5.25% and 6.25%.

Group	Completed properties held for letting £m	Letting properties in the course of development £m	Completed shared ownership properties £m	Shared ownership properties in the course of development £m	Total £m
At 1 April 2022	5,781.2	127.6	1,191.5	151.8	7,252.1
Additions	-	144.6	-	55.0	199.6
Impairment	(5.6)	-	7.8	-	2.2
Works to existing properties	39.4	-	0.3	-	39.7
Properties completed	97.8	(97.8)	18.3	(18.3)	-
Disposals	(61.9)	-	(56.8)	-	(118.7)
Transfers between asset classes	(2.2)	(1.8)	1.6	0.5	(1.9)
At 31 March 2023	**5,848.7**	**172.6**	**1,162.7**	**189.0**	**7,373.0**
Depreciation					
At 1 April 2022	(500.7)	-	(9.6)	-	(510.3)
Charge for the year	(59.5)	-	-	-	(59.5)
Disposals	11.0	-	1.2	-	12.2
At 31 March 2023	**(549.2)**	**-**	**(8.4)**	**-**	**(557.6)**
Net book value					
At 31 March 2023	**5,299.5**	**172.6**	**1,154.3**	**189.0**	**6,815.4**
At 31 March 2022	**5,280.5**	**127.6**	**1,181.9**	**151.8**	**6,741.8**
Historical cost at 31 March 2023	5,367.8	172.6	1,091.5	189.0	6,820.9
Historical cost at 31 March 2022	5,296.0	127.6	1,123.8	151.8	6,699.2

The carrying value of the properties held at deemed cost under the cost model would be £6,821m (2022:£6,699m) compared with £6,815m (2022:£6,742m) shown above.

Note 9 - Housing properties (continued)

NHG	Completed properties £m	Housing properties in the course of development £m	Completed shared ownership properties £m	Shared ownership properties in the course of development £m	Total £m
At 1 April 2022	**5,474.0**	**65.0**	**451.6**	**29.3**	**6,019.9**
Additions	-	84.4	-	3.5	87.9
Works to existing properties	39.4	-	-	-	39.4
Properties completed	55.3	(55.3)	2.7	(2.7)	-
Disposals	(61.8)	-	(21.9)	-	(83.7)
Impairment	0.7	-	-	-	0.7
Transfer	(2.2)	-	(0.4)	0.3	(2.3)
At 31 March 2023	**5,505.4**	**94.1**	**432.0**	**30.4**	**6,061.9**
Depreciation					
At 1 April 2022	**(491.0)**	**-**	**(0.1)**	**-**	**(491.1)**
Charge for the year	(56.7)	-	-	-	(56.7)
Disposals	10.9	-	-	-	10.9
At 31 March 2023	**(536.8)**	**-**	**(0.1)**	**-**	**(536.9)**
Net book value					
At 31 March 2023	**4,968.6**	**94.1**	**431.9**	**30.4**	**5,525.0**
At 31 March 2022	**4,983.0**	**65.0**	**451.5**	**29.3**	**5,528.8**
Historical cost at 31 March 2023	5,036.8	94.1	407.3	30.4	5,568.6
Historical cost at 31 March 2022	5,007.4	65.0	492.5	29.3	5,594.2

Housing properties comprise:	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Freeholds	5,900.9	5,851.2	4,208.7	4,276.0
Long leaseholds	902.0	877.5	1,299.0	1,235.0
Short leaseholds	12.5	13.1	17.3	17.8
	6,815.4	**6,741.8**	**5,525.0**	**5,528.8**

Additions to properties include:	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Capitalised interest	9.9	11.8	2.9	3.5
Capitalised development salaries and overheads	3.9	4.1	1.8	1.2

Expenditure on works to existing properties	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Amounts capitalised	39.7	19.4	39.4	18.3
Amounts charged to income and expenditure account	44.7	43.2	65.3	31.4
	84.4	**62.6**	**104.7**	**49.7**

Note 10 - Investment properties

The market rent properties were valued at 31 March 2023 by Jones Lang LaSalle Limited, member of the Royal Institute of Chartered Surveyors. The properties were valued at open market value basis subject to tenancies. The properties were valued on a discounted cashflow basis over a 10-year holding period, with a reversion in the final year to net income capitalised into perpetuity by an exit yield between 4.00% and 5.25% dependent on the scheme. The discount rate used is between 6.5%.and 7.25%

The financial statements include commercial properties at open market value with vacant possession. The valuation has been compiled for Internal Accounts Purposes and complies with VPGA1 Valuation for inclusion in financial statements. RICS Valuation – Global Standards 2017. These were valued by Dunphys Ltd, Savills, Jones Lang LaSalle, Tuckerman Chartered Surveyors, and Currell Chartered Surveyors. All valuers are members of the Royal Institute of Chartered Surveyors at 31 March 2023.

Market Conditions

As at the date of valuation and at the time this report was drafted, there are several negative factors recognised as influencing real estate markets, exerting downward pressure on asset values and reducing liquidity. These include:

Global Economy

The wider global economy continues to face challenges that cumulatively contribute to cost inflation, interest rate changes and consumer confidence thereby resulting in a more volatile transactional market.

Market activity

Real estate markets can mostly be described as functioning but there is reduced transaction activity and the sentiment of buyers and sellers across some markets has been impacted. These factors have led to softer pricing across all sectors. There is a general perception and expectation of continued changes, and there is a risk that continued volatility, coupled with changes in debt costs, will have a direct impact on pricing as yields continue to evolve.

Ukraine

The war in Ukraine is continuing and its wider long-term implications remain unknown. At the present time, certain locations within Europe are facing difficult investment market conditions as a direct result of the war.

Group	Completed market rent properties £m	Market rent properties in the course of development £m	Sub total £m	Completed commercial properties £m	Commercial properties in the course of development £m	Sub total £m	Total £m
Valuation 1 April 2022	1,092.7	30.0	1,122.7	76.0	1.8	77.8	1,200.5
Additions	-	9.2	9.2	-	0.1	0.1	9.3
Transfer to shared ownership properties	(0.6)	-	(0.6)	-	-	-	(0.6)
Disposals	(67.7)	-	(67.7)	(2.2)	-	(2.2)	(69.9)
Revaluation of property	40.4	-	40.4	(1.9)	-	(1.9)	38.5*
At 31 March 2023	**1,064.8**	**39.2**	**1,104.0**	**71.9**	**1.9**	**73.8**	**1,177.8**
Impairment							
At 1 April 2022	-	-	-	-	(0.4)	(0.4)	(0.4)
Provision for impairment	-	-	-	-	-	-	-
At 31 March 2023	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**	**(0.4)**
Net book value							
At 31 March 2023	**1,064.8**	**39.2**	**1,104.0**	**71.9**	**1.5**	**73.4**	**1,177.4**
At 31 March 2022	1,092.7	30.0	1,122.7	76.0	1.4	77.4	1,200.1

* includes £2.2m repayable under Get Britain Building

Note 10 - Investment properties (continued)

NHG	Completed market rent properties £m	Market rent properties in the course of development £m	Sub total £m	Completed commercial properties £m	Commercial properties in the course of development £m	Sub total £m	Total £m
Valuation at 1 April 2022	226.8	-	226.8	43.0	0.4	43.4	270.2
Transfer to shared ownership properties	(0.6)	-	(0.6)	-	-	-	(0.6)
Additions	-	-	-	-	0.1	0.1	0.1
Transfer between entities	-	-	-	4.6	-	4.6	4.6
Disposals	-	-	-	(0.7)	-	(0.7)	(0.7)
Revaluation of property	20.2	-	20.2	(2.1)	-	(2.1)	18.1
At 31 March 2023	**246.4**	**-**	**246.4**	**44.8**	**0.5**	**45.3**	**291.7**
Impairment							
At 1 April 2022	-	-	-	-	(0.4)	(0.4)	(0.4)
Provision for impairment	-	-	-	-	-	-	-
At 31 March 2023	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**	**(0.4)**
Net book value							
At 31 March 2023	**246.4**	**-**	**246.4**	**44.8**	**0.1**	**44.9**	**291.3**
At 31 March 2022	226.8	-	226.8	43.0	-	43.0	269.8

Note 11 - Other fixed assets

Group	Intangible assets £m	Other land and buildings £m	Other tangible fixed assets £m	Total assets £m
Cost				
At 1 April 2022	37.0	53.6	37.7	91.3
Additions	8.7	-	1.4	1.4
Disposals	(7.6)		-	-
At 31 March 2023	**38.1**	**53.6**	**39.1**	**92.7**
Accumulated depreciation				
At 1 April 2022	24.0	18.3	36.0	54.3
Charge for the year	5.4	2.0	0.7	2.7
Disposals	(3.6)	-	-	-
At 31 March 2023	**25.8**	**20.3**	**36.7**	**57.0**
Net book value				
At 31 March 2023	**12.3**	**33.3**	**2.4**	**35.7**
At 31 March 2022	13.0	35.3	1.7	37.0

NHG	Intangible assets £m	Other land and buildings £m	Other tangible fixed assets £m	Total assets £m
Cost				
At 1 April 2022	34.5	52.7	36.4	89.1
Additions	8.6	-	1.4	1.4
Disposals	(7.1)	-	-	-
At 31 March 2023	**36.0**	**52.7**	**37.8**	**90.5**
Accumulated depreciation				
At 1 April 2022	21.6	18.2	34.9	53.1
Charge for the year	5.1	1.9	0.7	2.6
Disposals	(3.0)	-	-	-
At 31 March 2023	**23.7**	**20.1**	**35.6**	**55.7**
Net book value				
At 31 March 2023	**12.3**	**32.6**	**2.2**	**34.8**
At 31 March 2022	12.9	34.5	1.5	36.0

Group - other land and building	2023 Total £m	2022 Total £m
Freehold	32.6	34.6
Short leasehold	0.7	0.7
Total	**33.3**	**35.3**

NHG - other land and building	2023 Total £m	2022 Total £m
Freehold	32.6	34.5
Short leasehold	-	-
Total	**32.6**	**34.5**

Note 12 - Investment in homebuy

Group	Homebuy loans to customers £m
At 1 April 2022	24.9
Paid in year	(0.9)
Written off in the year	-
At 31 March 2023	**24.0**

Note 13 - Number of dwellings under development and in management

	Group		NHG	
	2023 No.	2022 No.	2023 No.	2022 No.
In the development programme				
Commercial property	82	66	-	-
General needs housing	2,055	1,823	2,042	1,810
Shared ownership housing	3,184	2,788	-	-
Outright sales	2,754	2,552	-	-
Market Rent	578	488	-	-
Intermediate market rent	467	274	183	74
	9,120	**7,991**	**2,225**	**1,884**
Rented social housing includes affordable housing units	348	415	335	402
The development programme includes homes on site	2,347	2,382	843	761

Note 13 - Number of dwellings under development and in management (continued)

Group	At 1 April 2022	Units developed	Units sold	Other	At 31 March 2023
In management at the end of the year					
General needs housing	35,319	217	(12)	(89)	35,435
Keyworker accommodation	1,450	-	-	(364)	1,086
Shared ownership housing	9,280	60	-	(386)	8,954
Temporary housing	2,912	-	-	(59)	2,853
Market rent accommodation	3,392	18	(182)	(20)	3,208
Student accommodation	839	-	-	-	839
Supported housing and housing for older people	3,612	-	(435)	71	3,248
Leasehold in management	9,174	164	-	409	9,747
	65,978	**459**	**(629)**	**(438)**	**65,370**
Rented social housing includes affordable housing units	5,107	63	-	59	5,229
Owned but not managed					
General needs rented housing	400	-	-	25	425
Supported housing and housing for older people	1,170	-	-	1	1,171
Leasehold in management	2	-	-	-	2
Market rent accommodation	2	-	-	-	2
Shared ownership housing	139	-	-	-	139
Temporary housing	-	-	-	1	1
	1,713	**-**	**-**	**27**	**1,740**
Total	**67,691**	**459**	**(629)**	**(411)**	**67,110**

NHG	At 1 April 2022	Units developed	Units sold	Other	At 31 March 2023
In management at the end of the year					
General needs housing	35,264	217	(12)	(55)	35,414
Keyworker accommodation	1,450	-	-	(364)	1,086
Shared ownership housing	3,656	60	-	(319)	3,397
Temporary housing	2,912	-	-	(59)	2,853
Market rent accommodation	1,074	18	(182)	2,111	3,021
Student accommodation	-	-	-	-	-
Supported housing and housing for older people	3,612	-	(435)	71	3,248
Leasehold in management	4,444	-	-	177	4,621
	52,412	**295**	**(629)**	**1,562**	**53,640**
Rented social housing includes affordable housing units	5,107	63	-	59	5,229
Owned but not managed					
General needs rented housing	400	-	-	25	425
Supported housing and housing for older people	1,170	-	-	1	1,171
Leasehold in management	2	-	-	-	2
Market rent accommodation	-	-	-	2	2
Shared ownership housing	139	-	-	-	139
Temporary housing	-	-	-	1	1
	1,711	**-**	**-**	**29**	**1,740**
Total	**54,123**	**295**	**(629)**	**1,591**	**55,380**

Note 14 - Investments

NHG	2023 £m	2022 £m
Cost		
At 1 April	471.8	455.0
Additions	10.3	16.8
At 31 March	**482.1**	**471.8**
Impairment		
At 1 April	(9.7)	-
Provision for impairment	9.7	(9.7)
At 31 March	-	**(9.7)**
Net book value		
At 31 March	**482.1**	**462.1**

As required by statute, the financial statements consolidate the results of Notting Hill Genesis and its subsidiaries at 31 March 2023 (see note 33). NHG has the right to appoint members to the boards of all of its subsidiaries, thereby exercising control.

During the year NHG provided management services for Notting Hill Home Ownership Limited, Project Light Market Rent Limited, Folio London Limited, Notting Hill Community Housing, Touareg Trust, Walworth Homes Limited, Choices for Graham Park Limited and Springboard 2 Housing Association Limited and charged them £10.7m (2022: £11.6m). The board believe that the carrying value of the investment is supported by their underlying net assets.

Note 15 - Properties in the course of sale

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Properties under construction				
First tranche	52.2	32.1	8.2	7.8
Outright sales	56.7	62.5	4.1	5.3
Completed properties				
First tranche	17.6	42.3	2.0	11.4
Outright sales	7.5	33.4	0.4	0.5
Landbank				
Landbank	146.8	146.2	39.9	39.9
	280.8	**316.5**	**54.6**	**64.9**

Note 16 - Debtors falling due within one year

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Rental debtors	50.0	45.0	40.1	41.0
Less provision	(28.3)	(27.4)	(24.1)	(23.2)
	21.7	**17.6**	**16.0**	**17.8**
Trade debtors	4.1	8.8	3.1	3.4
Amounts receivable from local authorities	2.9	5.2	2.2	2.3
Amounts owed by subsidiary undertakings	-	-	295.9	323.7
Value added tax receivable	-	1.9	-	-
Other debtors	69.2	58.5	49.0	31.7
Prepayments and accrued income	29.8	23.5	22.2	13.5
Intercompany short term investments	-	-	207.0	225.6
	127.7	**115.5**	**595.4**	**618.0**

Note 17 - Debtors due after more than one year

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Other long-term debtors	8.1	8.1	6.7	6.7
Derivative instrument asset	9.7	18.3	5.7	15.4
Intercompany long-term loans	-	-	387.1	378.9
	17.8	**26.4**	**399.5**	**401.0**

Note 18 - Current asset investments

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Short-term deposit	65.8	30.0	14.7	15.9
	65.8	**30.0**	**14.7**	**15.9**

Short term deposits relate to restricted cash. They include bank balances charged to lenders, sinking fund bank balances held on behalf of leaseholders, bank balances held on behalf of residents, bank balances held by insurance protective cell and bank balances held on behalf of charitable funds.

Note 19 - Creditors: amounts falling due within one year

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Housing loans (note 21)	30.1	24.0	27.3	21.5
Trade creditors	10.2	13.9	8.3	7.5
Amounts owed to Group undertakings	-	-	175.8	157.7
Other taxes and social security	1.7	2.2	3.8	4.1
Deferred government grant	19.2	33.0	13.2	-
Recycled capital grant	27.5	19.3	13.3	8.1
Other creditors	96.5	75.5	52.3	40.1
Accruals and deferred income	183.2	178.9	134.5	120.6
	368.4	**346.8**	**428.5**	**359.6**

Note 20 - Creditors: amounts falling due after more than one year

	Group 2023 £m	Group 2022 £m	NHG 2023 £m	NHG 2022 £m
Housing loans (note 21)	3,275.1	3,328.5	2,835.9	2,941.6
Recycled capital grant fund	24.7	30.8	8.2	13.0
Deferred government grant	1,062.4	1,102.0	978.1	1,010.5
Homebuy Grant	24.0	24.9	-	-
Other long term creditor	6.4	8.4	6.4	8.4
Local authority grant	0.7	0.7	0.8	0.8
	4,393.3	**4,495.3**	**3,829.4**	**3,974.3**

Deferred government grant	Group Completed properties £m	NHG Completed properties £m
Gross value		
Opening balance at 1 April 2022	2,686.9	2,427.5
Grants received during year	10.3	8.1
Transferred from other registered provider	2.3	2.3
Transferred to other registered provider	(32.8)	(32.3)
Transferred from recycled capital grant	0.1	0.1
Transferred to recycled capital grant	(10.4)	(4.6)
Paid to GLA	(34.0)	(33.5)
Intercompany transfer	-	33.1
Total SHG before amortisation at 31 March 2023	**2,622.4**	**2,400.7**
Amortisation (contingent grant)		
At 1 April 2022	(1,552.0)	(1,416.9)
Amortisation in the year	(12.9)	(11.9)
Disposal (transfer to cost of sales)	6.2	1.6
Disposal (transfer to revenue)	(12.6)	(12.1)
Transfer to another RP	32.8	32.2
Transfer from another RP	(2.3)	(2.3)
Accumulated amortised SHG at 31 March 2023	**(1,540.8)**	**(1,409.4)**
SHG net of amortisation at 31 March 2023	**1,081.6**	**991.3**

Recycled capital grant fund	Group Total £m	NHG Total £m
At 1 April 2022	50.1	21.1
Grants recycled	10.3	4.6
Interest accrued	1.0	0.2
Used to finance new provision	(0.2)	(0.1)
Payable	(10.0	(4.3)
Homebuy redemption	1.0	-
At 31 March 2023	**52.2**	**21.5**

At the end of 31 March 2023, £nil (2022: £33.0m) of grants were due for repayment to the Greater London Authority.

Homebuy	Group 2023 Homebuy grants receivable £m
At 1 April	24.9
Repaid in the year	(0.9)
Written back in year	-
At 31 March	**24.0**

Note 21 - Loans

	Group 2023 £m	Group 2022 £m	NHG 2023 £m	NHG 2022 £m
Secured loans and overdrafts	986.4	1,034.3	820.1	920.2
Unsecured loans and overdrafts	30.4	30.5	2.6	2.6
Public bonds	2,288.4	2,287.7	2,040.5	2,040.3
Non-recourse secured bank loans	-	-	-	-
Unsecured loans and overdrafts				
Housing loans	**3,305.2**	**3,352.5**	**2,863.2**	**2,963.1**

Analysis of loan repayments	Group 2023 £m	Group 2022 £m	NHG 2023 £m	NHG 2022 £m
Repayable on maturity				
- in less than five years	-	-	-	-
- within one year or on demand	7.7	2.2	8.1	2.5
- between one and two years	2.5	7.9	2.9	8.2
- within two and five years	286.6	87.9	9.5	88.9
- in five years or more	2,319.8	2,599.4	2,067.4	2,069.4
Repayable by annual instalments				
- within one year or on demand	22.4	21.8	19.2	19.0
- between one and two years	24.2	22.0	18.8	20.7
- within two to five years	85.3	87.6	68.3	66.5
- in five years or more	556.7	523.7	669.0	687.9
	3,305.2	**3,352.5**	**2,863.2**	**2,963.1**

Folio Residential Finance No 1 plc (FRFN1), is a Special Purpose Entity (SPE) as defined in FRS102 and, as members of the NHG group have the rights to obtain the benefits of the SPE, that is, the proceeds of the debt issued by the company, it is deemed, for the purposes of FRS102, to be controlled by the group. Therefore, the SPE's results are consolidated with the results of NHG group.

Public bonds

The group has eight public bonds in issue:

Amount £m	Year due	Interest rate %
250	2029	2.875 secured
350	2032	3.750 secured
250	2039	6.064 secured
300	2042	5.250 secured
400	2048	3.250 secured
250	2054	4.375 secured
250	2036	2.000 secured
250	2027	1.246 secured

Loans

The group financing facility includes term and revolving facility loans with maturities out to 2056.

The loans are secured on property assets by a first secured charge. On undrawn revolving facilities, commitment fees are payable.

The group has unsecured funding of ¥5bn (2022: ¥5bn) which has been hedged into £28m (2022: £28m) by a currency swap, to finance housing development subsidiary. The fixed rate coupon is 2.975% and there are four years remaining to maturity. The Group also has two interest-free unsecured loans totalling £8.8m used to finance housing development subsidiary.

Public secured bonds and secured loans are secured by fixed charges on individual properties. The number of charged properties for the group is 36,085 with a value on a Market Value-Tenanted (MV-T) basis of £9,114.0m; for the NHG it is 31,428 with a value on a MV-T basis of £8,064.0m (2022: group 35,317 and NHG 30,402).

The group has pledged as collateral against potential liabilities on free standing derivatives 1,320 properties with a value on a MV-T basis of £332.8m (2022: 1,320 properties with a value of £332.8m) and for NHG 1,320 properties with a value on a MV-T basis of £332.8m (2022: 1,320 properties and a value of £332.8m).

The rate of interest on loans ranges from 0.309% to 10.700%.

At 31 March 2023 the group had undrawn loan facilities of £1,098.3m (2022: £964.7m).

The group loan balance of £3,305.2m (2022:£3,352.5m) has been netted off by loan arrangement fees of £21.6m and receipts of £9.5m loan premium which are written off over the term of each loan.

The NHG loan amount of £2,863.2m (2022: £2,963.1m) has been netted off by loan arrangement fees of £16.6m and receipts of £9.5m loan premium which are written off over the term of each loan.

As at the year end, £625.0m (2022: £651.1m) of the group's variable debt had its interest rate hedged by stand-alone interest rate swaps. As at the year end £42.0m (2022: £42.0m) of the group's fixed debt had its interest rate hedged by stand-alone swaps. As at the year end, ¥5bn (2022: ¥5bn) of the group's debt has been hedged into £28m (2022: £28m) by a currency swap. Note 5 has an analysis of the anticipated contractual cash flows including interest payable for the group's financial liabilities on an undiscounted basis. Interest is calculated on drawn debt held as at 31 March 2023.

As at 31 March 2022, the group is exposed to risks arising from interest rate benchmark using Sterling Overnight Interbank Average Rate (SONIA).

The group has applied the amendments to FRS 102: interest rate benchmark reform (phase 1 and phase 2). Applying the practical expedient introduced by the amendments, when the benchmark affecting the group's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loan's benchmark interest rate will not result in an immediate gain or loss recorded in the profit or loss, which may have been required if the practical expedient was not available or adopted. As at 31 March 2023, all of the group's bank loans had transition to alternative interest rate benchmarks.

Note 22 - Provisions for liabilities and charges

Group	Short-term leases total £m	Tenants' provisions £m	Other provisions £m	London Living Wage and welfare provision £m	Total £m
At 1 April 2022	1.3	-	6.4	1.2	8.9
Additional provisions	-	6.9		0.3	7.2
Release of provision	(0.1)	-	(6.4)	(0.5)	(7.0)
At 31 March 2023	**1.2**	**6.9**	**-**	**1.0**	**9.1**

NHG	Short-term leases total £m	Tenants' provisions £m	Other provisions £m	London Living Wage and welfare provision £m	Total £m
At 1 April 2022	1.3	-	-	1.1	2.4
Additional provisions	-	4.9	24.0	0.4	29.3
Release of provision	(0.1)		-	(0.5)	(0.6)
At 31 March 2023	**1.2**	**4.9**	**24.0**	**1.0**	**31.1**

During the year £nil (2022: £nil) was set aside for future repairs under short term lease and £0.1m (2022: £0.1m) was used to carry out repairs to properties that were handed back during the year. All provisions are attributable to the NHG.

During the year, the provision for development agreement for £6.4m (2022: £nil) was released in the group.

In NHG £24.0m (2022: £nil) of fire remediation works was set aside in respect of Paragon. In the group, this amount is included in impairment of housing asset and it was set aside in the previous year.

During the year £0.3m (2022: £0.3m) was set aside to pay for London Living Wage and Welfare provision in the care and support schemes and payments of £0.5m (2022: £nil) were made.

Two of our properties have suffered from some significant building defects. We are working with the NHBC to resolve the defects and remedial works are underway. Unfortunately, the remedial works have been going on for some time and will continue to do so leading to disruption and inconvenience for the residents. As a result, at 31 March 2023 a provision was set aside to compensate the tenants.

Note 23 - Called-up share capital

	2023 £	2022 £
At 1 April	105	113
Issued during the year	-	2
Redeemed during year	(2)	(10)
At 31 March	**103**	**105**

The shares are non-transferable and do not carry a right to interest or dividends and are cancelled on death or withdrawal from NHG. The shares do not have any redemption value, and on cancellation the amount paid becomes the property of NHG.

Note 24 - Reserves

General reserves reflects accumulated surpluses for the group which can be applied at its discretion for any purpose.

The Revaluation reserve relates to the transition to deemed cost for housing properties (see note 9).

The Cash flow hedge reserve is used to record transactions arising from the group's cash flow hedging arrangements.

Note 25 - Reconciliation of operating surplus to net cash inflow from operating activities

Group	2023 £m	2022 £m
Operating surplus	217.9	230.7
Surplus on sale of properties	(50.8)	(49.2)
Fair value gains on investment	(36.4)	(4.8)
Fair value losses on financial instruments	1.2	0.2
Depreciation	62.2	59.9
Impairment reversal	(1.8)	(12.3)
Amortisation of/(premium on) loan set up costs	1.2	(5.9)
Amortisation of intangible assets	5.4	5.7
Amortisation of social housing grant	(12.9)	(16.5)
Other assets an amounts written off	4.0	1.8
Joint venture income	(8.2)	(1.0)
Decrease in properties and other assets in the course of sale	37.5	105.3
(Increase)/Decrease in debtors	(12.3)	25.5
Increase/(Decrease) in creditors	12.3	(27.6)
Net cash inflow from operating activities at 31 March	**219.3**	**311.8**

Note 26 - Reconciliation of net cash flow to movement in net debt

Group	2023 £m	2022 £m
(Decrease)/increase in cash	52.2	(32.9)
Cash flow from (decrease) in debt and lease finance	(48.5)	(53.4)
Non cashflow changes	(45.0)	(20.4)
Total changes in net debt for the year	**(41.3)**	**(106.7)**
Net debt at 1 April	3,321.2	3,427.9
Net debt at 31 March	**3,279.9**	**3,321.2**

Note 27 - Analysis of debt

	1 April 2022 £m	Cash flow £m	Non cash £m	31 March 2023 £m
Cash at bank and in hand	112.4	(52.2)	-	60.2
Loans				
Short term loans	(24.0)	(6.1)	-	(30.1)
Long term loans	(3,328.5)	54.6	(1.2)	(3,275.1)
Interest rate swap liability	(99.4)		54.8	(44.6)
Interest rate swap asset	18.3		(8.6)	9.7
Changes in net debt	**(3,321.2)**	**(3.7)**	**45.0**	**(3,279.9)**

Note 28 - Pension obligations

The group's employees and past employees are active members, deferred members or pensioners of several pension schemes operated by the group. These include the Social Housing Pension Scheme (SHPS DB), the Notting Hill Genesis Pensions scheme(NHGPS), the PCHA 2001 scheme, the LPFA scheme and the Wandsworth Council Pension Fund (WCPF) (collectively, the "Plans"). All the Plans are closed to new entrant. Further information on the plans is provided below.

SHPS

The group participates in the scheme, a multi-employer scheme which provides benefits to some 360 non-associated employers. The group's participation in SHPS is closed to future accrual.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the group 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(i.e. a buy-out basis) on withdrawal from the scheme.

NHGPS and PCHA schemes

The NHGPS and PCHA schemes are defined benefit schemes operating in the UK. These schemes are closed to future accrual. There is a separate trustee-administered fund holding the pension scheme assets to meet long-term liabilities. A full actuarial valuation is carried out on a periodic basis by a qualified actuary, independent of the scheme's sponsoring employer. The group has agreed to pay the scheme expenses and Pension Protection Fund (PPF) levies separately.

LPFA and WCPF schemes

The LPFA and WCPF schemes are defined benefit schemes operating as public sector schemes in the UK. These schemes are open to future accrual. There is a separate administering authority holding the pension scheme assets to meet long-term liabilities. The schemes are operated in line with Local Government Pension Scheme (LGPS) regulations. A full actuarial valuation is carried out on a periodic basis by a qualified actuary, independent of the scheme's sponsoring employer. The scheme expenses are incorporated in this valuation (and so are not payable separately).

Name of pension scheme	Date of last full actuarial valuation	Deficit in valuation £m	Agreed contributions per annum £m	Period of commitment for contributions
SHPS DB	30 September 2020	42.0	4.7	Until 2028
NHGPS	30 September 2019	11.0	1.8	Until 2025
PCHA	30 September 2019	10.0	1.6	Until 2025
LFPA	31 March 2019	2.0	-	Until 2023
Wandsworth Council Pension Fund(WCPF)	31 March 2019	1.0	-	Until 2023
Total		**66.0**	**8.1**	

Further disclosures on the plans

As permitted by section 28 of FRS 102, the group has aggregated the financial information in respect of the defined benefit schemes (the "Plans") in which it participates for presentation purposes:

Pension scheme liabilities recognised in the statement of financial position

Pension obligations recognised as defined benefit schemes	2023 £m	2022 £m
SHPS DB	21.5	21.9
Notting Hill Genesis	2.3	1.7
PCHA 2001	-	-
LPFA	-	1.1
WCPF	-	-
	23.8	**24.7**

Note 28 - Pension obligations (continued)

Principal actuarial assumptions at the financial position date (expressed as a range)	2023	2022
Discount rate	4.80-4.89%	2.60-2.79%
Inflation (RPI)	3.19-3.20%	3.57-3.70%
Inflation (CPI)	2.69-2.95%	3.12-3.35%
Salary growth	3.40-4.20%	3.75-4.57%
Allowance of commutation of pension for cash at retirement	75% of max	75% of max

The mortality assumptions applied at 31 March 2023 imply the following life expectancies	Life expectancy at age 65 (years)
Male retiring in 2020	20.6-22.0
Female retiring in 2020	23.4-24.3
Male retiring in 2040	22.2-23.6
Female retiring in 2040	24.9-25.7

Amounts recognised in the income statement	2023 £m	2022 £m
Net interest on defined benefit liability	0.6	0.8
Current service cost	-	0.1
Expenses paid	0.4	0.3
Total expenses	**1.0**	**1.2**

Amounts recognised in other comprehensive income	2023 £m	2022 £m
Actual return on the assets held in the Plans	(84.9)	3.4
Return on assets included in net interest	(3.3)	(10.4)
Asset gain	(88.2)	(7.0)
Effects of changes in assumptions underlying the present value of the Plans' liabilities	84.6	21.8
Experiences gains arising on the Plans' liabilities	(1.6)	(0.7)
Effects of changes in demographic assumptions	0.9	2.6
Effect of change in amount of surplus that is not recoverable	(2.4)	(3.2)
Actuarial (loss)/gain recognised	**(6.7)**	**13.5**

Statement of financial position	Group and NHG	
	2023 £m	2022 £m
Fair value of the plans' assets	196.6	273.4
Present value of funded retirement benefit obligations	(220.4)	(298.1)
Net liability	**(23.8)**	**(24.7)**

Reconciliation of movements on the defined benefit obligation	2023 £m	2022 £m
Defined benefit obligation at the start of the period	**298.1**	**309.8**
Current service cost	-	0.1
Interest cost	8.1	6.5
Actuarial (gains)/losses due to scheme experience	5.0	11.2
Actuarial (gains)/losses due to changes in demographic assumptions	(2.0)	(1.9)
Actuarial losses/(gains) due to changes in financial assumptions	(84.0)	(22.3)
Experience loss/gain on defined benefit obligation	0.5	-
Effect of asset ceiling/unrecognised surplus	2.5	3.2
Benefits paid	(7.8)	(8.5)
Defined benefit obligation at the end of the period	**220.4**	**298.1**

The actuarial gain in LPFA, WCPF and PCHA 2001 (2022: PCHA 2001) plans have been excluded from the value of funded benefit obligations

Reconciliation of movements on the fair value of the Plans' assets	2023 £m	2022 £m
Fair value of the Plans' assets at the start of the period	**273.4**	**265.1**
Interest income	7.5	5.6
Expenses	(0.3)	(0.2)
Experience gains/(losses) on plan assets	(84.7)	3.5
Unfunded pension payments	-	
Contributions made by employer	8.5	7.9
Benefits paid	(7.8)	(8.5)
Fair value of the Plans' assets at the end of the period	**196.6**	**273.4**

The fair values of each main class of assets held by the Plans and the expected rates of return for the ensuing year are set out in the following table.

	2023		2022	
Categories of assets held by the plans are as follows:	£m	% Holding	£m	% Holding
Bonds	97.8	50	116.8	43
Other	42.2	21	36.9	13
Property and infrastructure	16.8	9	27.5	10
Equity	13.7	7	55.5	20
Risk sharing	7.2	4	4.8	2
Cash	4.4	2	3.0	1
Opportunistic illiquid credit	4.1	2	4.9	2
Credit relative value	3.7	2	4.8	2
Distressed opportunities	2.9	1	5.2	2
Insurance linked securities	2.5	1	3.4	1
Absolute return	1.1	1	5.8	2
Alternative risk premia	0.2	0	4.8	2
	196.6	**100**	**273.4**	**100**

Note 29 - Employee information

The number of full-time equivalent persons (including part-time staff) employed on a weekly average basis of a 35-hour week, 37.5-hour week or a 40-hour week depending on their respective contract for the whole year is shown below:

	Group and NHG	
	2023 No.	2022 No.
Staff engaged in managing or maintaining housing stock	785	736
Staff providing other housing services	129	131
Staff engaged in developing or selling housing stock	143	147
Staff providing central administration services	328	340
Staff providing care and support	233	289
	1,618	**1,643**

Staff costs for the above persons	Group		NHG	
	2023 £m	2022 £m Reclassified	2023 £m	2022 £m Reclassified
Wages and salaries	73.3	69.9	65.0	62.8
Social security costs	8.2	7.3	7.3	6.5
Other pension costs (see note 28)	8.6	7.9	7.6	7.1
	90.1	**85.1**	**79.9**	**76.4**

Redundancy payments of £448,111 (2022: £450,426) were made during year.

Salary range	2023 £'000	2022 £'000
Lowest paid employee	17	16
Highest paid employee	296	287

Remuneration banding for employees earning over £60,000 is set out below. The earnings include salary, bonus and employers' pension.

	Group and NHG	
£'000	2023 No.	2022 No.
60-70	113	102
70-80	84	60
80-90	38	31
90-100	27	27
100-110	22	13
110-120	8	3
120-130	1	-
130-140	7	-
140-150	6	15
150-160	7	-
160-170	1	-
190-200	1	1
200-210	3	1
210-220	1	2
250-260	1	1
260-270	-	1
280-290	1	-
320-330	1	-

Note 30 - board and executive directors' emoluments

The payments to current non-executive board members represents 0.02% (2022: 0.02%) of turnover. Board members are appraised on an annual basis and there is an annual review of board member payments.

Remuneration paid to current board members is set out below. Allowance levels are reviewed annually and set by the board for different roles. Only one allowance is paid regardless of the number of roles held.

From 1 January 2014, the executive board members were either members of a defined contribution pension scheme or received a pension allowance.

The remuneration of the members of the board, the committees and the executive directors was:	2023 £'000	2022 £'000
Fees for members of the board	195	160
Fees for committee members	49	44
Management services of executive directors (including pension contributions and benefits in kind)	1,858	2,060
Remuneration for management services (excluding pension contributions) includes the amount paid to the highest paid Director	296	287

Current non-executive board members at 31 March	2023 £'000	2022 £'000
Ian Ellis	38.0	30.0
Stephen Bitti	20.0	15.0
Elaine Bucknor	16.0	15.3
Alexander Phillips	25.0	18.0
Richard Powell	20.0	15.0
Fred Angole	20.0	15.0
Arike Oke	16.0	15.0
Claire Kober OBE	20.0	8.0
Ingrid Osborne	20.0	8.0

Current executive board members	Salaries £'000	Pension costs £'000	2023 Total £'000
Patrick Franco, Chief Executive[1]	74	7	81
John Hughes, Group Development Director	261	28	289
Katie Bond, Chief Operating Officer[2]	124	13	137
Vipul Thacker, Group Corporate Services Director	181	19	200
Rajiv Peter, Chief Information Officer	172	18	190
Matthew Cornwall-Jones, Group Director of Assets and Sustainability[3]	43	5	48

[1] Appointed 03 January 2023

[2] Appointed 16 August 2022

[3] Appointed 03 January 2023

The Chief Executive is not a member of the Notting Hill Genesis pension scheme arranged with Standard Life, but receives a 10% salary allowance.

Note 31 - Capital commitments

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Capital expenditure that has been contracted for but has not been provided for in the financial statements:	479.6	601.6	131.6	146.2
Capital expenditure that has been authorised by the board but has not yet been contracted for:	143.8	62.6	70.0	13.0

The above capital commitments include expenditure in joint ventures.

Capital commitments will be funded by a combination of social housing grant of £99.5m, sales receipts of £362.0m and existing loan facilities of £162.0m.

Note 32 - Operating leases

The payment which the Group and NHG is committed to make in the next year under operating leases is as follows.

	2023 £m	2022 £m
These leases can be cancelled within 28 days' notice. The amount shown is the full payment for the year		
Temporary housing leases less than one year	26.0	28.8

Other operating lease payments under non-cancellable operating leases for properties are set out below:

	2023 £m	2022 £m
Not later than one year	6.6	6.3
Later than one year and not later than five years	28.4	27.0
Later than five years	200.1	203.1

The group's social housing properties are held under operating leases and are tenanted under cancellable operating lease conditions. Typical tenant break clauses exist requiring a notice period of a month. Rents fluctuate in accordance with the Rent Standard and are affected by the Welfare Reform and Work Act 2016. Shared ownership properties may be purchased (stair-cased by its leaseholder) at any time at the pro-rata market rate. Ongoing lease payments will be adjusted according to the share of ownership retained by the group. Certain properties are available to purchase via right to buy by the existing tenant.

Note 33 - Incorporation, subsidiaries and joint ventures

Notting Hill Genesis is incorporated in England under the Co-operative and Community Benefit Society Act 2014 and is required by statute to prepare group financial statements. NHG is a Registered Housing Provider as defined by the Housing and Regeneration Act 2008 and is the ultimate parent.

Notting Hill Genesis and its subsidiaries have throughout the year held balances with each other. These balances relate to normal trading transactions between each of the entities.

All shares held as investments are held as ordinary shares with the exception of shares held in:

- Notting Hill Commercial Properties Limited - ordinary shares, redeemable ordinary shares and redeemable preference
- Project Light Development 1 Limited - ordinary shares, ordinary-A and ordinary-B shares
- Project Light Development 2 Limited - ordinary shares and ordinary-A shares
- Notting Hill Developments Limited - ordinary and redeemable preference shares

Note 33 - Incorporation, subsidiaries and joint ventures (continued)

Company (subsidiaries)	Principal activity	Parent	Country of registration
Notting Hill Home Ownership Limited	Performs the activities of a registered housing association	NHG owns one of eight shares and controls the Board. The remaining seven shares are held in NHG for the NHG.	England and Wales
Springboard 2 Housing Association Limited	Registered provider Manages shared ownership properties	NHG - 100% shares	England and Wales
Folio London Limited	Rents properties at market rent	NHG - 100% shares	England and Wales
GenFinance 2 PLC	Incorporated for the £250 million bond issue.	NHG - 100% shares	England and Wales
Notting Hill Community Housing Limited	Rents properties at sub-market prices	The NHG - 100% shares	England and Wales
Notting Hill Commercial Properties Limited	Develops and lets commercial properties	NHG - 100% shares	England and Wales
Notting Hill Developments Limited	Develops and sells properties	Notting Hill Commercial Properties Limited - 100% shares	England and Wales
Folio Treasury Holdings Limited	Incorporated for bond issue	Folio London Limited-100% shares	England and Wales
Folio Treasury Limited	Incorporated for bond issue	Folio Treasury Holdings Limited-100% shares	England and Wales
Folio Buildings Limited	Rents properties at market rent	Folio Treasury Limited-100% shares	England and Wales
Folio Porter's Edge Limited	Rents properties at market rent	Project Light Market Rent Limited-100% shares	England and Wales
Folio Bakersfield Limited	Rents properties at market rent	Folio Treasury Limited-100% shares	England and Wales
Folio City Park West Limited	Rents properties at market rent	Folio Treasury Limited-100% shares	England and Wales
Folio Sterling Place Limited	Rents properties at market rent	Folio Treasury Limited-100% shares	England and Wales
Folio New Garden Quarter Limited	Rents properties at market rent	Folio Treasury Limited-100% shares	England and Wales
Folio St James Limited	Rents properties at market rent	Folio Treasury Limited-100% shares	England and Wales
Folio New Hendon Village Limited	Rents properties at market rent	Folio Treasury Limited-100% shares	England and Wales
Project Light Development 1 Limited	Develops and sells properties	Notting Hill Commercial Properties Limited - 100% shares	England and Wales
Project Light Development 2 Limited	Develops and sells properties	Notting Hill Commercial Properties Limited - 100% shares	England and Wales
Project Light Market Rent Limited	Rents properties at market rent	Project Light Development 1 Limited - 100% shares	England and Wales
Choices for Grahame Park Limited	Develops and sells properties	NHG - 100% shares	England and Wales
Canonbury Developments Limited	Develops and sells properties	Notting Hill Home Ownership Limited	England and Wales
Walworth Homes Limited	Develops and sells properties	Notting Hill Commercial Properties Limited - 100% shares	England and Wales
TLD Kidbrooke LLP	To invest in the Kidbrooke scheme and provides business manger services to Kidbrooke LLP	Notting Hill Commercial Properties Limited - 99% control	England and Wales
Touareg Trust	Provides student accommodation	NHG is sole guarantee member and controls the Board	England and Wales
Goat Wharf Limited	Develops and sells properties	Notting Hill Home Ownership Limited -100% shares	England and Wales
Igloo Insurance Protected Captive Cell NOT6	Provides insurance services	NHG - 100% shares	Guernsey
Genesis Purchasing Limited	Procures contracting and consulting services on behalf of the group.	NHG - 100% shares	England and Wales
Genesis Oaklands Limited	Develops and sell property	NHG - 100% shares	England and Wales
GenInvest Limited	Develops and sells properties	NHG - 100% shares	England and Wales
Stoke Quay New Homes Limited	Develops and sells properties.	NHG - 100% shares	England and Wales

Note 33 - Incorporation, subsidiaries and joint ventures (continued)

Company (subsidiaries)	Principal activity	Parent	Country of registration
Central Chelmsford Development Agency Limited	Develops and sells properties.	NHG - 100% shares	England and Wales
GenFinance Limited	Responsible for managing loan facilities	NHG - 100% shares	England and Wales
Notting Hill Genesis Community Foundation Limited	A charity formed to run Community and Social regeneration projects	NHG - 100% shares	England and Wales
Presentation Market Rent Limited (dormant)	Rents properties at market rents (dormant)	NHG - 100% shares	England and Wales
European Urban St Pancras 2 Limited (dormant)	Develop and sell property	NHG - 100% shares	England and Wales
Shenstone (SPSL) - Pathmeads Property Services Limited (dormant)		NHG - 100% shares	England and Wales
Pathmeads Residential Limited (dormant)	Develops and sells properties.	NHG - 100% shares	England and Wales
Workwise Digital Limited (dormant)	To purchase workwise intellectual properties from NHG	NHG - 100% shares	England and Wales
Workwise software LLP (dormant)	To invest in Workwise Digital Limited	NHG - 50% shares	England and Wales

Folio Residential Finance No 1 plc is a Special Purpose Entity (SPE) as defined in FRS102 and, as members of the NHG group have the rights to obtain the majority of the benefits of the SPE, that is, the proceeds of the debt issued by the company. It is deemed, for the purposes of FRS102, to be controlled by the group. The respective obligations are included in the consolidated financial statements of the group.

Notting Hill Home Ownership Limited has a joint venture investment in KLA Twickenham LLP and Triangle London Developments LLP, registered in England and Wales (see below).

Notting Hill Commercial Properties Ltd also has a joint venture investment in Brenley Park LLP, Chobham Farm North LLP, Spray Street Quarter LLP, Armada 1 Development LLP, Gallions 2A Developments LLP, Gallions 2B Development LLP, Kidbrooke Partnership LLP and Rainham and Beam Park Regeneration LLP.

The Group's investment in joint venture projects amounted to £37.3m (2022: £47.7m). Details of these investments are shown below.

Joint venture income in the amount of £8.2m (2022: £1.0m) was made in the year.

The group owns 19% of the voting rights of an associate, LINQ Housing PLC. It also owns 63.17% of the economic shares. On 31 March 2023 the investment amounted to £5.3m (2022: £5.3m).

During the year, Notting Hill Developments Limited acquired St Modwen's 50% share in Spray Street Quarter LLP. As a result NHG indirectly owns 100% equity in Spray Street Quarter LLP.

The liability is limited to the amount invested.

Note 33 - Incorporation, subsidiaries and joint ventures (continued)

Joint ventures

Name	Nature of business	Share of capital commitment	Proportion of holding	Year ended	Net assets 2023 £m	Members' interests 2023 £m	Net assets 2022 £m	Members' interests 2022 £m
KLA Twickenham LLP	Development of 280 shared ownership, permanent rented, affordable keyworker and private for sale residential accommodation. In the process of being discontinued.	Nil	50%	31 March	-	-	0.1	(0.1)
Brenley Park LLP	Development of 169 shared ownership, permanent rented, affordable keyworker and private for sale residential accommodation.	Nil	50%	31 December	0.1	(0.1)	0.1	(0.1)
Chobham Farm North LLP	Development of 478 shared ownership, permanent rented, affordable keyworker and private for sale residential accommodation.	Nil	50%	31 March	1.3	(1.3)	0.3	(0.3)
Kidbrooke Partnership LLP	To develop site adjacent to Kidbrooke Station. The scheme will comprise ten blocks.	Nil	51%	31 March	19.0	(19.0)	19.1	(19.1)
Armada 1 South Developments LLP	To develop phase 1 of the Gallions Quarter sites.	Nil	50%	31 March	0.4	(0.4)	1.2	(1.2)
Gallions 2A Developments LLP	To develop phase 2 of the Gallions Quarter sites.	Nil	50%	31 March	7.0	(7.0)	18.7	(18.7)
Gallions 2B Development LLP	To develop phase 3 of the Gallions Quarter sites.	Nil	50%	31 March	10.3	(10.3)	5.0	(5.0)
Rainham and Beam Park Regeneration LLP	To acquire and develop site in Rainham and Beam Park in the London Borough of Havering. The scheme will consist of 744 units of mixed tenure.	Nil	50%	31 March	2.4	(2.4)	2.1	(2.1)
Triangle London Developments	Established to bid for Transport for London sites	Nil	50%	31 May	0.1	(0.1)	-	-
					40.6	**(40.6)**	**46.6**	**(46.6)**
Spray Street Quarter LLP	To acquire and develop site in Woolwich Town Centre to construct 612 residential units and 8,770 square metres of non-residential space.	Nil	100%	31 March	8.0	(8.0)	3.5	(3.5)
					8.0	**(8.0)**	**3.5**	**(3.5)**

Note 34 - Transactions with related parties

At 31 March 2023 there was one member on the board, Stephen Bitti who had a tenancy with NHG. The tenancy agreements have been granted on the same terms as for all other tenants, and the housing management procedures, including those relating to management of arrears, have been applied consistently. During the year, rents and service charges of £8,300 (2022: £7,634) were charged. A credit balance of £18 was outstanding at year end (2022:£(29)).

At 31 March 2023 there was one member on the Board, Arike Oke, who had a lease with NHG. The lease had been granted on the same terms as for all other leases and the housing management procedures, including those relating to management of arrears, have been applied consistently to the leaseholder. During the year rents and service charges of £8,428 (2022: £7,645) were charged. The amount outstanding at the year-end was a credit balance of £132 (2022:£(244)).

Chobham Farm North LLP

During the year NHHO charged Chobham Farm North LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of Notting Hill Housing NHG and Telford Homes Plc £37,603 (2022:£69,787) in respect of administration costs. At the year ending 31 March 2023 £nil (2022: £nil) was owed to NHHO. During the year the joint venture sold properties in the amount of £nil (2022:£nil) in the course of construction to NHHO.

During the year the LLP distributed £745,034 (2022:£700,000) to its JV partners.

Armada 1 South Development LLP

During the year NHHO charged Armada 1 South Development LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of Notting Hill Housing NHG and Telford Homes Plc £nil (2022: £68,055) in respect of administration costs. At the year ending 31 March 2023 £nil (2022: £nil) was owed to NHHO. At 31 March 2023 the amount receivable from NHHO was £nil (2022: £nil).During the year the joint venture sold properties in the amount of £nil (2022: £nil) in the course of construction to NHHO and its group undertakings.

During the year Members of Armada 1 South Development LLP received A profit of £3,812,103 (2022: £9,000,000).

Spray Street Quarter LLP

During the year NHHO charged Spray Street Quarter LLP, a Joint venture of Notting Hill Commercial Properties Limited, subsidiary of Notting Hill Housing NHG and Notting Hill Developments Limited £1 (2022: £1) in respect of administration costs. At the year ending 31 Mar 2023 £nil (2022: £1) was owed to NHHO.

During the year the members of Spray Street Quarter LLP contributed a total of £1,061,500 (2022: £405,000) into the members' capital.

Gallions 2B Development LLP

During the year NHHO charged Gallions 2B Development LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of NHG £74,195 (2022: £68,055) in respect of administration costs. At the year ending 31 March 2023 £nil (2022: £nil) was owed to NHHO. During the year the joint venture sold properties in the amount of £6,420,875 (2022: £12,060,403) in the course of constructions to NHHO and its group undertakings.

During the year the members of Gallions 2B Development LLP contributed £11,115,000 into the members' capital (2022: £5,610,000).

Kidbrooke Partnership LLP

During the year TLD Kidbrooke LLP charged Kidbrooke Partnership LLP, a joint venture of Notting Hill Commercial Properties Limited, subsidiary of Notting Hill Housing NHG and Transport for London Plc £1,135,887 (2022:£461,287) in respect of administration costs. At the year ending 31 March 2023 £53,724 (2022:£60,660) was owed to TLD Kidbrooke LLP.

During the year the joint venture sold properties in the amount of £42,077,028 (2022: £29,959,930) in the course of construction to NHHO and its group undertakings.

Rainham Beam Park Regeneration LLP

During the year NHHO charged LLP, Rainham Beam Park Regeneration LLP a joint venture of Notting Hill Commercial Properties Limited, subsidiary of Notting Hill Housing NHG and London borough of Havering £518,122 (2022: £518,122) in respect of administration costs. At the year ending 31 March 2023 £13,140 was owed by NHHO and in 2022: £25,037 was owed to NHHO.

Gallions 2A Developments LLP

Gallions 2A Developments LLP reimbursed capital of £34,290,000 to the members. In the previous year the members contributed £29,676,300 into the members' capital.

NHG had invested the following amounts in the share capital of its non-regulated subsidiaries.

	2023 £m	2022 £m
Notting Hill Commercial Properties Limited	177.5	165.2
Folio London Limited	264.9	264.9
Igloo Insurance Protected CaptiveCell NOT 6	0.7	0.7
Pathmeads Property Services Limited	0.9	0.9
Genesis Oaklands Limited	0.1	0.1
Choices for Grahame Park Limited	2.0	2.0
At 31 March	**446.1**	**433.8**

NHG had invested the following loans in its non regulated subsidiaries.

	2023 £m	2022 £m
Notting Hill Developments Limited	1.7	13.1
Folio London Limited	-	62.7
Touareg Trust	22.9	20.3
Notting Hill Community Housing	107.4	84.7
Walworth Homes Limited	18.0	18.8
Canonbury Developments Limited	2.0	10.8
Genesis Oaklands Limited	0.1	0.1
Choices for Graham Park Limited	74.9	44.8
Folio Porter's Edge Limited	0.5	0.5
Folio Bakersfield Limited	0.2	0.2
Folio City Park West Limited	0.3	0.3
Folio Sterling Place Limited	0.3	0.3
Folio New Garden Quarter Limited	0.2	0.2
Folio St James Limited	0.2	0.2
Folio Buildings Limited	0.3	0.3
Folio New Hendon Village Limited	0.1	0.1
At 31 March	**229.1**	**257.4**

Details of other transactions between NHG and its non-regulated subsidiaries during the year are shown here.

The transactions relate to: Notting Hill Commercial Properties Limited, Notting Developments Limited, Canonbury Developments Limited, Folio London Limited, Touareg Trust, Goat Wharf Limited, Notting Hill Community Housing, Walworth Homes Limited, Igloo Insurance Protected Captive Cell NOT6,Choices for Graham Park Limited, Genfinance limited, GenFinance 2PLC, Genesis Purchasing Limited, Genesis Oaklands Limited, Genesis Community Foundation, Stoke Quay New Homes Limited, Central Chelmsford Development Agency Limited, Folio Treasury Limited and Folio New Hendon Village Limited

In accordance with the treasury policy, excess cash held by subsidiaries is invested in NHG to manage interest charges.

Purchases relate to invoices that are charged to NHG but relate to other group companies. They include temporary staff costs, utility bills and courier charges.

Overhead recharges are recharges made by the rest of the group to NHG based on the budget taking into account staff numbers, floor space and turnover per subsidiary.

Payroll relates to payroll costs for specific staff who work directly for the said subsidiaries.

Service charges relate to invoices that are charged to NHG but relate to other companies.

Design and build service was provided by Genesis Purchases Limited to NHG.

Other inter-company transactions	2023 £m	2022 £m
Excess cash invested	72.3	66.1
Purchases	(1.0)	(1.1)
Overhead recharges	0.1	(2.1)
Payroll	(2.6)	(2.1)
Interest	(4.0)	(5.7)
Disinvestment in subsidiaries	-	(1.3)
Service charges	(1.1)	-
Design and build	5.1	-
	68.8	**53.8**

Note 35 - Financial instruments and risk management

Group	Financial assets at fair value		Financial assets at amortised cost	
	2023 £m	2022 £m	2023 £m	2022 £m
Financial assets that are debt instruments measured at amortised cost				
Current asset investments	-	-	65.8	30.0
Cash	-	-	60.2	112.4
Debtors	-	-	127.7	115.5
Debtors falling due after one year	-	-	8.1	8.1
Financial assets measured at fair value through the statement of comprehensive income				
Interest rate swaps fixed to float	4.8	7.5	-	-
Designated currency hedge	4.9	3.5	-	-
Designated interest rate hedges	-	7.3	-	-
Total	**9.7**	**18.3**	**261.8**	**266.0**

NHG	Financial assets at fair value		Financial assets at amortised cost	
	2023 £m	2022 £m	2023 £m	2022 £m
Financial assets that are debt instruments measured at amortised cost				
Current asset investments	-	-	14.7	15.9
Cash	-	-	39.3	58.4
Debtors	-	-	595.4	618.0
Debtors falling due after one year	-	-	393.8	385.6
Financial assets measured at fair value through the statement of comprehensive income				
Interest rate swaps fixed to float	0.9	8.0	-	-
Designated currency hedge	4.8	7.4	-	-
Total	**5.7**	**15.4**	**1,043.2**	**1,077.9**

All financial assets or liabilities at fair value are calculated using measurements based on inputs that are observable for the asset/liability either directly or indirectly from prices. The valuation techniques used to measure the above interest rate swaps financial instruments maximise the use of market data where available. For all other financial instruments where fair value cannot be measured reliably, the fair value is considered to approximate to the carrying value of the instrument at historic cost less impairment.

Credit risk is assessed on all financial instruments in the tables above and an adjustment is made to the valuation to reflect the credit risk associated with each counterparty.

Note 35 - Financial instruments and risk management (continued)

Group	Financial liabilities at fair value		Financial liabilities at amortised cost	
	2023 £m	2022 £m	2023 £m	2022 £m
Financial liabilities that are measured at amortised cost				
Trade and other payables	-	-	338.3	322.8
Public bonds	-	-	2,288.4	2,287.7
Loans and borrowings	-	-	1,016.8	1,064.8
Other long-term creditors	-	-	1,219.1	1,257.1
Financial liabilities that are measured at fair value through the statement of comprehensive income				
RPI swaps	-	5.5	-	-
Cancellable interest rate swaps	0.3	1.1	-	-
Interest rate swaps float to fixed	2.5	6.3	-	-
Designated interest rate hedges	41.8	86.5	-	-
Total	**44.6**	**99.4**	**4,862.6**	**4,932.4**

NHG	Financial liabilities at fair value		Financial liabilities at amortised cost	
	2023 £m	2022 £m	2023 £m	2022 £m
Financial liabilities that are measured at amortised cost				
Trade and other payables	-	-	401.2	338.1
Public bonds	-	-	2,040.5	2,040.3
Loans and borrowings	-	-	822.7	922.8
Other long-term loans	-	-	1,017.3	1,057.4
Financial liabilities that are measured at fair value through the statement of comprehensive income				
RPI swaps	-	5.5	-	-
Cancellable interest rate swaps	0.3	1.1	-	-
Interest rate swaps float to fixed	10.7	7.7	-	-
Designated interest rate hedges	41.8	86.5	-	-
Total	**52.8**	**100.8**	**4,281.7**	**4,358.6**

Group	2023		2022	
	Book value £m	Fair value £m	Book value £m	Fair value £m
A comparison of the book value to the fair value of the group's long-term borrowings at 31 March				
Current portion of long-term debt	30.1	30.1	24.0	24.0
Long-term debt	3,275.1	3,275.1	3,328.5	3,328.5
	3,305.2	**3,305.2**	**3,352.5**	**3,352.5**

NHG	2023		2022	
	Book value £m	Fair value £m	Book value £m	Fair value £m
A comparison of the book value to the fair value of the NHG's long term borrowings at 31 March				
Current portion of long term debt	27.3	27.3	21.7	21.7
Long term debt	2,835.9	2,835.9	2,941.4	2,941.4
	2,863.2	**2,863.2**	**2,963.1**	**2,963.1**

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Gains in respect of financial derivatives held at fair value through the statement of comprehensive income				
Gains in respect of financial derivatives	20.6	11.0	14.8	3.2
	20.6	**11.0**	**14.8**	**3.3**

	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
Gains in respect of financial derivatives held at fair value through the statement of other comprehensive income				
Gains in respect of financial derivatives	25.6	36.0	23.5	33.2
	25.6	**36.0**	**23.5**	**33.2**

Note 35 - Financial instruments and risk management (continued)

Risk

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk..

Interest rate risk

The group finances its development through a mixture of retained surplus, grant and borrowings. The group's interest rate management ensures that a minimum of 40% of its drawn funds should be fixed on a long-term basis and the remaining 60% is either hedged or kept at variable rates depending on prevailing market conditions and requirements of the business.

The group has entered into interest rate swap agreements to hedge exposure to the variability in cash flows attributable to movements in interest rates. This is documented in the treasury policy and allows the group to enter into contracts where the group agrees to pay interest at a fixed rate and receives interest at a floating rate. The interest rate swaps are designated as a hedge of the variable debt interest payments which are linked to changes in the benchmark interest rate (LIBOR) which is the quoted price in an active market. This method reflects the risk management objective of the hedging relationship that swaps a series of future variable cash flows to a fixed rate. The interest rate swap agreements which do not meet the hedging tests contained in FRS102 are accounted for through the statement of comprehensive income.

The cash flows from the interest rate swaps are expected to occur monthly, quarterly or on a semi-annual basis dependent on each contract.

Hedge accounting

Where the group hedges its exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt, or future currency payment on debt denominated in a foreign currency) or a highly probable forecast transaction and that transaction could affect profit or loss, the hedging relationship is designated as a cash flow hedge.

The key assumption used in valuing the interest foreign currency derivatives is the GBP:JPY forward exchange rates.

Hedge accounting is discontinued where the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged instrument is derecognised or the hedging instrument is terminated.

A cash flow hedge is accounted for as follows:

The proportion of the gain or loss on the hedging instruments that is determined to be an effective hedge are recognised directly in equity and the ineffective portion of the gain or loss on the hedging instrument is taken to the statement of comprehensive income.

Where the forecast transaction results in a financial asset or financial liability, only gains or losses previously recognised in the statement of comprehensive income are reclassified to the statement of comprehensive income in the same period as the asset or liability affects income or expenditure. Where the forecasted transaction or commitment results in a non-financial asset or a non-financial liability, any gains or losses previously deferred in the statement of comprehensive income are included in the cost of the related asset or liability. If the forecasted transaction or commitment results in future income or expenditure, gains or losses deferred in the statement of comprehensive income are transferred to the statement of comprehensive income in the same period as the underlying income or expenditure.

Liquidity risk

The group has a policy to maintain sufficient liquidity in cash and lending facilities to cover 18 months of operational activity. At the year end, 87% of the group's borrowings were due to mature in more than five years. The liquidity risk of each group entity is managed centrally by the group treasury function on a monthly basis to adhere to group policy.

Hedge of variable interest rate risk arising from bank loan liabilities

As disclosed in note 21, the group has applied the amendment to FRS 102: Interest rate benchmark reform (phase 1 and phase 2). The amendments provide relief in applying the requirements of hedge accounting to certain hedges, including allowing the group to assume that interest rate benchmarks on which hedged cashflows are based (e.g. SONIA) will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised. The group has taken advantage of these amendments in relation to the SONIA interest rate noted above.

Note 36 - Contingent liability

Contingent liabilities

A contingent liability is disclosed for a possible obligation for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources, or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate if the amount cannot be made. This includes a contingent liability reflecting the potential future obligation to repay social housing grant where properties are disposed of.

Contingent liabilities for Social Housing Grant	Group		NHG	
	2023 £m	2022 £m	2023 £m	2022 £m
At 1 April	**1,552.5**	**1,543.2**	**1,416.9**	**1,403.3**
Realised on disposal	(6.2)	(8.2)	(1.6)	(1.9)
Additions	13.1	15.2	12.1	13.2
Transfers to other registered provider	(17.9)	2.3	(17.9)	2.3
At 31 March	**1,541.5**	**1,552.5**	**1,409.5**	**1,416.9**

Contingent liabilities relate to grant recognised in general reserves under the performance method upon transition to deemed cost.

Other contingent liabilities

Last year The Pensions Trust advised us that due to uncertainty about the benefits that have been paid to members of Social Housing Pension Scheme and the trustees have received legal advice that it should ask the court to provide clarity. If the court case goes against TPT, there will be a potential additional liability at an estimated 4.0% of total liabilities. Therefore, in the case of NHG there is a contingent liability of £6.5m. In light of the Building Safety Act 2022, we recognise a contingent liability of £1.5m in relation to fire safety remediation works on Stratford Halo and Grahame Park. This work will be capitalised once completed.

Annual report and financial statements

Year ended
31 March 2023

Bruce Kenrick House
2 Killick Street
London N1 9FL

020 3815 0000
www.nhg.org.uk