

# EAST END HOMES LIMITED

England & Wales · Charity number 1107691

## Details

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**Other names** EEH

**Status** Registered

**Legal form** Charitable company

**Company number** [04516155](#)

**Registered** 2005-01-18

**Register** [View on the Charity Commission register](#)

## Contact

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**Website** [www.eastendhomes.net](http://www.eastendhomes.net)

## Activities

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**Objects:** THE OBJECTS OF THE COMPANY SHALL BE PRIMARILY IN THE AREA OF TOWER HAMLETS TO: 3.1 PROVIDE HOUSING SOCIAL HOUSING HOSTELS AND ANY ASSOCIATED AMENITIES FOR PERSONS IN NECESSITOUS CIRCUMSTANCES UPON TERMS APPROPRIATE TO THEIR MEANS; 3.2 PROVIDE FOR AGED, DISABLED OR CHRONICALLY SICK PERSONS IN NEED THEREOF HOUSING OR HOSTELS AND ANY ASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIES AND REQUIREMENTS OF SUCH PERSONS; 3.3 PROVIDE SERVICES, ADVICE OR ASSISTANCE UPON TERMS APPROPRIATE TO THEIR MEANS TO AGED, DISABLED OR CHRONICALLY SICK PERSONS IN NEED THEREOF AND PROVIDE ANY ASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIES AND REQUIREMENTS OF SUCH PERSONS; 3.4 PROVIDE RECREATION OR OTHER LEISURE FACILITIES IN THE INTEREST OF SOCIAL WELFARE WITH THE OBJECT OF IMPROVING THE CONDITIONS OF LIFE FOR THE RESIDENTS OF THE LOCAL AUTHORITY AREA IN WHICH THE COMPANY OWNS OR MANAGES HOUSING STOCK; 3.5 RELIEVE FINANCIAL HARDSHIP AMONGST THE RESIDENTS OF THE LOCAL AUTHORITY AREA IN WHICH THE COMPANY OWNS OR MANAGES HOUSING STOCK; 3.6 ADVANCE EDUCATION, TRAINING OR RETRAINING, PARTICULARLY AMONG UNEMPLOYED PEOPLE AND PROVIDING UNEMPLOYED PEOPLE WITH WORK EXPERIENCE; 3.7 MAINTAIN, IMPROVE OR PROVIDE PUBLIC AMENITIES FOR THE PUBLIC BENEFIT IN THE INTERESTS OF REGENERATION IN AREAS OF SOCIAL AND ECONOMIC DEPRIVATION IN WHICH THE COMPANY OWNS OR MANAGES HOUSING STOCK; 3.8 PROMOTE PUBLIC SAFETY AND PREVENT CRIME; 3.9 ANY OTHER CHARITABLE OBJECTIVE THAT CAN BE CARRIED OUT FROM TIME TO TIME BY A NON-PROFIT REGISTERED PROVIDER OF SOCIAL HOUSING REGISTERED AS SUCH WITH THE REGULATOR.

**Activities:** East End Homes is in business to provide its residents of Tower Hamlets with quality homes, sustainable estates, and effective and efficient local housing services. East End Homes' principal activities are to effectively manage, maintain and develop homes, and to improve and regenerate its estates.

## Classification

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- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Accommodation/housing
- **Who:** Elderly/old People, People With Disabilities, The General Public/mankind

## Geography

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- **Area of benefit:** LONDON BOROUGH OF TOWER HAMLETS
- Newham
- Tower Hamlets

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£30,664,000	£51,627,000	£84,198,000	110
2024-03-31	£29,600,000	£28,710,000	£79,996,000	102
2023-03-31	£27,889,000	£24,198,000	£87,156,000	93
2022-03-31	£21,402,000	£22,506,000	£80,593,000	96
2021-03-31	£21,342,000	£18,867,000	£78,685,000	100

## Trustees

Name	Role	Appointed
Baerbel Schuett		2025-09-23
Dewbien Anatalae Bailey Plummer		2024-09-23
Gerry King		2025-09-23
Gurbax Singh		2025-09-23
Hilary Milne		2024-09-23
Jacqui Bateson		2023-06-14
John Wing Fai Wu		2023-09-21
Keziah Jo Halliday		2024-09-23
Pradeep Jeyaratnam-Joyner		2024-09-23
Sandra Fawcett		2024-09-23
Tracey Gray		2023-11-23

**EAST END HOMES LIMITED**

England & Wales - Charity number 1107691

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# Accounts

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

# Building financial resilience and ensuring we are fit for the future

east  
endHOMES

# East End Homes Limited Financial Statements For the Year Ended 31 March 2025

Registered Company number 4516155

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## East End Homes at a Glance

# A year at East End Homes



We operate from five local offices and run four community centres.



Based in the London Borough of

## Tower Hamlets



Registered as a **social landlord** in **2005**, the same year that Mile End residents voted for us to be their landlord.



We own and manage over

# 3,900 homes.



# 20

years of operating as a housing association based on the principle of choice.

# 94.4%

of emergency repairs completed within the target time scale.



We are locally based and community-led.



Investment of over £260m over the past 20 years.



430

new homes for social housing and home ownership delivered.



Provision of a range of mechanisms for resident feedback and involvement.



100%

record for fire and legionella risk assessments and gas safety checks.

Section

# Strategic Report – Introduction and Overview

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## Chair's Statement

# A challenging and rewarding year

2024/25 has been both a challenging and rewarding year at East End Homes. We have continued to focus on strengthening our governance. We have put residents at the heart of all that we do and are building financial resilience to ensure that we are fit for the future. We have commenced a transformation programme to modernise our services.

Over the past year, our primary objective has been to make sure we deliver the quality homes and services that residents expect and deserve. We've focused our attention on improving existing homes alongside continuing to offer our estate-based local service.

2024/25 was the final year of our previous Corporate Plan, which concentrated on completing the regeneration projects we promised residents, the final one of which at Holland Estate is now on site. Our largest development project was to build new flats on top of existing buildings in Mile End. This project was started some years ago and has proved very challenging. We took the decision to bring this back under our control at the end of this financial year and to take a substantial impairment write-down.

It has also been a year during which we have strived to put insights from residents at the heart of East End Homes' service improvement plans to amplify the resident voice. Our Corporate Plan 2025-28 has been co-produced with residents. Following our regulatory downgrade to G3 in 2023, the journey back to a compliant G2 grading and ultimately to a G1 Governance rating is well under way with robust resident representation and scrutiny factored in.



Over the past year, our primary objective has been to make sure we deliver the quality homes and services that residents expect and deserve.



We've focused our attention on improving existing homes alongside continuing to offer our estate-based local service.

As part of the journey back to G1, we have made changes at Board and Executive Team level as we bring in the skills needed to help us to meet our objectives. We welcomed Sandra Fawcett, Keziah Halliday, Pradeep Jeyaratnam-Joyner, Hilary Milne and Dewbien Plummer this financial year. Collectively they bring additional governance, audit and operations experience.

Thanks also go to our interim team, who have supported both staff and the Board to move forward with the transformation of East End Homes. The foundations are now in place upon which our new CEO, Daniel Killian, will be able to build a stronger, more financially resilient organisation. Daniel's governance credentials stand him in good stead to lead our improvement programme from the front.



**East End Homes continues to undergo a period of transformation, but the emphasis on delivering quality services for residents remains a constant.**

Strong leadership will be instrumental in the restoration of a G1 Governance rating and the Board will play its part in holding East End Homes to account for delivery on its promises. Furthermore, the Board and I have every confidence that implementing the improvements needed to make East End Homes a fit for the future housing association will present a wealth of opportunities for staff and residents alike.

Finally, I would like to use this opportunity to thank our staff for their hard work and dedication over the last 12 months. East End Homes continues to undergo a period of transformation, but the emphasis on delivering quality services for residents remains a constant.



**The foundations are now in place upon which our new CEO, Daniel Killian, will be able to build a stronger, more financially resilient organisation.**



## Interim Chief Executive's Statement

# Ensuring we are fit for the future



My primary focus has been to move us back to a compliant position with the Regulator.

I joined the organisation in November 2024 during a period of significant change. I am pleased to see that much progress has been made in completing the recovery plan, and we have worked closely and positively with the Regulator as we move towards compliance.

In a challenging environment, with Regulatory and Legislative changes, alongside a cost of living crisis impacting many residents, we have improved performance in several areas of customer service. This is not yet being felt by residents and will be a priority in the coming year. All staff have attended Customer First training to give them the tools and skills needed to help us achieve that.

We have embarked on a large transformation programme that aims to put those Customer First principles in place, to ensure that it is easy to do business with us and to improve satisfaction with our services. To do that, we have started modernising our services and processes to ensure we are fit for the future. We have been working hard to build our financial resilience so that we have the capacity to manage changes around building and fire safety, invest in homes and enable us to do more in future.

As we look to the future with a new permanent Chief Executive and Executive Director of Finance and Resources, the organisation is in a much stronger position to deliver the new Corporate Plan.



**All staff have attended Customer First training to give them the tools and skills needed.**

## Serving Tower Hamlets Community

# Community-led, locally based

East End Homes is a community-led and locally based housing association in the London Borough of Tower Hamlets, the fastest-growing borough in the UK. We were established as part of the Tower Hamlets Housing Choice programme and were registered as a social landlord in 2005.



We operate from local offices in the heart of each community, owning over 4,700 homes and four community centres.



Between 2005 – 2007 the estates of Mile End, Island Gardens, St George's, Holland and Glamis transferred to us from Tower Hamlets Council following a vote by residents. We operate from local offices in the heart of each community, owning over 4,700 homes and four community centres.

Tower Hamlets has one of the most diverse populations in the country. It's also the most densely populated borough in England. According to 2021 census data, the Bangladeshi community accounts for 34.6% of the population, the largest in the UK. At 39.9%, the borough also has the largest Muslim population for England and Wales. Based on the demographic information that we hold for East End Homes, 36% of residents are of Bangladeshi origin, mirroring the borough population (34.6%).

Over the past 20 years we've been working with residents to deliver high-quality homes and services as well as developing opportunities for local communities to thrive. In tandem with the strategic objectives we set out in our Corporate Plan 2025-28, we've updated our vision, mission and values to reflect our intention to work even more closely with residents. As we focus on returning to a G1 Governance rating we're building a more financially resilient organisation while ensuring that diversity, equity and inclusion are at the forefront of all aspects of our activities.

The Bangladeshi community accounts for

# 34.6%

of the population – the largest in the UK

Source: 2021 Census

The borough also has the largest Muslim population for England and Wales at

# 39.9%

# Our vision,

Our vision is to provide quality homes and thriving communities that enrich residents' lives.



We believe that having a safe, warm, quality home is vital for people to fulfil their ambitions. It gives them a strong base to achieve their goals.



Tower Hamlets is a vibrant and diverse borough where people have built thriving communities that they are proud to call home. There is a strong sense of community amongst residents, and a key aim for East End Homes needs to be the development of opportunities that help communities continue to thrive.

# our mission

Our mission is to provide local services that meet the needs and aspirations of residents.



Residents want us to provide quality services that are locally based, easily accessible, resolve their issues quickly, provide opportunities for them to achieve and enable them to get on with their lives.



We need to ensure that our services meet their needs and aspirations, that they act as a springboard and not a hindrance to them achieving their ambitions.

# and our values

We want our values to resonate with residents and demonstrate our commitment to ensuring that we have a respectful and responsive culture. We have identified four key values that will direct our culture:



## We are listening

We value residents' views and listen and act on them. We listen to our colleagues' opinions, ensuring they are heard.



## We are trusted

We take responsibility and are accountable for the quality of our services. We take responsibility to resolve issues and keep our promises to residents and colleagues.



## We are caring

We care about residents and colleagues. We are kind, respectful and empathetic to their needs.



## We are improving

We encourage a culture of continuous improvement and learn lessons when we get it wrong. We encourage curiosity among colleagues to ask questions and make suggestions.

As a housing association with a social purpose, we've benefited hugely from the Bangladeshi community's commitment to supporting their neighbours, especially those from disadvantaged backgrounds.

In collaboration with Bangladeshi residents, we run weekly food banks at Aldgate and Mile End that provide a vital service as the cost of living crisis continues to impact people's lives. Our Bangladeshi friends also organise cultural events in partnership with us that bring people together to promote and enhance community cohesion. The annual Mohila Ongon fruit festival takes place at Southern Grove Community Centre in Mile End with our support. It brings people from diverse ethnic backgrounds together in a celebration of the fruits and culinary culture of Bangladesh.

During summer we host garden parties on each estate that are supported by volunteers from Morgan Stanley, who also assist us with gardening duties. These lunchtime events are aimed at older residents, but everyone is welcome to spend time relaxing and catching up with family, friends and neighbours. To mark the 20th anniversary of East End Homes we held a summer of celebrations on four of our estates (combining Glamis and St George's).

Events like these help to us to improve our visibility on the estates and develop good relationships with residents. They also serve to bring family, friends and neighbours together in a safe, welcoming environment. As well as providing volunteering opportunities for our corporate partners, we deliver social value through our relationships with contractors.



**To mark the 20th anniversary of East End Homes we held a summer of celebrations on four of our estates (combining Glamis and St George's).**



For example, Morgan Sindall Property Services runs work experience sessions for younger residents and offers informal advisory sessions on basic repairs at our community events.

Over the past year we have continued to apply our locally based approach to managing homes and delivering services. We're passionate about creating a welcoming experience for residents who visit our local offices for advice. Through formal and informal engagement mechanisms we make sure that we are listening to residents and improving services based on resident feedback. We actively break down barriers to inclusion by involving residents in shaping service provision, making sure that the full range of voices are heard and listened to. We're particularly mindful of meeting the needs of older residents and those with additional support needs.

Through our Customer First programme we're creating a cultural shift within the organisation to put residents at the heart of everything we do. We're introducing a new telephony service that will make it easier for us to manage external calls and provide an even better experience for residents.



**We're particularly mindful of meeting the needs of older residents and those with additional support needs.**

# Our estates across East London

 Holland Estate



 St George's Estate



 Glamis Estate



 Mile End Estate



 Island Gardens



## 20 Years – Key Achievements

# Celebrating 20 years of EEH

In 2025, we're proud to celebrate 20 years of providing local services that meet the needs and ambitions of residents above and beyond managing homes.



## 2015

highlights from the first ten years of homes, community and connection

- Investment of over £120 million.
- Residents benefit from new kitchens and bathrooms.
- Built 281 new, affordable homes.
- Southern Grove and Bernie Cameron Community Centres open.
- 98 overcrowded families rehoused.
- Safe and Well Strategy launched to support residents with additional needs.
- Facilitated the provision of 800 homes available for sale.

## 2025

highlights from the next ten years of homes, community and connection

- The transformation of five estates.
- Locally based and community-led services with meaningful and impactful resident involvement.
- New homes built for affordable rent and homeownership including accessible family homes.
- Access to a range of advice and support services for both tenants and leaseholders.
- Refurbishment programme to bring tenants' homes up to the Decent Homes standard.
- Worked with thousands of residents to create award winning neighbourhoods that people are proud to call home.
- Cleaner, greener and safer neighbourhoods.
- Four community centres and a local housing service on each estate.

## Local Partnerships – Case Studies

# Our resident team

Our partnerships with residents who are passionate and dedicated to improving their communities have been integral to our success.



### Jim Ford

Jim Ford has lived on the St George's estate for decades. He first got involved with East End Homes by volunteering to help shape the Community Orchard on the St George's estate.

Through the Orchard he discovered a passion for volunteering and has gone on to support many grassroots organisations and residents. Jim has also been closely involved in the Trees for Cities initiative to improve lives by planting trees. In 2025 he was named as Tower Hamlets Volunteer of the Year. Jim is a trustee of local charity, Society Links.



### Forhana Begum

Forhana Begum lives on Bede estate in Mile End. She was an East End Homes Board and Resident Services Committee Member and is an active volunteer for Food for Aldgate and Mile End.

A passionate community ambassador, Forhana first got involved with East End Homes to address an ASB problem on her estate. She went on to join her local estate board. In 2024 she was awarded a Tower Hamlets Civic Award for her outstanding contribution to Tower Hamlets. Forhana is also a mainstay of Mohila Ongon, recognised as Women's Group of the Year 2024 by Tower Hamlets.



### Tania Nalywajko

Tania Nalywajko lives in Mile End and we have been fortunate to work closely with her since 2012.

Tania plays a vital role in being the voice for residents on issues related to the community and creating opportunities for people to get together. Church or mosque, young or old, business or resident, festival or green space, Tania is always happy to lend a hand.



### Hilary Robinson

Hilary Robinson is Chair of the Estate Management Board (EMB) at Island Gardens and an active volunteer within her community. In addition to representing the views of residents on her estate, Hilary is a long-standing volunteer at the Christ Church food relief project.

Hilary takes an active interest in the wellbeing of her local elderly neighbours. As a community spirit champion, she has led street parties in her neighbourhood.

## Governance Changes

# Strengthening through change

The Governance Section of the Strategic Report sets out details of the many changes made to strengthen the Governance of East End Homes following the regulatory downgrade to G3 in May 2023.



At the AGM in September 2024 the Board was substantially strengthened, bringing in additional skills and social housing expertise...

At the AGM in September 2024 the Board was substantially strengthened, bringing in additional skills and social housing expertise, following which there were significant changes to the Executive Team.

The Board has committed significant energy in the past year to reinforcing good governance and to embedding robust arrangements at both Board and Executive levels. Changes have been made to address comments included in the Regulatory Judgement published by the Regulator of Social Housing, but also in line with recognising good practice and opportunities for improvements.

As well as strengthening the governance framework, there has been increased focus upon all aspects of the business model and operations, to ensure that East End Homes can strengthen its operating model and financial resilience. This has led to significant changes in the control over a large development at Mile End, as well as taking a critical look at assets and provisions to ensure that historic issues do not adversely impact in future years.



Section



# Strategic Report – Finance

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## Financial Performance Highlights

# Highlights of the year to 31 March 25

**£29.9m**

Turnover this year: £29.9m (2024: £28.9m)

**£4.0m**

Operating surplus from core activities: £4.0m (2024: £4.3m)

**13.4%**

Operating margin from core activities: 13.4% (2024: 14.9%)

**£8.1m**

Total operating surplus: £8.1m (£4.1m)



**£26.0m**

Increase in investment property values: £26.0m (2024: decrease £0.5m)

**£23.1m**

Non-recurring costs: £23.1m (2024: £nil)



**£12.0m**

Investment in new and existing homes: £12.0m (2024: £15.5m)

**£780.7m**

Market value of housing properties: £780.7m (2024: £709.8m)



**£199.2m**

Book value of housing properties: £199.2m (2024: 211.4m)

**£100.0m**

Long term debt funding: £100.0m (2024: £95.0m)

## Overview of Financial Performance

# Improving future financial performance

In the year to 31 March 2025 the Group has made significant progress to strengthen and modernise its finances and to improve its resilience.

The Group has generated an overall surplus after interest for the year of £5.0m (£0.9m). This includes an increased contribution from social housing lettings, but that is only one contributor to the overall result as there have been a lot of one-off items, both income and expense.

The newly appointed Board and Executive critically examined all aspects of operations and financial performance. The Group has taken a cautious and prudent approach to ensure that future financial performance will not be adversely impacted by historic decisions. Consequently, provisions totalling £23.1m have been made for substantial non-recurring costs (£6.1m), development impairment (£16.0m) and loan arrangement costs (£1.0m). The Group has also included its commercial property portfolio as investment properties for the first time resulting in an uplift of £25.4m.

As part of the review of operations and financial performance, the underlying performance of each activity has been analysed and this is discussed in more detail in the next sections.

The allocation of costs both to specific tenures and to different categories of expenditure was reconsidered and a new methodology was adopted which more accurately reflects the underlying performance of each activity. In overview, the conclusion was that too much cost had historically been attributed to non-social housing activities and too little cost to social housing. This has now been amended. Accordingly, to be consistent, the comparative figures for 2024 have also been amended though this does not change the overall surplus previously reported.

The Group have identified various opportunities to improve future financial performance. This is discussed in more detail within the Strategic Report - Value for Money on pages 13 to 18.

## Summary of Operating Surplus

Summary of turnover costs	2024/25				2023/24			
	Units	Turnover £'000	Costs £'000	Surplus / (deficit) £'000	Units	Turnover £'000	Costs £'000	Surplus / (deficit) £'000
<b>Social Housing</b>								
Social Housing lettings	2,367	20,922	(18,004)	2,918	2,370	19,208	(17,560)	1,648
Shared Ownership first tranche		1,680	(979)	701		3,477	(2,035)	1,442
		<b>22,602</b>	<b>(18,983)</b>	<b>3,619</b>		<b>22,685</b>	<b>(19,595)</b>	<b>3,090</b>
<b>Non Social Housing Activities</b>								
Leasehold	1,494	3,626	(5,604)	(1,978)	1,490	2,880	(4,095)	(1,215)
Commercial Lettings	84	1,836	(572)	1,264	84	1,623	(306)	1,317
Other income	n/a	590	-	590	n/a	528		528
Private rented	60	1,274	(750)	524	60	1,147	(574)	573
		<b>7,326</b>	<b>(6,926)</b>	<b>400</b>		<b>6,178</b>	<b>(4,975)</b>	<b>1,203</b>
<b>Surplus from core activities</b>				4,019				4,293
Margin on core activities				13.4%				14.9%
<b>Other activities</b>								
Non-recurring costs				(6,058)				-
Impairment of Eric Street development				(16,000)				-
Increase in value of investment properties				25,953				(475)
Other including surplus on disposal				136				278
<b>Operating surplus</b>				<b>8,050</b>				<b>4,096</b>

### £5m

The Group has generated an overall surplus after interest for the year of £5.0m (£0.9m).

### £23.1m

Provisions totalling £23.1m have been made.

### £25.4m

The Group has also included its commercial property portfolio as investment properties for the first time resulting in an uplift of £25.4m.

## Performance by Activity

### Social Housing Lettings

The underlying result shows some improvement from 2024. Increases in income relating to rent rises and improved service charge income more than offset rises in operating costs.

As detailed in Note 2, there continues to be a shortfall in recovery from social housing tenants of potentially service chargeable costs of £0.8m (£1.4m). In part this is due to restrictions placed in tenancy agreements arising from transfer 20 years ago. As we move forward, we recognise that it is important to strike the right balance between the services we provide and the cost of those services. Also, although it did not impact on the charges to tenants, we identified that too much cost had historically been attributed to service charges and this cost has been reallocated in the comparatives.

### Shared ownership first tranche sales

During the year 13 shared ownership properties were sold (2024: 26) resulting in a surplus of £0.7m (2024 £1.4m). There were no unsold properties at the year end.

### Leasehold

About 38% of the total homes managed by the Group are owned by leaseholders. This has proved to be very challenging since over many years there has been a shortfall in recovery of costs from leaseholders. In the current year the deficit relating to leaseholders on core activities was £2.0m (2024: £1.2m) the majority of which relates to service chargeable costs.

In addition, we have identified that there were substantial old debts and costs incurred in relation to fire safety or other major works where there was doubt as to whether these could be recovered. In some cases, this was a result of a deliberate decision to prioritise fire safety works where assurances were given to leaseholders that they would not be recharged. This has resulted in £5.0m of historic non-recurring costs being written off.

Improved controls have been introduced since the 2025 year end, including improved S20 consultation and stronger credit control. Detailed analysis of service charges is also under way and expected to result in improved recovery, though this will only start to be seen from 26/27 onwards.

### Commercial lettings

The commercial portfolio continues to perform well and has contributed a surplus of £1.3m (2024: £1.3m) to the overall group result. Most of the properties are retail units located underneath / alongside social housing units. As noted elsewhere, the commercial property portfolio has now been treated for the first time as investment properties and been externally valued at £25.4m. Some of these are managed by external agents and the Group are considering whether this is the most cost-effective way of managing in the future.

### Other income

This relates to various income streams such as ground rents from the leasehold properties, charges to leaseholders for additional services, letting of community centres, revenue from film production location fees, and other matters. During the year this contributed £0.6m (2024: £0.5m) to surplus.

### Private rented properties

The portfolio of 60 private rented properties are held as investment properties to generate income to support social housing activity, contributing £0.5m (2024: £0.6m) to surplus.

# 13

During the year 13 shared ownership properties were sold (2024: 26) resulting in a surplus of £0.7m (2024 £1.4m).

# £2.0m

In the current year the deficit relating to leaseholders on core activities was £2.0m (2024: £1.2m)

## Development of New Homes at Eric Street

# Delivering much needed new homes

In 2019 the Group decided to go ahead with an airspace extension above five blocks of flats in Mile End. The intention was to deliver much needed new homes and the planning was granted on the basis that these would be a combination of different tenures including shared ownership. These five blocks are collectively referred to as “Eric Street”.

This development has proved very challenging from many perspectives – technical and financial. Cost challenges consistently arose over several years with the main contractor regularly looking to amend the contract and seeking increased sums. This was always going to be a complicated scheme, and in hindsight perhaps needed greater expertise to deliver.

There were particular problems with water ingress caused by the building works, which made many of the flats in the upper floors of the existing blocks uninhabitable and substantial remediation was required.

In addition, various additional works were identified as necessary that had not been allowed for in the original project plan, such as new mains risers, soil stacks and drains.

Following Board and Executive changes there was a critical re-evaluation of the project and experienced independent resource was brought in. It was clear that continuing with the project as it had been operating was not sustainable and the project was effectively mothballed for some months as it was re-evaluated.

Even though the project was stalled, by 31 March 2025 over £41m had already been invested into Eric Street. Having evaluated all options it was recognised that it was necessary to complete the development since that would provide the best outcome for existing tenants and leaseholders who had been badly affected, and it would minimise the eventual loss on the scheme. We now have in place independent consultants with the necessary expertise who will see the project through to completion.



Negotiations were entered into with the existing main contractor for them to step aside and for the Group to take direct control over completion of the project. This was concluded shortly after the year end, sub-contractors were remobilised and by end of June 2025 work was proceeding at pace. The decision was also taken to change all of the tenures of the new housing to social rented as there is a considerable shortage of social rented property in Tower Hamlets and this removes all sales risk.

Since the year end there has been regular and close engagement with all of the residents at Mile End who have been impacted by the development. The Interim Chief Executive has regularly met with residents and kept them fully informed and this will be continued under Daniel Killian’s leadership.



As part of this project re-evaluation, it was recognised that it would be necessary to take an impairment of the amount invested in the scheme and, after careful analysis of the costs to complete the project and the value at which this could be carried on an depreciated replacement cost basis, we have recognised an impairment of £16.0m in these financial statements.

Whilst the scheme has proved very challenging, ultimately it will deliver 105 high quality much needed new homes, of which 10 have already completed and the balance of 95 social rented homes will be completed between December 2025 and September 2026.



## Treasury

### Treasury Management

At 31 March 2025, East End Homes had agreed £116.0m of loan and overdraft facilities, comprising £50m with NatWest Bank, £45m with MandG Investments and £21m with Barclays Bank. Of the agreed facilities £100m has been drawn, consisting of £40m from the NatWest facility, £45m from the MandG facility, and £15m from the Barclays facility. These facilities are fully secured against the Group's assets. The Board has approved a Treasury Management Policy to control the risks associated with its treasury activities. There is also an Annual Treasury Plan which is approved by the Board and against which activities and performance are monitored.

The Group was compliant with all loan covenants at 31 March 2025 and the Board has approved budgets and business plans which will ensure that the Group continues to be compliant.

### Borrowings and Loan Profile

At 31 March 2025, East End Homes had a total loan debt balance of £100.0m comprising £85.0m on forward fixed interest rate arrangements and £15.0m on a variable SONIA-linked rate.

The Board has an agreed Treasury Management Strategy which underpins how East End Homes supports its Business Plan, and a Risk Appetite Statement which summarises the strategic appetite and approach to risk, setting 'golden rules' for the Board to assess performance. In keeping with the Board's approach to risk, the debt profile has been managed such that forward fixed rate loans consistently form a majority of the loan portfolio. The group currently has a healthy amount of fixed rate debt (85%) thus providing a good hedge against interest rate risk and a relatively low weighted average cost of debt (WACD) of 3.95%, demonstrating the Board's relatively low risk approach to pursuing its corporate objectives.

**£116.0m**

At 31 March 2025, East End Homes had agreed £116.0m of loan and overdraft facilities

**£100.0m**

At 31 March 2025, East End Homes had a total loan debt balance of £100.0m

**85%**

The group currently has a healthy amount of fixed rate debt (85%)

# Asset Management

## Homes in Management

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

The number of homes in management during the year was:

2024/25	No. at start (1 April 2024)	Additions	Disposals	No. at Year End (31 March 2025)
Social Rented	2,237	-	(3)	2,234
Intermediate Rent	88	-	-	88
Private Rented	60	-	-	60
Shared Ownership	45	-	-	45
Leasehold	1,490	4	-	1,494
<b>Total</b>	<b>3,920</b>	<b>4</b>	<b>(3)</b>	<b>3,921</b>

During the year 3 properties were sold under the preserved right to buy or right to acquire schemes.

One of these properties was subsequently divided into 2 separate homes and hence the addition of 4 leasehold homes.

## Strategic Asset Management

In March 2023 the Board of East End Homes approved an Asset Management Strategy 2023-28, which updated and expanded the strategic approach to management and investment in our key assets. The strategy sought to address emerging and evolving challenges including delivery against targets for environmental performance and 'net zero' emissions, as well as strengthening our approach to collecting and managing data relating to the condition of our stock. The Board receives periodic updates on progress against the action plan associated with the five-year Strategy and in 2025 approved an updated five year plan as part of the 30 year Business Plan.

Under the terms of one of the funding agreements East End Homes is restricted in the amount that it can spend on major repairs and this has been factored into the spending plans.

East End Homes has introduced an asset management system to support comprehensive and active asset management and to develop our understanding of asset performance. The quality of data held is of critical importance in developing the business plan and understanding medium and long-term investment needs.

During 2024/25 the proportion of properties which had an up to date stock condition survey increased to 85% (2024: 80%). Inspection of the remaining balance will be completed on a rolling basis using in-house expertise and progress is reported regularly. Updating our information on stock condition provides assurance to the Board that the resources allocated for investment in property condition across the 30-year Business Plan are adequate for the needs of the organisation, both in maintaining properties to an appropriate level (with the anticipation on amendments to the Decent Homes Standard) and investing in environmental enhancements.

Active asset management also includes carrying out options appraisals for units where it may be uneconomic to bring the property up to the habitable standard, including environmental performance. East End Homes will assess units on a Net Present Value (NPV) basis for their contribution to the business plan but will also consider social performance and the contribution that such homes may make to delivering social value. For example, a large family-sized home may be more 'valuable' to local overcrowded households in terms of fulfilling unmet local needs. The options appraisal process will be a comprehensive process which considers all inputs and outcomes, in considering the relative merits of approaches such as renewal or disposal.

During the year some potential investments into existing units were turned down as they would not justify the investment.

The asset renewal programme includes replacement or renewal of all component failures which would cause non-decency under the current Decent Homes Standard, and investment in improving environmental performance for all units to reach 'C' grade under the EPC system by 2030. At 31 March 2025, 67.8% of social rented properties achieved a rating of EPC C or above.

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

The Board recognises that completion of the Eric Street Development is the short-term priority and are not currently considering further specific developments. However, the Board recognises that for some poorly performing housing stock, regeneration and new delivery through densification may offer a better opportunity to deliver additional and more energy efficient housing, than continued investment in the existing homes. These schemes need to draw upon extensive expertise, necessarily are a long time in planning and will involve extensive consultation. In the meantime, keeping residents safe is absolute priority, but we will avoid over-investing in underperforming assets.



**67.8%**

At 31 March 2025, 67.8% of social rented properties achieved a rating of EPC C or above.

## Looking Ahead

**The Board recognise that a key priority is to improve financial performance and resilience.**

Considerable insight has been gained during the year to 31 March 2025 and there are a variety of workstreams under way that will further inform future decisions. The Group will take an informed commercial view of all decisions. The Board recognise that it may be necessary to take some difficult decisions regarding priorities. However, as a local housing provider we are close to the communities that we serve and will listen to our residents and sympathetically seek to balance these priorities.



The Board recognises that it may be necessary to take some difficult decisions regarding priorities.

Section



# Strategic Report – Value for Money (VFM)

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## Defining and Delivering VFM

**East End Homes' approach to VFM remains as set out in its VFM Strategy, agreed by the Board in December 2020. This strategy describes how EEH seeks to deliver efficiency in pursuing its corporate objectives; the role of the Board; and EEH's strategic framework for monitoring VFM activity and delivering compliance with regulatory requirements.**

The strategy for 2020-25 was updated to reflect the revised regulatory framework and code of practice; the increased emphasis on performance metric reporting; and developing challenges for the financial performance of the organisation such as expenditure on building safety. It also built upon the strategic objectives set out in the Corporate Plan for 2019-24.

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

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

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

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

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



The VFM Strategy sets out the key responsibilities of the Board and where these are delegated to Committees, maintaining an ongoing process of monitoring and review.

## VFM Key Metrics

	24/25 Actual	24/25 Actual Adjusted*	Peer Group 23/24**	23/24 Actual Restated
<b>Reinvestment %</b> (properties acquired + development of new homes + work to existing homes + capitalised interest + schemes completed)/GBV (costs)	4.6%	4.6%	5.4%	7.3%
<b>New social housing supply delivered:</b> (Total social housing units delivered or newly built units acquired / total housing units owned at period end)	-	-	0.3%	-
<b>Gearing:</b> (LT + ST loans + finance leases - cash and cash equivalents)/Housing properties at costs	37%	37%	48%	36%
<b>EBITDA - MRI %:</b> (Operating surplus - amortised gov't grants - grant taken into income + interest received - capitalised major repairs + total depreciation)/(interest and financing costs + capitalised interest)	155%	78%	43%	17%
<b>Headline social housing cost per unit CPU (£)</b>	7,752	7,490	8,207	8,603
<b>- Management CPU</b>	3,438	3,209	1,744	3,330
<b>- Service charge CPU</b>	989	989	1,681	1,115
<b>- Maintenance CPU</b>	1,542	1,510	2,118	1,101
<b>- Major repairs CPU</b>	172	172	2,813	306
<b>Operating margin (social housing lettings) %:</b> (Operating surplus from social housing lettings/ turnover from social lettings)	8.9%	13.9%	11.4%	8.6%
<b>Operating margin %:</b> (Operating surplus (overall)/ turnover (overall))	26.4%	13.4%	13.0%	12.4%
<b>Return on capital employed %:</b> (Operating surplus + gains on fixed asset disposal)/(total assets - current liabilities)	3.3%	1.7%	2.0%	1.8%

\* adjusted excluding one off non recurring write offs, impairment and valuation movements in investment properties

\*\* Peer Group is a group of medium sized and London based housing associations: Origin, Tower Hamlets Community Housing, Gateway, Hexagon, ISHA, Karibu, Look Ahead, Newlon, Phoenix, Poplar HARCA and Wandle

## Commentary on VFM key metrics

### Reinvestment – Growth

Reinvestment is a measure of our financial investment in new and existing properties in the year, shown as a percentage of our total financial investment in properties.

Our level of reinvestment was lower than the peer group average in 2024/25 and lower than the level in 23/24. As noted earlier, Eric Street which was the only development scheme underway, was effectively mothballed towards year end, reducing the expected spend. Some of the planned investment into existing stock took longer to get into contract than anticipated. There was a significant investment in fire safety work in 23/24 which partly explains the fall in the current year.

In 24/25, we continue to invest in component renewal and fire safety works.

### New supply delivered

This metric measures the percentage of new social and non social housing units developed or acquired during the year. EEH did not deliver any new housing units during the year. The peer group's average result was 0.3% in 23/24.

As of 31st March 25, there are 95 social housing units in development in Eric Street together with 23 units in Violet Road that are completed and are to be handed over in 26/27. In the medium / long term, EEH is committed to continue to build social housing units in the Borough of Tower Hamlets.

### Gearing

Gearing is net debt as a percentage of the cost of our assets.

From the table shown, our gearing ratio of 37% is significantly below the peer group average of 48% and in line with that of in 23/24. This low gearing is achieved despite the ongoing investment in major works and fire safety expenditure, which is not recoverable from leaseholders.

It is forecast that the gearing is expected to be around 30-40% in the next five years.

### EBITDA – MRI

EBITDA- MRI interest cover reflects the level of surplus EEH generates compared to interest payable. It measures EEH's ability to generate cash, excluding sales of existing assets, to meet interest payments.

One of our lenders measures EEH's loan covenant on an EBITDA MRI basis. The EBITDA -MRI of 155% is significantly higher than the peer group's 43% and also a significant improvement on 23/24 unadjusted performance. 23/24's performance was impacted by the significant investment in fire safety works, if excluding this, the performance jumped to 134%.

There are a number of one off write down (£6m), impairment (16m) and favourable movement in the valuation of investment properties (£26m). If these one-off write downs are excluded, the EBITDA-MRI is 78% which is still comfortably above the peer group average.

### Headline Social Housing Costs per unit (CPU)

EEH's Headline Social Housing CPU is a key measure of cost efficiency. EEH CPU of £7,752 is a reduction of 10% compared to last year's (£8,603) and well below peer group average of £8,207. The one-off non-recurring expenditure did not impact the CPU materially.

The 23/24 CPU figure has been amended as the expenditure had been reallocated between social and non-social housing activities to align with current year's allocation and to reflect the true costs incurred in all activities.

The expenditure on core activities in 24/25 was £18m, an increase of 2.5% compared to the amended 23/24 of £17.6m. The main growth areas were overheads and routine maintenance offset by service charge related costs. Depreciation has increased significantly too, as a result of starting to charge depreciation in 24/25 on the housing properties refurbishment programme.

### Operating Margin (Social Housing Lettings)

Social Housing Operating Margin is a key indicator of the financial health of our core social housing business. In common with many smaller associations operating in London the costs of delivering services tend to be relatively high reflecting age of homes, factors such as overcrowding putting a strain on assets, higher London staff costs and so forth. EEH also believes in delivering services at a local level through local estate based offices which has a cost impact.

EEH's operating margin for social housing lettings was 8.9% which is line with 23/24's 8.6%. If excluding the one-off non-recurring costs, the operating margin would be 13.9%, which is above the peer group's 11.4%. The 23/24 operating margin was amended to ensure the allocation of expenditure is consistent with 24/25's and truly reflected the costs incurred by tenure types.

The margin in 24/25 if we exclude non-recurring costs is significantly higher than in 23/24 is because the growth in social housing lettings income is 9.7% compared the growth in expenditure of 2.5% which demonstrates EEH's cost control measures and improved efficiency.

### Operating Margin (overall)

The overall operating margin has improved significantly from 12.4% in 23/24 to 26.4% in 24/25 and significantly ahead of the peer group's average of 13%.

This improvement in overall operating margin is largely due to a £26.0m increase in the revaluation of the investment properties offset by the £16.0m impairment on the development and non-recurring costs of £6.1m.

If we exclude the impact of the revaluation, impairment and the non-recurring costs, the operating margin was 13.4%, which is line with 23/24 and the peer group's average.

### Return on capital employed (ROCE)

The return on capital employed measures the efficient investment of capital resources by taking the operating surplus as a percentage of total assets, less current liabilities. In the 24/25 year, EEH achieved a Return on Capital Employed (ROCE) of 3.3%, an improvement from 1.7% in the previous year.

This positive trend indicates a steady enhancement in EEH's efficiency in generating operating surplus from its capital employed, ahead of peer group's average performance of 2.9%.

The improved ROCE is primarily driven by the improved surplus by cost control and increase in investment property valuation.

**26.4%**

The overall operating margin has improved significantly from 12.4% in 23/24 to 26.4% in 24/25.

**£26.0m**

This improvement in overall operating margin is largely due to a £26.0m increase in the revaluation of the investment properties.

**13.4%**

The operating margin was 13.4%, which is line with 23/24 and the peer group's average.

## EEH Internal Specific VFM Performance Indicators

In addition to reporting against the nationwide sector metrics, the Board of East End Homes has identified a suite of performance measures to capture resident satisfaction and broader indicators of performance. These are shown below as the EEH Strategic metrics.

Overall tenant satisfaction has dropped from last year and well below the target. This is largely driven by the disruption caused by the Eric Street development and routine repairs. The disruption relating to damp and mould and leakage has been addressed by the Board and the management team since December 2024 and we expect the satisfaction to increase from 25/26. The development is scheduled to complete in 26/27.

The satisfaction for repairs is in line with 23/24 and significantly below the target. Analysis and feedback suggest that this is mostly related to lack of communication and the duration of repairs. This has been addressed by creating a dedicated customer service team to handle tenants and we have recruited a dedicated repairs manager to manage repairs.

The average re-let time has increased significantly from 23/24's 27.3 days to 50 days and substantially below the 20-day target. This is partly due to the fact that EEH took the opportunity to replace components, such as kitchens and bathrooms, to maintain decent home standards during voids repairs. In addition, EEH has overhauled the letting procedure and set up dedicated monitoring and reviewing process to discover and address the root causes.

The rent loss due to voids percentage is higher than 23/24 is also linked to the reasons above and with the dedicated resources and revamped lettings process, we expect the rent loss will reduce from 25/26.

The VFM satisfaction relating to leaseholders' data is not available as the STAR survey takes place every 2 years.

### EEH Strategic Metrics

		25/26 Target	24/25 Actual	23/24 Actual
EEH 1	(Effectiveness) <b>Tenant satisfaction with overall services</b> (As per Tenant Satisfaction Measures Technical Requirements)	70%	58.20%	69%
EEH 2	(Effectiveness) <b>Satisfaction with the quality of a repair:</b> Transactional survey on job completion	98%	93.25%	93.65%
EEH 3	(Efficiency) <b>Number of repairs completed per property:</b> both in-dwelling and communal repairs, including repairs reported by ILH units	-	3.02	4.23
EEH 4a	(Efficiency) <b>Void performance:</b> Average re-let time (days)	20	50.3	27.3
EEH 4b	(Economy) <b>Void performance:</b> Rent loss due to void properties as a percentage of annual rent debit	-	1.09%	0.28%
EEH 5a	(Effectiveness) <b>Value for Money Satisfaction:</b> Tenants believing that rents represent value for money	-	63.40%	65.97%
EEH 5b	(Effectiveness) <b>Value for Money Satisfaction:</b> Leaseholders believing that service charges represent value for money (STAR) (every 2 years)	-	No data	29.84%

## Plans to Deliver Increased VFM in Future

# Continuing to improve and drive value for money

Since late 2024, the new Executive Management Team including the Interim Chief Executive and the Interim Finance Director have been in place, which has given an opportunity to review existing policies, processes and practices and to clear up and write off bad debts, agreed impairment on the ongoing development and revalued investment properties.

There has been analysis of the business model with particular focus upon poorly performing areas such as the shortfalls in recovery from leaseholders and from service charges. Post year end there has been a staffing restructure to improve operational delivery.

Post year end following the appointment of the permanent Chief Executive and Executive Director of Finance and Resources, and the finalisation of the restructure, we will continue to improve and drive value for money by the following measures:



1

Zero based budgeting has been introduced to critically challenge expenditure;

2



Finance business partnering has been introduced to work closely with the organisation to provide insight and challenge budget holders;

3

Reviewing and improving the service charge process to ensure correct recovery from social housing tenants and leaseholders;

4

Improving controls and consultations with leaseholders on major repairs;

5

Strengthened internal controls on agency staff usage, partnership working with IT providers and the usage of managing agents;

6



Reducing arrears by engaging with tenants on Universal Credit and supporting them to maximise their income and sustain their tenancy.

7

Developing policies to be a good employer to reduce staff turnover, sickness and provide training to equip and empower them to provide best service to tenants.

Section



# Strategic Report – Governance

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## Board Membership

### Board, Executive and Key Advisers

A full listing of Board members, Executive Management, Key Advisers and Bankers is set out from page 130 at the end of the financial statements.

### Board

During 2024/25 five new Board Members were appointed to strengthen the Board's skills, experience and expertise in implementing governance improvements and striving to meet the strategic objectives of the organisation and the priorities of our stakeholders, particularly our residents.

All appointments to Board and Committee are made in line with the agreed policy which necessitates a skills-based approach driving appointments to meet the requirements identified in the Board Skills and Competencies Matrix.

The following were all appointed in September 2024, and contribute collectively to the Board's performance and deliver individual strengths as set out opposite:



### Sandra Fawcett

Sandra Fawcett is a housing professional with experience in several senior and Director roles with other Registered Providers including locally in Tower Hamlets. Sandra has taken on the role of Chair of Resident Services Committee.



### Keziah Halliday

Keziah Halliday brings expertise in governance and related skillsets including data security. She is an experienced healthcare professional having worked in the public and private sectors, and serves on the People and Governance Committee. In February 2025 Keziah also took on the role of Senior Independent Director.



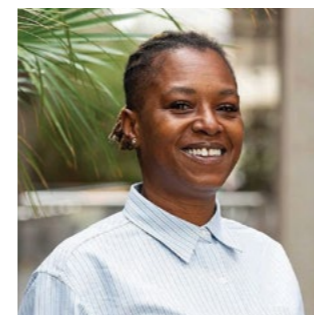
### Pradeep Jeyaratnam-Joyner

Pradeep Jeyaratnam-Joyner is an experienced trustee and leader who has worked in the arts and as a business coach. He contributes expertise in governance and people management, and serves on the People and Governance Committee. Pradeep is also a leaseholder residents on the Isle of Dogs.



### Hilary Milne

Hilary Milne is an experienced governance lead who has worked in senior roles at several Registered Providers. She acts as the Chair of the People and Governance Committee.



### Dewbien Plummer

Dewbien Plummer is a housing professional with strong expertise in customer service, inclusion, and complaints management. She regularly shares her expertise at sector events as a public speaker. Dewbien is a member of the Resident Services Committee and is also the Member Responsible for Complaints.

# 5

During 2024/25 five new Board Members were appointed to strengthen the Board's skills, experience and expertise.

## Executive Management Team

**The Board has also overseen the introduction of a revised Executive Management Team (EMT) structure and new appointments to fill key roles. The EMT now consists of a Chief Executive; a Chief Operating Officer; and a Director of Finance and Resources.**

In October 2024 Chief Executive, John Henderson, left East End Homes after almost twenty years of service. John had been with East End Homes from inception, acting for many years as the Director of Housing, and playing a major role in establishing the organisation.

In December 2024, Steve Inkpen retired from his role as Director of New Business and Special Projects, following twenty years with East End Homes and a total of forty-five years working in Tower Hamlets. In December 2024, David Opoku left his role as Head of Finance after more than a decade.



### 2025

The Board was pleased to appoint Daniel Killian as Chief Executive in 2025.

The Board has acted decisively to introduce replacements into the key roles in the new EMT structure:

- In November 2024, Yvonne Arrowsmith joined as the interim Chief Executive, tasked with invigorating the momentum towards a compliant governance grading; and driving improvements in customer service through modernisation. Yvonne brought experience of interim appointments in challenging circumstances and has overseen progress in moving towards regulatory compliance and the introduction of a new Corporate Plan. The Board also undertook the recruitment exercise for a new permanent Chief Executive, and was pleased to appoint Daniel Killian in September 2025. Joining from Gravesham Council, Daniel brings over 25 years of housing and local government experience and is tasked with driving change and embedding a culture of openness, accountability, and excellence.
- In December 2024 the Board recruited Paul Gray to act as the interim Director of Finance. Paul has considerable experience in finance leadership roles inside and outside of the housing sector and has been briefed with modernising East End Homes' financial processes and ensuring ongoing viability. The Board has also recruited to the permanent post in the structure, and Rhodri Morgan joined from Platform Housing Group in September 2025.

### Decision making

In developing these Financial Statements and the Business Plan, the Board of East End Homes and the finance team have sought to modernise the financial reporting to provide greater clarity and transparency and to support improved decision making. As detailed in the Finance Section of the Strategic Report a series of improvements have been made to the presentation in these accounts.

As part of the overarching work to enhance governance arrangements the Board has also reviewed its control framework to satisfy itself that it has the appropriate assurance to support effective decision-making. Key decision points during the year are diarised to ensure that there is adequate time for scrutiny and transparency when agreeing key decisions. The Board considered the wider ramifications of its decisions, both in terms of the financial consequences for the organisation and its ongoing viability, but also the impacts on stakeholders. For example, an impact assessment models the impact of proposed decisions on rent increases so that the Board can make an informed decision. All recommendations proposed by officers for Board decision must identify the impacts on residents (and the resident voice on the topic), alongside considerations such as conformation to the agreed risk appetite.

## Board and Committees

**East End Homes agreed to restructure its governance structure including the committees in September 2023. This means that 2024/25 was the first full year in which the revised structure operated. During the past year the revised structure has been embedded, and the Board continues to consider the arrangements and how they may be optimised to meet evolving requirements and best practice.**

During the year to 31 March 2025, the Board met on ten occasions, in addition to two away days and training sessions. There is a core set of functions which are the reserved responsibilities of the Board and cannot be delegated. Other responsibilities which are delegated to committees are identified as such in the Terms of Reference for each body, and the activities of each committee are transparently reported to the East End Homes Board.

### Audit and risk committee

The Audit and Risk Committee (ARC) was Chaired by Simon Turek, an experienced ARC Chair, until 13 March 2025. For personal reasons it was necessary for Simon to step aside from his role as Chair and ARC was subsequently Chaired by John Wu on an interim basis, with a new Chair being recruited in Autumn 2025. The other members of this committee during the year included Tracey Gray (from February 2025); Hilary Milne (until February 2025); and Ken Beech (until his resignation from the Board in February 2025).

Key responsibilities of this committee, as identified in its Terms of Reference, include internal control and risk management; compliance and fraud reporting; financial reporting and narrative reporting; and overseeing the internal audit and external audit functions. The Committee has the capacity to meet independently with EEH auditors at their request to discuss audit findings. The Committee also scrutinises the completion of actions from previous audits to assure itself that agreed management actions are implemented.

### People and governance committee

The People and Governance Committee is chaired by Hilary Milne. Other members during the year included Jacqui Bateson, Keziah Halliday, Pradeep Jeyaratnam-Joyner, Kevin Moore (until September 2024), Marek Wiluszynski (until September 2024), and Emma Palmer (until February 2025).

Key responsibilities of this committee include oversight of remuneration for the Board and the EMT; appraising the performance of Board Members and the EMT; keeping under review the composition of the Board and Committees and maintaining the adequate skills, including succession planning; and monitoring EEH's performance information on staffing matters.

### Resident services committee

This Committee is chaired by Sandra Fawcett. Other members during 2024/25 included Forhana Begum, Dewbien Plummer, Carol Hinvest (until September 2024), Marek Wiluszynski (until September 2024), and Tracey Gray (until February 2025). David Edgar has also acted as an independent member of this committee. During Summer 2025 we recruited new resident co-opted members for the committee.

The key responsibilities of the committee include monitoring operational service delivery and performance, capture of the resident voice, reviewing complaints handling, agreeing some strategies and policies, and reviewing community investment and social value.

### Finance and Investment Committee

During 2025/26 East End Homes is intending to introduce a Finance and Investment Committee, to support additional scrutiny over financial performance and performance reporting. However, overall responsibility for financial matters will remain with the Board.

# 10

During the year to 31 March 2025, the Board met on ten occasions, in addition to two away days and training sessions.

## Governance Recovery

A major priority for the Board has been for the organisation to return to holding a compliant governance rating with the Regulator of Social Housing. The Governance Recovery and Improvement Plan (GRIP) was agreed by the Board in response to the Regulatory Judgement published in May 2023. This contained almost fifty identified actions to be taken to strengthen governance arrangements, organised into seven workstreams. The Board has considered progress against the identified actions regularly at its meetings.

Some of the actions which have been taken as part of the journey towards regulatory compliance are mentioned elsewhere in this report, including the introduction of a new risk management framework, and reviewing the skills requirements both of the Board members and staff.

With many of the actions on the GRIP nearing completion, in the summer of 2025 the Board agreed to commission an external assurance review of the GRIP by BDO LLP to determine the evidence for actions having been completed. Upon completion of this review, in August 2025 the Board was satisfied that no substantive further action was required, and took the decision to write to ask the Regulator of Social Housing to review the East End Homes governance grading.



## Risk

The Board retains overall responsibility for the risk management framework, including the identification of strategic risks. The Audit and Risk Committee conducts some of the more intensive scrutiny including on operational matters which could develop into a strategic risk.

East End Homes operates a Risk Management Framework which includes having a Risk Appetite Statement with tailored risk appetites across key themes. For example, the Board has a lower risk appetite for Safety than it does for Development and Growth. The risk appetite assigned by the Board for each theme dictates the target risk scoring, and accordingly the level of mitigating actions which may need to be taken in seeking to reduce the exposure to the strategic risk to a level tolerable to the organisation.

At the time of this report, the Board of East End Homes is monitoring nine strategic risks. Some of these relate to issues identified in the current Regulatory Judgement, such as governance arrangements and data on stock quality. Others are identified by the Board through the ongoing process of risk monitoring and management, for example an entry relating to the Eric Street development.

There are several more entries on the Operational Risk Register, which is received by the Audit and Risk Committee. All risk entries are regularly reviewed by an Audit and Risk Panel constituted of key staff, before being reviewed at Committee and Board. Staff are expected to identify emerging risk areas as part of their regular meetings with managers to support early identification and mitigation of potential risks.

An element of the strategic approach to risk is to conduct regular stress testing of the Business Plan. Key strategic risks as identified in the register are modelled against the updated Business Plan to support the Board in understanding what the ramifications of a risk materialising would be for the ongoing viability of the organisation and the capacity to meet key strategic objectives. The Board also considers multi-variate scenarios which combine multiple risks, and develops mitigation strategies to maintain viability in such a scenario.

## Regulatory Standards

The Board considers its compliance with the RSH's regulatory requirements routinely, and in assessing the compliance of the organisation seeks to assure itself that EEH has strong governance arrangements, is protecting valuable social housing assets, and is providing high quality services to residents. The Board takes its responsibilities seriously and is committed to open and transparent dealings with the RSH, including a commitment to reporting any material breaches of the standards if they are identified.

East End Homes believes that our local focus and connection to local communities puts us in a strong position to meet the expectations of the consumer standards, as refreshed by the RSH in 2024, and that providing a quality service including safe homes and neighbourhoods must not be overlooked whilst work is ongoing to strengthen governance and ensuring that EEH has a robust financial position. A review of the position against the consumer standards was commissioned through HQN, a leading housing consultancy, and the Board considered the findings at an away day with progress being monitored through the Resident Services Committee.

In its most recent self-assessment, the Board has not identified any areas of non-compliance with the Regulatory Standards. Actions required to maintain ongoing compliance are considered and monitored.

In addition to the regulatory supervision by the RSH, East End Homes must also comply with its responsibilities as a Registered Charity and completes all necessary submissions to the Charity Commission. All Board Members also act as trustees of the charity. EEH is also regulated by the Financial Conduct Authority for the limited purposes of providing extended repayment terms for leaseholders' Major Works contributions.



## Statement of Board's Responsibilities

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

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

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

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

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

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

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

### Going concern

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

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

### Annual general meeting

The annual general meeting was held on 23 September 2025.

### Auditors

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

Approved by the Board on 23 September 2025 and signed on its behalf by:



Jacqui Bateson  
Chair



John Wu  
Member



Keziah Halliday  
Member



Section

# Statutory Reports and Notes

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## Report of the Independent Auditors

### Opinion

We have audited the financial statements of East End Homes Limited “the parent Company” and its subsidiary (“the Group”) for the year ended 31 March 2025 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows, the Association Statement of Cash Flows and the related notes, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and the Company’s affairs as at 31 March 2025 and of the Group’s and Company’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

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

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

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

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

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

### Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 24, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent company or to cease operations, or 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, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislations, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the trustees Board about any incidences of fraud that had taken place during the accounting period.

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



**Michael Tourville FCA**  
**(Senior Statutory Auditor)**

For and on behalf of:  
Beever and Struthers  
Chartered Accountants and Statutory Auditor  
150 Minorities, London, EC3N 1LS

## Statement of Comprehensive Income

### Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2025

	Notes	2025 £,000	2024 £,000
Turnover	2	29,928	28,863
Cost of sales	2	(979)	(2,035)
Operating expenditure	2	(46,988)	(22,763)
Increase / (decrease) in valuation of investment properties	11	25,953	(475)
Gain on disposal of property, plant and equipment (fixed assets)	5	136	506
Operating surplus	2	8,050	4,096
Interest receivable and similar income	6	600	706
Interest and financing costs	7	(3,660)	(3,912)
Surplus for the year before taxation	8	4,990	890
Taxation	9	-	-
Surplus for the year	21	4,990	890
Actuarial gain in respect of pension schemes	21	1,705	1,055
Pension surplus not recoverable		(2,493)	(9,105)
<b>Total comprehensive income / (deficit) for the year</b>		<b>4,202</b>	<b>(7,160)</b>

The results relate wholly to continuing activities. The notes on pages 90 to 129 form an integral part of these financial statements. The financial statements were approved and authorised for issue by the Board on 23 September 2025 and were signed on its behalf by:

Jacqui Bateson (Chair), John Wu (Member), Keziah Halliday (Member)

### Association Statement of Comprehensive Income for the Year Ended 31 March 2025

	Notes	2025 £,000	2024 £,000
Turnover	2	29,845	28,588
Cost of sales	2	(979)	(2,035)
Operating expenditure	2	(46,984)	(22,710)
Increase / (decrease) in valuation of investment properties	11	25,953	(475)
Gain on disposal of property, plant and equipment (fixed assets)	5	136	506
Operating surplus	2	7,971	3,874
Gift aid received from subsidiary		231	253
Interest receivable and similar income	6	593	696
Interest and financing costs	7	(3,660)	(3,912)
Surplus for the year before taxation	8	5,135	911
Taxation	9	-	-
Surplus for the year after taxation		5,135	911
Actuarial gain in respect of pension schemes	21	1,705	1,055
Pension surplus not recoverable	21	(2,493)	(9,105)
<b>Total comprehensive income / (deficit) for the year</b>		<b>4,347</b>	<b>(7,139)</b>

The results relate wholly to continuing activities. The notes on pages 90 to 129 form an integral part of these financial statements. The financial statements were approved and authorised for issue by the Board on 23 September 2025 and were signed on its behalf by:

Jacqui Bateson (Chair), John Wu (Member), Keziah Halliday (Member)

## Statement of Financial Position

### Consolidated Statement of Financial Position as at 31 March 2025

	Notes	2025 £,000	2024 £,000
<b>Fixed assets</b>			
Tangible fixed assets: housing properties	10	199,201	211,367
Investment properties	11	45,714	19,729
Tangible fixed assets: other fixed assets	12	1,191	1,156
		<b>246,106</b>	<b>232,252</b>
<b>Current assets</b>			
Stock	13	-	596
Trade and other debtors			
- due within one year	14	2,967	4,338
- due after one year	14	503	503
Cash and cash equivalents		3,412	4,685
		<b>6,882</b>	<b>10,122</b>
<b>Less creditors</b>			
Amounts falling due within one year	15	(7,651)	(8,153)
<b>Net current assets / (liabilities)</b>		<b>(769)</b>	<b>1,969</b>
<b>Total assets less current liabilities</b>		<b>245,337</b>	<b>234,221</b>
<b>Creditors</b>			
Amounts falling due after more than one year	16	(160,580)	(153,339)
Provision for liabilities and charges	21	(559)	(886)
<b>Total net assets</b>		<b>84,198</b>	<b>79,996</b>
<b>Capital and reserves</b>		29,899	3,946
Revaluation reserve			
Income and expenditure reserve		54,299	76,050
<b>Total reserves</b>		<b>84,198</b>	<b>79,996</b>

The notes on pages 90 to 129 form an integral part of these financial statements.  
The financial statements were approved and authorised for issue by the Board on 23 September 2025 and signed on its behalf by:

Jacqui Bateson (Chair), John Wu (Member), Keziah Halliday (Member)

### Association Statement of Financial Position as at 31 March 2025

	Notes	2025 £,000	2024 £,000
<b>Fixed assets</b>			
Tangible fixed assets: housing properties	10	199,201	211,367
Investment properties	11	45,714	19,729
Tangible fixed assets: other fixed assets	12	1,191	1,156
		<b>246,106</b>	<b>232,252</b>
<b>Current assets</b>			
Stock	13	-	596
Trade and other debtors			
- due within one year	14	3,193	4,348
- due after one year	14	503	503
Cash and cash equivalents		3,009	4,358
		<b>6,705</b>	<b>9,805</b>
<b>Less creditors</b>			
Amounts falling due within one year	15	(7,561)	(8,068)
<b>Net current assets / (liabilities)</b>		<b>(856)</b>	<b>1,737</b>
<b>Total assets less current liabilities</b>		<b>245,250</b>	<b>233,989</b>
<b>Creditors:</b>			
Amounts falling due after more than one year	16	(160,580)	(153,339)
Provision for liabilities and charges	21	(559)	(886)
<b>Total net assets</b>		<b>84,111</b>	<b>79,764</b>
<b>Capital and reserves</b>			
Revaluation reserve		29,899	3,946
Income and expenditure reserve		54,212	75,818
<b>Total reserves</b>		<b>84,111</b>	<b>79,764</b>

The notes on pages 90 to 129 form an integral part of these financial statements.  
The financial statements were approved and authorised for issue by the Board on 23 September 2025 and signed on its behalf by:

Jacqui Bateson (Chair), John Wu (Member), Keziah Halliday (Member)

## Statement of Changes in Reserves

### Consolidated Statement of Changes in Reserves for the Year Ended 31 March 2025

	Group Income and expenditure reserve £'000	Group Revaluation reserve £'000	Group Total reserves £'000
Balance at 1 April 2023	82,735	4,421	87,156
(Deficit) from Statement of Comprehensive Income	(7,160)	-	(7,160)
Transfer to/from revaluation reserve	475	(475)	-
Balance at 31 March 2024	76,050	3,946	79,996
Surplus from Statement of Comprehensive Income	4,202	-	4,202
Transfer to/from revaluation reserve	(25,953)	25,953	-
Balance at 31 March 2025	54,299	29,899	84,198

### Association Statement of Changes in Reserves for the Year Ended 31 March 2025

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2023	82,482	4,421	86,903
(Deficit) from Statement of Comprehensive Income	(7,139)	-	(7,139)
Transfer to/from revaluation reserve	475	(475)	-
Balance at 31 March 2024	75,818	3,946	79,764
Surplus from Statement of Comprehensive Income	4,347	-	4,347
Transfer to/from revaluation reserve	(25,953)	25,953	-
Balance at 31 March 2025	54,212	29,899	84,111

The notes on pages 90 to 129 form an integral part of these financial statements.

The notes on pages 90 to 129 form an integral part of these financial statements.

## Statement of Cash Flows

### Consolidated Statement of Cash Flows for the Year Ended 31 March 2025

	2025		2024	
	£'000	£'000	£'000	£'000
<b>Net cash generated from operating activities (Note i)</b>		<b>1,761</b>		<b>11,639</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets	(166)		(176)	
Acquisition and construction of housing properties	(7,543)		(15,080)	
Proceeds from sale of tangible fixed assets	793		636	
Interest Received	591		562	
Grant Received	1,706		1,260	
		<b>(4,619)</b>		<b>(12,798)</b>
<b>Cash flow from financing activities</b>				
Interest Paid	(3,415)		(3,134)	
New loans secured	5,000		-	
		<b>1,585</b>		<b>(3,134)</b>
Net change in cash and cash equivalents		(1,273)		(4,293)
Cash and cash equivalents at beginning of the year		4,685		8,977
<b>Cash and cash equivalents at end of the year</b>		<b>3,412</b>		<b>4,684</b>
Cash and cash equivalents comprise:				
<b>Cash at bank</b>		<b>3,412</b>		<b>4,684</b>
<b>Note i</b>				
<b>Cash flow from operating activities</b>				
Surplus for the year		4,202		(7,160)
<b>Adjustments for non-cash items:</b>				-
Depreciation of tangible fixed assets		4,193		3,786
Impairment of fixed assets		16,000		-
(Increase)/ decrease in trade and other debtors		1,976		5,227
(Decrease)/ increase in trade and other creditors		542		304
Increase/ (decrease) in provisions		(327)		7,007
Carrying amount of tangible fixed asset disposals		(517)		20
<b>Adjustments for investing or financing activities:</b>				
Proceeds from the sale of tangible fixed assets		(793)		(636)
Interest payable		3,660		3,912
Interest received		(600)		(706)
Government grants amortised		(590)		(590)
Changes in value of Investment Properties		(25,985)		475
<b>Net cash generated from operating activities</b>		<b>1,761</b>		<b>11,639</b>

The notes on pages 90 to 129 form an integral part of these financial statements.

### Association Statement of Cash Flows for the Year Ended 31 March 2025

	2025		2024	
	£'000	£'000	£'000	£'000
<b>Net cash generated from operating activities (Note i)</b>		<b>1,725</b>		<b>11,597</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets	(166)		(176)	
Acquisition and construction of housing properties	(7,543)		(15,080)	
Proceeds from sale of tangible fixed assets	793		636	
Interest Received	584		553	
Grant Received	1,706		1,260	
		<b>(4,626)</b>		<b>(12,807)</b>
<b>Cash flow from financing activities</b>				
Interest Paid	(3,415)		(3,134)	
New loans secured	5,000		-	
<b>Repayment of borrowings</b>	-	<b>1,585</b>	-	<b>(3,134)</b>
Net change in cash and cash equivalents		(1,316)		(4,344)
Cash and cash equivalents at beginning of the year		4,358		8,702
<b>Cash and cash equivalents at end of the year</b>		<b>3,042</b>		<b>4,358</b>
Cash and cash equivalents comprise:				
<b>Cash at bank</b>		<b>3,042</b>		<b>4,358</b>
<b>Note i</b>				
<b>Cash flow from operating activities</b>				
Surplus for the year		4,347		(7,139)
<b>Adjustments for non-cash items:</b>				
Depreciation of tangible fixed assets		4,193		3,786
Impairment of fixed assets		16,000		-
(Increase)/ decrease in trade and other debtors		1,760		5,202
(Decrease)/ increase in trade and other creditors		538		256
Increase/ (decrease) in provisions		(327)		7,007
Carrying amount of tangible fixed asset disposals		(517)		20
<b>Adjustments for investing or financing activities:</b>				
Proceeds from the sale of tangible fixed assets		(793)		(636)
Interest payable		3,660		3,912
Interest received		(593)		(696)
Government grants amortised		(590)		(590)
Changes in value of Investment Properties		(25,953)		475
<b>Net cash generated from operating activities</b>		<b>1,725</b>		<b>11,597</b>

The notes on pages 90 to 129 form an integral part of these financial statements.

# Notes to the Financial Statements

## 1. Principle accounting policies

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

Name	Incorporation	Registered/ Non-registered
East End Homes Limited	Companies Act 2006	Registered
Eric Street Development Limited	Companies Act 2006	Non-registered

On 9 May 2025 East End Homes (Community Development) Limited changed its name to Eric Street Development Ltd.

### Basis of Accounting

The Group and Association's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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

### Parent company disclosure exemptions

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

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

### Basis of Consolidation

The consolidated financial statements incorporate the results of East End Homes Limited and its subsidiary undertaking Eric Street Development Limited, registered company number 05838745, as at 31 March 2025 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control. Intra-group transactions are eliminated on consolidation.

### Turnover

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

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

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

### Housing properties

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

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

Social housing properties during development are carried at their development costs to date less impairment. The approach to determining whether any impairment provision is required is set out in the estimation uncertainty section of the accounting policies under "Impairment of non-financial assets" on page 94.

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

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

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

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

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

#### Sales of housing properties

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

#### Other tangible fixed assets

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

#### Stock and properties held for sale

Assets	Useful economic life (years)
Motor vehicles	3
Office furniture and equipment	5
Computer equipment	3
Office buildings	50

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

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

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

#### Low cost home ownership properties

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

#### Loan interest costs

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

#### Pensions

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

For both SHPS and LGPS, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise.

A deficit on either of the two pension schemes is disclosed as a liability. If there is an asset surplus on either of the two pension schemes this will only be recognised if there is reasonable certainty of benefit being realised from that surplus, and otherwise will be restricted by application of an asset ceiling:

- The full pension deficit liability for the Social Housing Pension Scheme (SHPS) is disclosed as a liability.
- The pension asset surplus for the London Borough of Tower Hamlets (LBTH) LGPS has been restricted to £nil by the application of the asset ceiling.

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

**Loan finance issue costs**

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

**VAT**

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

**Taxation**

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

**Operating leases**

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

**Provisions**

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

**Rent Setting**

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

**Going Concern**

The Board has reviewed the group's budget for the year to March 2026 and Business Plan for 2026 onwards and have also considered a detailed stress test analysis that showed the Group to be financially resilient. The stress tests consider wider economic and political factors as well as the principal risks identified and the availability of cash resources. Having taken steps to mitigate where possible the impact of these risks, the Board has concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

**Impairment of non-financial assets**

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

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

Following a trigger for impairment, the Group and Association perform impairment tests based on fair value less costs to sell or a value in use calculation:

- The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties.

- The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model.
- The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.
- The cash flows are derived from the business plan for the next 30 years and do not include significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

**Non exchange transactions**

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

**Service Charge**

Service charges are set at a level which should recover the cost of providing services at the schemes. Where costs have either been under or over recovered, the resulting surplus or deficit is recovered or repaid in future years. The Group operates variable service charges on a scheme-by-scheme basis in full consultation with the residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit recovered by a higher charge.

**Capitalisation of interest and administration costs**

Interest on loans financing development is capitalised when development activity is in progress up to the date of the completion of the scheme and only when it is considered prudent to do so. If there is uncertainty about the scheme interest may not be capitalised until such uncertainty is resolved.

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

**Investment properties**

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

**Short-term debtors and creditors**

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

### Social Housing and other government grants

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

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

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

### Other grants

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

### Financial Instruments

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

Financial instruments held by the Group are classified as follows:

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

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

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

- The best evidence of fair value is a quoted price in an active market.
- When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.

Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

### Significant accounting judgements and estimation uncertainty

The preparation of financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

#### Significant accounting judgements

Judgements are those management have made in applying the Group's accounting policies that have the most significant effect on the amounts recognised. The most significant judgements are as follows:

##### a. Development expenditure

The Group capitalises development expenditure in accordance with the accounting policy described on page 94.

Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

##### b. Categorisation of housing and investment properties

The Group has undertaken a detailed review of the intending use of all housing properties. In determining the intending use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The purpose for which the commercial properties are held has changed over time and in the judgement of management these should now be treated as investment properties, and as discussed in Note 11, have been included at valuation for the first time in the 2025 financial statements.

The Group has determined that both private rented homes and commercial properties are investment properties.

##### c. Impairment

The Group has undertaken an Impairment Review of non-financial assets which concluded that both the existing homes and new homes at Eric Street were impaired; in determining the magnitude of the impairment charge there were various estimates applied as discussed in the section which follows.

#### d. Defined benefit pension scheme surpluses

Surpluses on defined benefit pension schemes are only recognised where the scheme rules do not restrict the right to repayment of the surplus upon wind-up, there are no factors that may restrict the recognition of any surplus, it is probable the Group will benefit from the surplus (such as reduced contributions), and that the resulting asset can be reliably measured.

Judgements applied for the Local Government Pension Scheme with London Borough of Tower Hamlets were as follows:

- We understand that the administering authority has discretion over how the surplus will be applied. Further, following actuarial advice we believe it is likely that the net present value of future service costs will be lower than the net present value of future service contributions. These factors indicate the Group may not have access to any surplus, and will not benefit from reduced contributions. In the current year, the accounting valuation shows a surplus arising and therefore an asset ceiling has been applied of £2,493k (2024: £9,105k), and the scheme net assets are restricted to nil value.
- Notwithstanding that, based upon the 2022 actuarial scheme valuation, the LBTH LGPS is in surplus, the scheme administrators have requested additional secondary contributions from the Group of £1.445m per year for each of the three years 23/24, 24/25 and 25/26. Such contributions if made would be expected to further increase the scheme surplus which is subject to the asset ceiling. Following actuarial and legal advice we do not consider that such contributions are warranted, have disputed the valuation methodology applied and have rejected the request for such contributions. Accordingly, no payment or provision for payment has been made in these financial statements.

#### Estimation uncertainty

Estimates are those which contain key assumptions concerning the future, and other key sources of estimation uncertainty at the year-end, that have a risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year. The key areas of estimation are as follows:

##### a. Tangible fixed assets

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

##### b. Revaluation of investment properties

The Group and Association carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group and Association engaged independent valuation specialists to determine fair value at 31 March 2025. The valuer used a fair value technique as an estimate for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction. The key assumptions used to determine the fair value of investment property are further explained in note 11.

#### c. Pension and other post-employment benefits

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

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

#### d. Impairment of non-financial assets

In determining the impairment charge of £16.0m in relation to the Eric Street development, the key areas of estimation uncertainty were the costs to complete the project, including rectification to existing social housing and estimation of the extent to which it would be prudent to capitalise such costs and the depreciated replacement cost of the new homes.

## 2. Group turnover, operating costs and operating surplus

	2025					
	Turnover	Cost of sales	Operating Costs on core activities	Operating Surplus before non-recurring costs	Non-recurring costs (note i)	Operating Surplus
Social Housing Lettings	20,922	-	(18,004)	2,918	(1,053)	1,865
<b>Other Social Housing Activities</b>						
Shared Ownership first tranche sales	1,680	(979)	-	701	-	701
<b>Sub-total</b>	<b>22,602</b>	<b>(979)</b>	<b>(18,004)</b>	<b>3,619</b>	<b>(1,053)</b>	<b>2,566</b>
<b>Non Social Housing Activities</b>						
Leasehold	3,626	-	(5,604)	(1,978)	(4,989)	(6,967)
Commercial lettings	1,836	-	(572)	1,264	(16)	1,248
Other income	590	-	-	590	-	590
Private rented properties	1,274	-	(750)	524	-	524
<b>Sub-total</b>	<b>7,326</b>	<b>-</b>	<b>(6,926)</b>	<b>400</b>	<b>(5,005)</b>	<b>(4,605)</b>
<b>Sub-total</b>	<b>29,928</b>	<b>(979)</b>	<b>(24,930)</b>	<b>4,019</b>	<b>(6,058)</b>	<b>(2,039)</b>
Impairment of fixed assets						(16,000)
Increase /(decrease) in fair value of investment properties						25,953
New acquisitions/ development						-
Surplus on disposal of fixed assets						136
<b>Operating Surplus</b>						<b>8,050</b>
<b>Operating expenditure summary:</b>						
Core activities			(24,930)			
Impairment			(16,000)			
Non-recurring costs			(6,058)			
<b>Total</b>			<b>(46,988)</b>			

	2024		
	Operating Surplus (previously reported)	Reallocation of costs (note ii)	Reallocated Surplus
Social Housing Lettings	3,002	(1,354)	1,648
<b>Other Social Housing Activities</b>			
Shared Ownership first tranche sales	1,442	-	1,442
<b>Sub-total</b>	<b>4,444</b>	<b>(1,354)</b>	<b>3,090</b>
<b>Non Social Housing Activities</b>			
Leasehold	(2,129)	914	(1,215)
Commercial lettings	680	637	1,317
Other income	327	201	528
Private rented properties	743	(170)	573
<b>Sub-total</b>	<b>(379)</b>	<b>1,582</b>	<b>1,203</b>
<b>Sub-total</b>	<b>4,065</b>	<b>228</b>	<b>4,293</b>
Impairment of fixed assets			
Increase /(decrease) in fair value of investment properties	(475)	-	(475)
New acquisitions/ development	-	(228)	(228)
Surplus on disposal of fixed assets	506	-	506
<b>Operating Surplus</b>	<b>4,096</b>	<b>-</b>	<b>4,096</b>
<b>Operating expenditure summary:</b>			
Core activities	(22,763)	-	22,763
Impairment	-	-	-
Non-recurring costs	-	-	-
<b>Total</b>	<b>(22,763)</b>	<b>-</b>	<b>(22,763)</b>

**Note i**

As part of the improvements to governance arrangements during the year, the Group undertook a review of expenditure incurred in the year and of all balance sheet items to ensure that an increasingly cautious and prudent approach was taken in all cases.

The objectives of the review were to ensure:

1. that any exceptional non-recurring costs were identified so that the impact of these could be distinguished from the underlying performance of the core activities; and

2. there would be no impact on future years' results for any items where there might be doubt about recoverability or where it was not considered prudent to carry costs forward.

In particular, the review identified significant costs in relation to leaseholders where there were doubts about the recoverability of costs and/or where commitments had been made not to recharge. A summary of the exceptional non-recurring costs is set out in the table below:

**Summary of exceptional non-recurring costs**

	2025						Total
	Bad Debts provision	Fire Safety irrecoverable cost	Major Works irrecoverable costs	Professional costs (see below)	Staff costs (see below)	Damp and Mould costs	
Social Housing Lettings	435	-	-	342	200	76	1,053
Leasehold	1,744	1,800	1,445	-	-	-	4,989
Commercial Lettings	16	-	-	-	-	-	16
<b>Total</b>	<b>2,195</b>	<b>1,800</b>	<b>1,445</b>	<b>342</b>	<b>200</b>	<b>76</b>	<b>6,058</b>

Legal, Professional and Board recruitment costs relating to return to compliance, included in management costs

Redundancy and related costs relating to return to compliance, included in management costs

**Note ii**

A review has been undertaken of how costs are allocated between different activities / tenures and between different categories of expenditure.

This has resulted in a reallocation of costs which more accurately reflects the underlying performance of each activity, and accordingly the comparative figures have been amended to adopt the same methodology, though this does not change the overall reported surplus across all tenures in total.

## 2b. Income and Expenditure from Social Housing Lettings

Income	2025					
	General Needs	Intermediate Rent	London Living Rent	Shared Ownership	Other*	Total
Rent net of voids	17,035	1,172	51	273	289	18,820
Service Charge	1,369	3	-	140	-	1,512
Grant Amortisation	590	-	-	-	-	590
	<b>18,994</b>	<b>1,175</b>	<b>51</b>	<b>413</b>	<b>289</b>	<b>20,922</b>
<b>Operating Costs</b>						
<b>Management</b>						
Core activities	6,900	395	21	279	-	7,595
Non-recurring costs	542	-	-	-	-	542
<b>Subtotal Management</b>	<b>7,442</b>	<b>395</b>	<b>21</b>	<b>279</b>	<b>-</b>	<b>8,137</b>
<b>Service charge costs</b>	<b>2,337</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2,341</b>
<b>Routine maintenance</b>						
Core activities	2,385	31	16	2	(38)	2,396
Non-recurring costs	76	-	-	-	-	76
<b>Subtotal Routine maintenance</b>	<b>2,461</b>	<b>31</b>	<b>16</b>	<b>2</b>	<b>(38)</b>	<b>2,472</b>
<b>Planned maintenance</b>	<b>1,177</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,178</b>
<b>Operating costs sub-total</b>	<b>13,417</b>	<b>429</b>	<b>37</b>	<b>281</b>	<b>(36)</b>	<b>14,128</b>
<b>Major works</b>	<b>402</b>	<b>4</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>408</b>
<b>Bad debts</b>						
Core activities	117	3	-	5	-	125
Non-recurring costs	435	-	-	-	-	435
<b>Subtotal Bad Debts</b>	<b>552</b>	<b>3</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>560</b>
<b>Depreciation of housing properties</b>	<b>3,739</b>	<b>142</b>	<b>5</b>	<b>75</b>	<b>-</b>	<b>3,961</b>
<b>Operating Costs</b>	<b>18,110</b>	<b>577</b>	<b>42</b>	<b>364</b>	<b>(36)</b>	<b>19,057</b>
<b>Operating Surplus</b>	<b>884</b>	<b>598</b>	<b>9</b>	<b>49</b>	<b>325</b>	<b>1,865</b>
<b>Void losses</b>	<b>231</b>					<b>231</b>
*Other income includes income from car parking, garages and sheds						
<b>Operating Expenditure</b>						
Core Activities	17,057	577	42	364	(36)	18,004
Non-recurring costs	1,053	-	-	-	-	1,053
	<b>18,110</b>	<b>577</b>	<b>42</b>	<b>364</b>	<b>(36)</b>	<b>19,057</b>

Income	2024		
	Operating Surplus (previously reported)	Reallocation of costs	Reallocated Surplus
Rent net of voids	17,437	-	17,437
Service Charge	1,181	-	1,181
Grant Amortisation	590	-	590
	<b>19,208</b>	<b>-</b>	<b>19,208</b>
<b>Operating Costs</b>			
<b>Management</b>			
Core activities	2,505	5,374	7,879
Non-recurring costs			
<b>Subtotal Management</b>			
<b>Service charge costs</b>	<b>4,844</b>	<b>(2,207)</b>	<b>2,637</b>
<b>Routine maintenance</b>			
Core activities	4,105	(2,503)	1,602
Non-recurring costs			
<b>Subtotal Routine maintenance</b>			
<b>Planned maintenance</b>	<b>461</b>	<b>543</b>	<b>1,004</b>
<b>Operating costs sub-total</b>	<b>11,915</b>	<b>1,207</b>	<b>13,122</b>
<b>Major works</b>			
<b>Bad debts</b>			
Core activities	75	30	105
Non-recurring costs			
<b>Subtotal Bad Debts</b>			
<b>Depreciation of housing properties</b>	<b>3,702</b>	<b>(91)</b>	<b>3,611</b>
<b>Operating Costs</b>	<b>16,206</b>	<b>1,355</b>	<b>17,561</b>
<b>Operating Surplus</b>	<b>3,002</b>	<b>(1,355)</b>	<b>1,647</b>
<b>Void losses</b>	<b>171</b>		<b>171</b>

## Association - Turnover, Operating Costs and Operating Surplus

	2025					
	Turnover	Cost of sales	Operating Costs on core activities	Operating Surplus before non recurring costs	Non recurring costs	Operating Surplus
Social Housing Lettings	20,922	-	(18,004)	2,918	(1,053)	1,865
<b>Other Social Housing Activities</b>						
Shared Ownership first tranche sales	1,680	(979)	-	701	-	701
<b>Sub-total</b>	<b>22,602</b>	<b>(979)</b>	<b>(18,004)</b>	<b>3,619</b>	<b>(1,053)</b>	<b>2,566</b>
<b>Non Social Housing Activities</b>						
Leasehold	3,626	-	(5,604)	(1,978)	(4,989)	(6,967)
Commercial lettings	1,702	-	(568)	1,134	(16)	1,118
Other income	641	-	-	641	-	641
Private rented properties	1,274	-	(750)	524	-	524
<b>Sub-total</b>	<b>7,243</b>	<b>-</b>	<b>(6,922)</b>	<b>321</b>	<b>(5,005)</b>	<b>(4,684)</b>
<b>Sub-total</b>	<b>29,845</b>	<b>(979)</b>	<b>(24,926)</b>	<b>3,940</b>	<b>(6,058)</b>	<b>(2,118)</b>
Impairment of fixed assets						(16,000)
Increase /(decrease) in fair value of investment properties						25,953
New acquisitions/ development						-
Surplus on disposal of fixed assets						136
<b>Operating Surplus</b>						<b>7,971</b>

	2024		
	Operating Surplus (previously reported)	Reallocation of costs	Reallocated Surplus
Social Housing Lettings	3,002	(1,354)	1,648
<b>Other Social Housing Activities</b>			
Shared Ownership first tranche sales	1,442	-	1,442
<b>Sub-total</b>	<b>4,444</b>	<b>(1,354)</b>	<b>3,090</b>
<b>Non Social Housing Activities</b>			
Leasehold	(2,129)	914	(1,215)
Commercial lettings	587	637	1,224
Other income	198	201	399
Private rented properties	743	(170)	573
<b>Sub-total</b>	<b>(601)</b>	<b>1,582</b>	<b>981</b>
<b>Sub-total</b>	<b>3,843</b>	<b>228</b>	<b>4,071</b>
Impairment of fixed assets	-	-	-
Increase /(decrease) in fair value of investment properties	(475)	-	(475)
New acquisitions/ development	-	(228)	(228)
Surplus on disposal of fixed assets	506	-	506
<b>Operating Surplus</b>	<b>3,874</b>	<b>-</b>	<b>3,874</b>

## Summary of exceptional non - recurring costs

	2025						
	Bad Debts provision	Fire Safety irrecoverable costs	Major Works irrecoverable costs	Professional costs (see below)	Staff costs (see below)	Damp and Mould costs	Total
Social Housing Lettings	435	-	-	342	200	76	1,053
Leasehold	1,744	1,800	1,445	-	-	-	4,989
Commercial Lettings	16	-	-	-	-	-	16
<b>Total</b>	<b>2,195</b>	<b>1,800</b>	<b>1,445</b>	<b>342</b>	<b>200</b>	<b>76</b>	<b>6,058</b>

Legal, Professional and Board recruitment costs relating to return to compliance, included in management costs  
Redundancy and related costs relating to return to compliance, included in management costs

## 2b. Income and Expenditure from Social Housing Lettings

Income	2025					Total
	General Needs	Intermediate Rent	London Living Rent	Shared Ownership	Other*	
Rent net of voids	17,035	1,172	51	273	289	18,820
Service Charge	1,369	3	-	140	-	1,512
Grant Amortisation	590	-	-	-	-	590
	<b>18,994</b>	<b>1,175</b>	<b>51</b>	<b>413</b>	<b>289</b>	<b>20,922</b>
<b>Operating Costs</b>						
<b>Management</b>						
Core activities	6,900	395	21	279	-	7,595
Non-recurring costs	542	-	-	-	-	542
<b>Subtotal Management</b>	<b>7,442</b>	<b>395</b>	<b>21</b>	<b>279</b>	<b>-</b>	<b>8,137</b>
<b>Service charge costs</b>	<b>2,337</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2,341</b>
<b>Routine maintenance</b>						
Core activities	2,385	31	16	2	(38)	2,396
Non-recurring costs	76	-	-	-	-	76
<b>Subtotal Routine maintenance</b>	<b>2,461</b>	<b>31</b>	<b>16</b>	<b>2</b>	<b>(38)</b>	<b>2,472</b>
<b>Planned maintenance</b>	<b>1,177</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,178</b>
<b>Operating costs sub-total</b>	<b>13,417</b>	<b>429</b>	<b>37</b>	<b>281</b>	<b>(36)</b>	<b>14,128</b>
<b>Major works</b>	<b>402</b>	<b>4</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>408</b>
<b>Bad debts</b>						
Core activities	117	3	-	5	-	125
Non-recurring costs	435	-	-	-	-	435
<b>Subtotal Bad Debts</b>	<b>552</b>	<b>3</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>560</b>
<b>Depreciation of housing properties</b>	<b>3,739</b>	<b>142</b>	<b>5</b>	<b>75</b>	<b>-</b>	<b>3,961</b>
<b>Operating Costs</b>	<b>18,110</b>	<b>577</b>	<b>42</b>	<b>364</b>	<b>(36)</b>	<b>19,057</b>
<b>Operating Surplus</b>	<b>884</b>	<b>598</b>	<b>9</b>	<b>49</b>	<b>325</b>	<b>1,865</b>
<b>Void losses</b>	<b>231</b>					<b>231</b>
<b>Operating Expenditure</b>						
Core Activities	17,057	577	42	364	(36)	18,004
Non-recurring costs	1,053	-	-	-	-	1,053
	<b>18,110</b>	<b>577</b>	<b>42</b>	<b>364</b>	<b>(36)</b>	<b>19,057</b>

Income	2024		As reallocated
	As originally stated	Reallocation	
Rent net of voids	17,437	-	17,437
Service Charge	1,181	-	1,181
Grant Amortisation	590	-	590
	<b>19,208</b>	<b>-</b>	<b>19,208</b>
<b>Operating Costs</b>			
<b>Management</b>			
Core activities	2,505	5,374	7,879
Non-recurring costs			
<b>Subtotal Management</b>			
<b>Service charge costs</b>	<b>4,844</b>	<b>(2,207)</b>	<b>2,637</b>
<b>Routine maintenance</b>			
Core activities	4,105	(2,503)	1,602
Non-recurring costs			
<b>Subtotal Routine maintenance</b>			
<b>Planned maintenance</b>	<b>461</b>	<b>543</b>	<b>1,004</b>
<b>Operating costs sub-total</b>	<b>11,915</b>	<b>1,207</b>	<b>13,122</b>
<b>Major works</b>			
<b>Bad debts</b>			
Core activities	75	30	105
Non-recurring costs			
<b>Subtotal Bad Debts</b>			
<b>Depreciation of housing properties</b>	<b>3,702</b>	<b>(91)</b>	<b>3,611</b>
<b>Operating Costs</b>	<b>16,206</b>	<b>1,355</b>	<b>17,561</b>
<b>Operating Surplus</b>	<b>3,002</b>	<b>(1,355)</b>	<b>1,647</b>
<b>Void losses</b>	<b>171</b>		<b>171</b>

### 3. Directors' emoluments – Group and association

The emoluments of the Chief Executive and Executive Management Team were, £875,778. (2024: £760,158) of which the emoluments (excluding pension contributions) of the Chief Executive were £176,304 (2024: £137,737) and Interim Chief Executive were £89,375 (2024: not applicable).

The amount of compensation paid to Directors in respect of loss of office for the period was £143,116.

Agency Costs of £38,350 were incurred relating to the provision of the Interim Chief Executive which are in addition to the emoluments disclosed above.

The Chief Executive was an ordinary member of London Borough of Tower Hamlets pension scheme. No enhanced or special terms apply. The Interim Chief Executive was not a member of a Group pension scheme.

#### Board Members

The remuneration paid to Board members in year to 31 March 2025 is set out below.

Board member	2025	2024
Jacqui Bateson (Chair)	7,818	2,425
Ken Beech (Resigned 25 February 2025)	3,540	2,058
Forhana Begum	3,900	2,058
Sandra Fawcett (Joined 23 September 2024)	2,830	n/a
Tracey Gray	5,207	1,748
Keziah Halliday (Joined 23 Sept 2024)	2,037	n/a
Carol Hinvest (Resigned 23 September 2024)	1,874	2,800
Pradeep Jeyaratnam-Joyner (Joined 23 September 2024)	2,037	n/a
Jahangir Mannan (Resigned 23 September 2024)	1,874	2,805
Hilary Milne (Joined 23 September 2024)	3,133	n/a
Kevin Moore (Resigned 23 September 2024)	4,565	5,574
Emma Palmer (Resigned 25 February 2025)	5,446	2,420
Dewbien Plummer (Joined 23 September 2024)	2,037	n/a
Simon Turek	6,000	2,239
Marek Wiluszynski (Resigned 23 September 2024)	1,874	2,058
John Wu	3,900	2,058

In addition, Board members are reimbursed for any expenses incurred in carrying out their duties and in attending Board and Committee meetings. Board expenses of £4,541 (2024: £1,742) were incurred in the year.

### 4. Employee information

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

	2025	2024
Full time	98	90
Part time	12	12
<b>Total</b>	<b>110</b>	<b>102</b>

#### Staff costs (for the above persons)

	Group 2025 £'000	Group 2024 £'000
Wages and salaries	5,354	4,699
Social security costs	582	501
Other pension costs	1,370	1,372
	<b>7,306</b>	<b>6,572</b>

Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the period:

	2025	2024
£60,000 - £69,999	20	18
£70,000 - £79,999	9	10
£80,000 - £89,999	7	4
£90,000 - £99,999	1	3
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1
£120,000 - £129,000	-	-
£130,000 - £139,999	-	1
£140,000 - £149,999	1	-
£150,000 - £159,999	-	-
£160,000 - £169,999	-	-
£170,000 - £179,999	-	-
£180,000 - £189,999	-	-
£190,000 - £199,999	1	-
£200,000 - £209,999	-	-
£210,000 - £219,999	-	-
£220,000 - £229,000	-	1
£230,000 - £239,999	1	-

## 5. Gain on disposal of property, plant and equipment (fixed assets)

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Proceeds of sales	792	636	792	636
Less: Costs of sales	(656)	(130)	(656)	(130)
<b>Surplus</b>	<b>136</b>	<b>506</b>	<b>136</b>	<b>506</b>

## 6. Interest receivable and similar income

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Deposit interest receivable from short-term investment of surplus cash balances	158	377	151	367
Interest on Local Government Pension Scheme	442	329	442	329
	<b>600</b>	<b>706</b>	<b>593</b>	<b>696</b>

## 7. Interest payable and similar charges

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest payable	3,938	3,788	3,938	3,788
Loan amortisation	134	124	134	124
Accelerated Loan Amortisation	1,000	-	1,000	-
Interest payable capitalised on housing properties under construction	(1,412)	-	-	-
	<b>3,660</b>	<b>3,912</b>	<b>3,660</b>	<b>3,912</b>

As discussed earlier in Note 2, during the year the Group reviewed all balance sheet items. Loan arrangement fees and associated costs previously capitalised have been

expensed, resulting in an acceleration of loan amortisation costs shown above and a fall in the costs carried forward detailed in Note 16.

## 8. Surplus on ordinary activities is after charging

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<b>Auditors remuneration excluding VAT</b>				
In their capacity as auditors	41	42	39	40
In respect of other services	3	4	2	3
<b>Operating lease rentals</b>				
Land and building	-	-	-	-
Office equipment	10	10	10	10
<b>Depreciation</b>				
Depreciation of housing properties	4,062	3,702	4,062	3,702
Depreciation of other tangible fixed assets	131	84	131	84

## 9. Taxation

The Association has charitable status on income and gains falling within section 478 of the Corporation Tax Act 2010 to the extent that these are applied to its charitable objects and therefore has no liability for corporation tax for the year.

Taxable profits of the subsidiary company are gift aided to the charitable parent to minimise the corporation tax liability for the group.

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<b>UK corporation tax</b>	-	-	-	-

## 10. Tangible fixed assets – Housing properties – Group and association

	Housing Properties		Shared Ownership		Total
	Housing Properties Completed	Housing Properties under Dev	Housing Properties Completed	Housing Properties under Dev	
	£'000	£'000	£'000	£'000	£'000
<b>Costs</b>					
<b>At 1 April 24</b>	<b>205,299</b>	<b>35,758</b>	<b>8,359</b>	<b>1,770</b>	<b>251,186</b>
Additions	2,958	8,186	-	-	11,144
Fire safety	853	-	-	-	853
Disposals	(883)	-	(308)	-	(1,191)
<b>Leaseholder costs not recoverable</b>					
- Fire Safety incurred pre 1 April 2024	(1,777)	-	-	-	(1,777)
- Fire Safety incurred during the year	(86)	-	-	-	(86)
- Major works incurred pre 1 April 2024	(866)	-	-	-	(866)
- Major works incurred during the year	(516)	-	-	-	(516)
Schemes completed in year	276	(276)	-	-	-
Transfer to Investment Properties	(33)	-	-	-	(33)
<b>At 31 March 25</b>	<b>205,225</b>	<b>43,668</b>	<b>8,051</b>	<b>1,770</b>	<b>258,714</b>
<b>Depreciation</b>					
<b>At 1 April 24</b>	<b>(39,669)</b>	<b>-</b>	<b>(150)</b>	<b>-</b>	<b>(39,819)</b>
Charge in the period	(3,989)	-	(73)	-	(4,062)
Release on disposal	368	-	-	-	368
<b>At 31 March 25</b>	<b>(43,290)</b>	<b>-</b>	<b>(223)</b>	<b>-</b>	<b>(43,513)</b>
<b>Impairment</b>					
Charge for period	-	(16,000)	-	-	(16,000)
<b>At 31 March 25</b>	<b>-</b>	<b>(16,000)</b>	<b>-</b>	<b>-</b>	<b>(16,000)</b>
<b>Net Book Value</b>					
<b>At 1st April 24</b>	<b>165,630</b>	<b>35,758</b>	<b>8,209</b>	<b>1,770</b>	<b>211,367</b>
<b>At 31 March 25</b>	<b>161,935</b>	<b>27,668</b>	<b>7,828</b>	<b>1,770</b>	<b>199,201</b>

Priority has been given to pressing forward with fire safety related work to ensure that those we house are kept safe, even if this meant that the costs could not be recovered from leaseholders, and consequently some costs have been written off.

Some major works costs incurred related to leaseholders which have been capitalised have subsequently been assessed as non-recoverable and accordingly these have been written off.

	2025 £'000	2024 £'000
<b>Housing properties at cost comprise:</b>		
Freeholds	258,714	251,186

At 31 March 2025 the Board estimated the vacant possession open market value of East End Homes housing properties to be £780.7 million (2024: £709.8 million).

## 11. Investment properties

	Group		Association	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
At start of year	19,729	20,204	19,729	20,204
Additions	32	-	32	-
Gain (Loss) from adjustment in value of private rented homes	513	(475)	513	(475)
Gain (Loss) from valuation of of commercial properties	25,440	-	25,440	-
	<b>45,714</b>	<b>19,729</b>	<b>45,714</b>	<b>19,729</b>

East End Homes has to date invested in 60 (2024: 60) properties for private rent, together with 84 commercial units (2024: 84) which together generate additional surpluses for reinvestment into the core business activities. Both private rented homes and commercial units are treated as investment properties.

As discussed in the Significant Accounting Judgements section of the Accounting Policies in Note 1, the purpose for which the commercial properties are held has changed over time and in the judgement of management these should now be treated as investment properties by the Group and accordingly are recognised at their market values for the first time.

The Investment properties were valued at 31 March 2025. The commercial properties were valued by JLL, and the private rented homes by McDowalls Surveyors Ltd, both firms of professionally qualified surveyors. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors

(RICS) Red Book of the basis of fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The private rented homes valuations were derived using the comparable method and market approach methodologies.

The commercial property valuations adopted a rent capitalisation methodology (i.e. rent and yield approach) coupled with an assessment of what an owner-occupier might pay, in order to arrive at taking account of respective rental and capital value market data / sentiment. The valuation took account of yield, capital value and rental data from commercial agents, auction sale data and commercial property databases.

At 31 March 2025 there were no contractual obligations in respect of the investment properties (2024: none).

## 12. Other tangible fixed assets – Association and group

	Office buildings	Computer equipment	Office furniture and equipment	Motor vehicles	Total association and group
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2024	1,411	1,370	722	178	3,681
Additions	-	149	12	8	169
Disposals	-	-	-	(5)	(5)
<b>At 31 March 2025</b>	<b>1,411</b>	<b>1,519</b>	<b>734</b>	<b>181</b>	<b>3,845</b>
<b>Depreciation</b>					
At 1 April 2024	(412)	(1,243)	(702)	(168)	(2,525)
Charged in year	(29)	(79)	(12)	(13)	(133)
Disposals	-	-	-	4	4
<b>At 31 March 2025</b>	<b>(441)</b>	<b>(1,322)</b>	<b>(714)</b>	<b>(177)</b>	<b>(2,654)</b>
<b>Net book value</b>					
At 1 April 2024	999	127	20	10	1,156
At 31 March 2025	970	197	20	4	1,191

## 13. Stock

	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<b>Stock</b>				
<b>Shared ownership properties</b>				
Work in progress	-	596	-	596

## 14. Debtors

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Rental debtors	2,202	1,105	2,202	1,105
Provision for bad and doubtful debts	(622)	(564)	(622)	(564)
	<b>1,580</b>	<b>541</b>	<b>1,580</b>	<b>541</b>
Shop rental debtors	444	200	444	200
Provision for bad and doubtful debts	(137)	(53)	(137)	(53)
	<b>307</b>	<b>147</b>	<b>307</b>	<b>147</b>
Leasehold debtors	2,514	2,771	2,514	2,771
Provision for bad and doubtful debts	(2,109)	(353)	(2,109)	(353)
	<b>405</b>	<b>2,418</b>	<b>405</b>	<b>2,418</b>
Other debtors	60	687	60	687
Prepayments and accrued income	615	545	616	500
Amounts due from other group entities	-	-	223	55
	<b>675</b>	<b>1,232</b>	<b>901</b>	<b>1,242</b>
<b>Amounts due within one year</b>	<b>2,967</b>	<b>4,338</b>	<b>3,193</b>	<b>4,348</b>
<b>Amounts falling due after more than one year:</b>				
LBTH pension debtor	503	503	503	503
	<b>3,470</b>	<b>4,841</b>	<b>3,696</b>	<b>4,851</b>

### 15. Creditors: Amounts falling due within one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade creditors	554	1,336	553	1,336
Other creditors including other taxes social security and pensions	672	507	670	502
Rents and service charges received in advance	1,228	935	1,228	935
Accruals and deferred income	4,607	4,785	4,520	4,705
Deferred capital grant	590	590	590	590
	<b>7,651</b>	<b>8,153</b>	<b>7,561</b>	<b>8,068</b>

### 16. Creditors: Amounts falling due after more than one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Deferred capital grant	61,247	60,131	61,247	60,131
Housing loans	100,000	95,000	100,000	95,000
Loan arrangement fees	(667)	(1,792)	(667)	(1,792)
	<b>160,580</b>	<b>153,339</b>	<b>160,580</b>	<b>153,339</b>

See Note 7 for explanation on loan arrangement fees.

### 17. Deferred capital grant and financial assistance – Group and Association

	2025	2024
	£'000	£'000
<b>Balance at 1 April</b>	<b>60,721</b>	<b>60,052</b>
Grant received in the year	1,706	1,259
Released to income in the year	(590)	(590)
<b>Balance at 31 March</b>	<b>61,837</b>	<b>60,721</b>
Amount due to be released <1 year (Note 14)	590	590
Amount due to be released >1 year (Note 15)	61,247	60,131
<b>The total accumulated government grant and financial assistance received or receivable at 31 March</b>	<b>61,837</b>	<b>60,721</b>

### 18. Housing loans

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<b>Repayable</b>				
Within one year or on demand	-	-	-	-
Between one and two years	9,500	-	9,500	-
Between two and three years	10,500	9,500	10,500	9,500
Between three and four	-	10,500	-	10,500
Between four and five	-	-	-	-
After more than five years	80,000	75,000	80,000	75,000
	<b>100,000</b>	<b>95,000</b>	<b>100,000</b>	<b>95,000</b>
Loan arrangement fees	(667)	(1,792)	(667)	(1,792)

The Association has an existing £115.0 million loan facility, comprising £50.0 million with NatWest Bank, £45.0 million with M&G Investments and £20 million with Barclays Bank plc. In addition, the Group has access to a £1m overdraft facility.

At 31 March 2025, £100.0 million (2024: £95.0 million) loans had been drawn down at an average rate of interest (plus margin) of 3.95% (2024:3.90%). The facility includes revolving credit facilities for £30.0 million. All loans are secured against the group's assets.

### 19. Capital commitments – Group and Association

	2025	2024
	£'000	£'000
Capital expenditure contracted for but not provided in the financial statements	24,504	12,661
Capital expenditure authorised by the Board but not yet contracted for	18,889	33,204

Capital expenditure authorised by the Board relates to the acquisition of new build properties and the 5-year capital investment programme (2024-2029) including fire safety works and development agreements with London Borough of Tower Hamlets for refurbishment works to be

carried out on properties transferred to East End Homes.

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

### 20. Other financial commitments – Group and Association

At 31 March 2025 the Group and Association had an annual commitment under the lease of office equipment of £10,882 (2024: £10,882) expiring within the next 12 months.

## 21. Pension obligations – Group and association

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

The actuarial gain/(loss) recognised in other comprehensive income is as follows:

	2025 £'000	2024 £'000
London Borough of Tower Hamlets Pension Scheme	1,845	1,726
Salary increases	(140)	(671)
	<b>1,705</b>	<b>1,055</b>

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

### London Borough of Tower Hamlets Pension Scheme (LGPS)

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

Valuation Method Contributions to the scheme are determined by a qualified actuary on the basis of valuations, using the projected unit credit method. The last formal valuation of the Fund for the purpose of setting employers' actual contributions was at 31 March 2022.

### Financial Assumptions

The financial assumptions used for the purposes of the FRS 102 calculations at 31 March 2025 and 31 March 2024 are shown in the table below.

Assumption as at	31 March 2025 % p.a.	31 March 2024 % p.a.
Pension Increase Rate (CPI)	2.80	2.80
Salary Increases	2.80	2.80
Discount Rate	5.80	4.80

### Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2024 for the year to 31 March 2025).

The assets of the scheme as a whole and the expected returns at 31 March 2025 and 31 March 2024 are shown in the table below:

Assets main fund	Value at 31 March 2025 £(000)	Value at 31 March 2024 £(000)
Equities	17,037	16,005
Bonds	4,526	7,347
Property	4,260	2,624
Cash	799	262
<b>Total value of scheme assets</b>	<b>26,622</b>	<b>26,238</b>

There is no provision for unitising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

The present value of the above assets and liabilities attributable to East End Homes at 31 March 2025 and 31 March 2024 was:

Net pension liability as at	31 March 2025 £'000	31 March 2024 £'000
Fair Value of Employer Assets	26,622	26,238
Present Value of Funded Liabilities	(15,024)	(17,133)
<b>Net Asset in Funded Plans</b>	<b>11,598</b>	<b>9,105</b>

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

### Impact on Statement of Financial Position

	31 March 2025 £'000	31 March 2024 £'000
Fair Value of Employer Assets	26,622	26,238
Present Value of Funded Liabilities	(15,024)	(17,133)
<b>Net Asset provided for in the Financial Statements</b>	<b>11,598</b>	<b>9,105</b>

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

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Surplus at beginning of the year	9,105	6,799
Actuarial gains/(Losses) during the year	2,493	2,306
<b>Surplus at end of year</b>	<b>11,598</b>	<b>9,105</b>

### The surplus has been adjusted to the asset ceiling as follows:

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Net Asset (unadjusted)	11,598	9,105
Effect of the asset ceiling on net asset brought forward	(9,105)	-
Effect of the asset ceiling on result for year	(2,493)	(9,105)
<b>Net Asset / (Liability)</b>	<b>-</b>	<b>-</b>

### Pensions Obligations Note - Social Housing Pension Scheme (SHPS)

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

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

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

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

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

### Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	31 March 2025	31 March 2024
	£'000	£'000
Fair value of plan assets	3,811	3,612
Present value of defined benefit obligation	4,370	4,498
Surplus (deficit) in plan	(559)	(886)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(559)	(886)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(559)	(886)

### Reconciliation of the impact of the asset ceiling

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

### Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2025
	£'000
Defined benefit obligation at start of period	4,498
Current service cost	177
Expenses	6
Interest expense	223
Contributions by plan participants	424
Actuarial losses (gains) due to scheme experience	-
Actuarial losses (gains) due to changes in demographic assumptions	(824)
Actuarial losses (gains) due to changes in financial assumptions	(201)
Benefits paid and expenses	-
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	4,370

### Reconciliation of opening and closing balances of the fair value of plan assets

	Year ended 31 March 2025
	£'000
Fair value of plan assets at start of period	3,612
Interest income	191
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(540)
Contributions by the employer	682
Contributions by plan participants	67
Benefits paid and expenses	(201)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	3,811

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was (£3,144,000).

### Defined benefit costs recognised in statement of comprehensive income (SOCl)

	Period from 31 March 2024 to 31 March 2025
	£'000
Current service cost	177
Expenses	6
Net interest expense	32
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	215

### Defined benefit costs recognised in other comprehensive income

	Year ended 31 March 2025
	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(540)
Experience gains and losses arising on the plan liabilities - gain (loss)	(424)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	824
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(140)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(140)

## Assets

	31 March 2025 £'000	31 March 2024 £'000
Global Equity	427	360
Absolute Return	-	141
Distressed Opportunities	-	127
Credit Relative Value	-	118
Alternative Risk Premia	-	115
Emerging Markets Debt	-	47
Liquid Alternatives	707	-
Risk Sharing	-	211
Insurance-Linked Securities	12	19
Property	191	145
Infrastructure	1	365
Private Equity	3	3
Private Debt	-	142
Opportunistic Illiquid Credit	-	141
High Yield	-	1
Private Credit	466	-
Cash	52	71
Investment Grade Credit	117	-
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	1	23
Secured Income	64	108
Liability Driven Investment	1,154	1,470
Currency Hedging	6	(1)
Net Current Assets	8	6
<b>Total assets</b>	<b>3,811</b>	<b>3,612</b>

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

## Key assumptions

	31 March 2025 % per annum	31 March 2024 % per annum
Discount Rate	5.94%	4.93%
Inflation (RPI)	3.04%	3.08%
Inflation (CPI)	2.80%	2.79%
Salary Growth	3.80%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (Years)	
Male retiring in 2023	20.5	20.5
Female retiring in 2023	23.0	23.0
Male retiring in 2043	21.7	21.8
Female retiring in 2043	24.5	24.4

## 22. Number of homes in management – Group and association

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

	At 31 March 2025	At 31 March 2024
Rented general needs accommodation	2,234	2,237
Intermediate Rented Properties	88	88
Leasehold properties	1,494	1,490
Low cost home ownership	45	45
Private rented properties	60	60
	<b>3,921</b>	<b>3,920</b>

## 23. Related party transactions – Group and association

As at 31 March 2025, two members were tenants or leaseholders of the association. Their tenancy agreements or leases have been granted on the same terms as for all other tenants and housing management procedures, including those relating to management of arrears, have been applied consistently to these tenant and leaseholder Board members. Rents, Service Charges and Major Works charged to the tenant or leasehold Board members were £2,887 (2024: £3,660). There were no arrears on the charges raised at 31 March 2025 (2024: £77).

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

## 24. Subsidiary undertaking

As at 31 March 2025 East End Homes held 100% share (1 share of £1) in Eric Street Development Limited. During the year its principal activity was to generate funds from development opportunities in order to support East End Homes' core activities of regenerating neighbourhoods. Subsequent to the year end, it has taken over as the main contractor managing the completion of the development of new flats at Eric Street.

### Transactions with registered and non-registered elements of the business

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

### Transactions with non-registered entities

During the year East End Homes Limited had intra-group transactions with Eric Street Development Limited, a non-regulated entity, of £223k (2024: £0.1 million) relating to management services on behalf of Eric Street Development Limited.

The balance outstanding at 31 March 2025 was £223k. This balance was unsecured. During the year Eric Street Development Limited gifted £231k (2024: £253k).

## 25. Controlling party

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

## 26. Financial instruments – Group

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Financial assets at cost of transaction amount	3,412	4,685	3,009	4,358
Financial assets at amortised cost of transaction	2,968	4,843	3,196	4,853
<b>Amount</b>	<b>6,380</b>	<b>9,528</b>	<b>6,205</b>	<b>9,211</b>
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	96,507	91,212	96,418	91,126

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

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

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

## 27. Net debt

	At 31 March 2024	Cashflow	At 31 March 2025
	£'000	£'000	£'000
<b>Analysis of changes in net debt</b>			
<b>Group</b>			
Cash and cash equivalents	4,685	(1,273)	3,412
Housing loans due after one year	(95,000)	(5,000)	(100,000)
	<b>(90,315)</b>	<b>(6,273)</b>	<b>(96,588)</b>
<b>Association</b>			
Cash and cash equivalents	4,358	(1,349)	3,009
Housing loans due after one year	(95,000)	(5,000)	(100,000)
	<b>(90,642)</b>	<b>(6,349)</b>	<b>(96,991)</b>

## Board, Executive and Key Advisors

### Board

The Board Members who served from 1 April 2024 up to the date of approval of these financial statements were as follows:



**Jacqui Bateson**

Chair (from 23 September 2024)



**Tracey Gray**



**Forhana Begum**



**Keziah Halliday**

Senior Independent Director  
Appointed 23 September 2024



**Sandra Fawcett**

Chair Resident Services Committee  
Appointed 23 September 2024



**Pradeep Jeyaratnam-Joyner**

Appointed 23 September 2024

**Ken Beech**

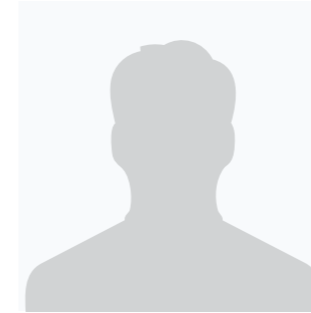
Resigned 25 February 2025

**Carol Hinvest**

Resigned 23 September 2024

**Hilary Milne**

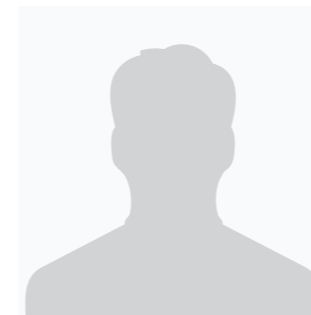
Chair People and Governance Committee  
Appointed 23 September 2024

**Simon Turek**

Chair Audit and Risk Committee (until 13 March 2025)  
Resigned 12 September 2025

**Kevin Moore**

Chair (until 23 September 2024)  
Resigned 23 September 2024

**Marek Wiluszynski**

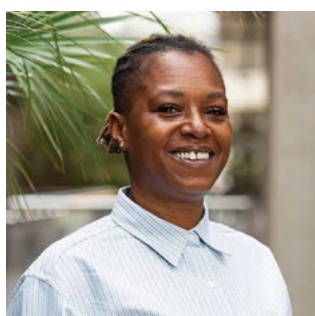
Resigned 23 September 2024

**Emma Palmer**

Resigned 25 February 2025

**John Wu**

Interim Chair Audit and Risk Committee (from 13 March 2025)

**Dewbien Plummer**

Appointed 23 September 2024

**Jahangir Mannan**

Resigned 23 September 2024

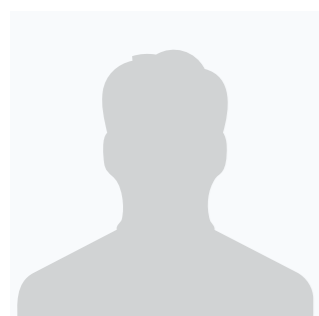
## Executive Management Team

**Daniel Killian**

Chief Executive Officer  
Appointed 1 September 2025

**Yvonne Arrowsmith**

Interim Chief Executive Officer  
Appointed 4 November 2024; stepped down 31 August 2025

**John Henderson**

Chief Executive Officer  
Resigned 25 October 2024

**Stephen Elliott**

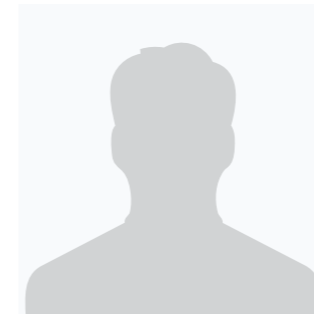
Chief Operating Officer

**Rhodri Morgan**

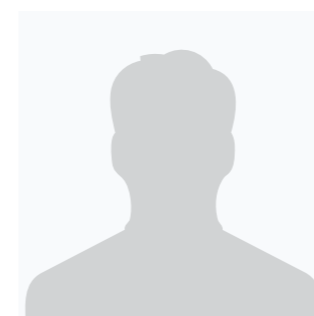
Executive Director of Finance and Resources  
Appointed 8 September 2025

**Paul Gray**

Interim Finance Director  
Appointed 16 December 2024; stepped down 30 September 2025

**Steven Inkpen**

Director of Special Projects and New Business  
Retired 31 December 2024

**David Opoku**

Head of Finance  
Resigned 31 December 2024

**Roger Thompson**

Head of Asset Management  
Stepped down from EMT 30 November 2024

## Secretary



Alexander Bailey

## Registered Office and Advisors

## Registered Office

3 Resolution Plaza, London, E1 6PS

## External Auditors

Beever and Struthers, 150 Minories, London, EC3N 1LS

## Solicitors

Trowers and Hamblins, 3 Bunhill Row, London, EC1Y 8YZ

## Bankers

Barclays Bank plc, 1 Churchill Place, London, E14 5HP

## Legal Status

Registered Company number 4516155 Registered Charity number 1107691. A Registered Provider of Social Housing with the Regulator of Social Housing number L4434



**East End Homes  
3 Resolution Plaza  
London E1 6PS**

**020 7517 4700  
customer.services@eastendhomes.net  
eastendhomes.net**

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London E1 6PS**

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**EAST END HOMES LIMITED**

England & Wales - Charity number 1107691

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# Accounts

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# Financial Statements 2023-24

[www.eastendhomes.net](http://www.eastendhomes.net)



**Registered Company number 4516155**

**EAST END HOMES LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2024**

**EAST END HOMES LIMITED**

**Financial Statements for the Year ended 31 March 2024**

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## **BOARD MEMBERS**

The Board Members who served from 1 April 2023 up to the date of approval of these financial statements were as follows:

<b>Kevin Moore</b>	<b>Chair</b>
<b>Neil McAree</b>	<b>Vice Chair until resigned 14 June 2023</b>
<b>John Kettlewell</b>	<b>Resigned 21 September 2023</b>
<b>Forhana Begum</b>	
<b>Helen Goody</b>	<b>Resigned 21 September 2023</b>
<b>Carol Hinvest</b>	
<b>Emdadul Haque Jahangir Mannan</b>	
<b>Kevin Whittle</b>	<b>Resigned 21 September 2023</b>
<b>Marek Wiluszynski</b>	
<b>Emma Palmer</b>	<b>From 14 June 2023</b>
<b>Jacqui Bateson</b>	<b>From 14 June 2023</b>
<b>John Wu</b>	<b>From 21 September 2023</b>
<b>Ken Beech</b>	<b>From 21 September 2023</b>
<b>Tracey Gray</b>	<b>From 23 November 2023</b>
<b>Simon Turek</b>	<b>From 10 November 2023</b>

## **EXECUTIVE MANAGEMENT TEAM**

<b>John Henderson</b>	<b>Chief Executive</b>
<b>Stephen Elliott</b>	<b>Deputy Chief Executive</b>
<b>Steven Inkpen</b>	<b>Director of Special Projects and New Business</b>
<b>David Opoku</b>	<b>Head of Finance</b>
<b>Roger Thompson</b>	<b>Head of Asset Management</b>
<b>Stuart Veysey</b>	<b>Head of Housing Services - Retired 31 December 2023</b>

## **SECRETARY**

**Alexander Bailey**

**EAST END HOMES LTD  
REGISTERED OFFICE AND ADVISORS**

**Registered office**

3 Resolution Plaza  
London  
E1 6PS

**Auditors**

Beever and Struthers  
150 Minories  
London EC3N 1LS

**Solicitors**

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

**Bankers**

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

**Legal status**

Registered Company number 4516155 Registered Charity number 1107691  
A Registered Provider of Social Housing with the Regulator of Social Housing number L4434

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024**

The Board is pleased to present its report and the audited financial statements for East End Homes Limited (East End Homes) for the year ended 31 March 2024.

#### **The Association**

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

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

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

#### **Structure, governance, and management**

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

East End Homes has adopted the National Housing Federation's (NHF) Code of Governance (2020). The East End Homes Board carries out an annual self-assessment review of compliance, most recently completed in July 2024. The self-assessment indicated general compliance with the Code, and identified areas where measures to strengthen governance were to be implemented. In particular, the Board identified a need to demonstrate that the new risk management framework had been embedded and reviewed for effectiveness, and for the amended governance structure to be reviewed after one year of operation as part of ongoing governance review. They also noted that more work was planned as part of the Governance Recovery Improvement Plan on strengthening Board training and development and setting out a more comprehensive approach to considering potential partnerships.

At the Annual General Meeting of the Company in September 2023, the members approved the adoption of new Articles of Association to modernise the governance of East End Homes Ltd. This involves removing the clauses which described categories of Board Member. Under the revised Articles, all members are appointed as per the terms of a Board Membership Policy. The abolition of categories of member means that there are no longer places on the Board reserved for residents, and that the role of the London Borough of Tower Hamlets in nominating up to two members has been ended. With all appointments being made based on the skills required, the Board has agreed practices to ensure diversity of its membership. For example, the Board Skills & Competencies Matrix was adjusted so that some lived experience of EEH neighbourhoods is an expectation to be found within the collective membership, in recognition of the input which resident perspectives can make to collective decision-making.

Following the adoption of the revised Articles the Board also agreed from September 2023 to introduce Board Member remuneration. This was linked to the desire to modernise the Board and in support of recruitment on a skills basis. The levels of remuneration were agreed following comparison to peer organisations and set broadly at median levels. Details of all remuneration paid to Board Members within each financial year will be reported within the financial statements and thus publicly available. All required processes were followed in line with the requirements of the Code of Governance prior to the introduction of Board Member remuneration.

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024**

The Board has noted the expectation under 3.7 (5) of the Code of Governance that membership of subsidiary committees would count towards overall tenure on the Board. However, the Board's position is that where appropriate it may co-opt potential Board Members to sub-committees as part of its succession strategy and does not believe it is in the best interests of the effective operation of the Board's activities to restrict potential members' overall service by including time spent as a co-optee within their overall maximum tenure. The Board has also used its discretion in limited circumstances to extend Board Member terms by an additional year beyond six years. This is because a significant proportion of the existing Board was due to reach six or nine years of service at the same time, and it was not considered in the best interests of East End Homes to replace multiple members, including those in key roles, at the same time. This was a time-limited decision and following the AGM in September 2024, there will be no Board Members with total tenure of more than the maximum expected six years. The Board understands and is committed to managing its membership such that there is flexibility to ensure that the Board can adapt and evolve where the requirements and expectations on its membership change. Thus, there is no expectation that all members will automatically serve up to the full six years, as in some cases it may be necessary to make a change even where the outgoing member has made the contribution expected of them.

The non-executive directors are responsible for the overall strategic direction of East End Homes. At the Annual General Meeting in September 2023 the Board agreed revised Articles of Association which abolished categories of membership and instituted that all members are appointed based on their skills and ability to contribute to effective decision-making. More detail of the current composition of the Board is provided in the section headed 'Directors' later in this Strategic Report.

East End Homes has promoted and developed extensive resident involvement in the management of its estates and in the overall governance arrangements of East End Homes. The East End Homes Board believes that accountability to the local community and resident involvement in decision-making contributes strongly to the delivery of improvements in service provision and the achievement of corporate objectives. During the summer/autumn of 2024 EastendHomes is carrying out a wide-ranging review of its engagement framework with support from industry experts Tpas, assessing the ongoing optimisation of structures and initiatives in the wake of the publication of the new Transparency, Influence and Accountability Standard by the Regulator of Social Housing.

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

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

East End Homes analyses its pay records annually to identify key ratios related to the governance of the organisation. If calculated using the mean salary, male employees were paid 4.3% less on average than female employees. Analysed using the median salaries, male employees received 18.2% less than female employees. The pay gap data is influenced by an uneven gender distribution across pay bands, with a significant proportion of the lowest earners being male.

The ratio of remuneration for the highest earner (the Chief Executive) to the lowest earner was 5.47:1. The ratio of the Chief Executive earnings to the median earner was 3.94:1.

## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024

#### Principal activities

East End Homes is in business to provide local people with quality and affordable homes, sustainable estates, and effective and efficient local housing services. East End Homes' principal activities are to effectively manage, maintain, and develop homes, and to improve and regenerate its estates. Currently it manages 3,912 homes within the London Borough of Tower Hamlets and 8 homes within the London Borough of Newham.

As of 31 March 2024, East End Homes held a 100% share (1 share of £1) in East End Homes (Community Development) Limited. The principal activity of this subsidiary is to generate funds from non-social housing activities to support East End Homes' core activities.

#### Public Benefit

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

#### Our Mission

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

#### Our Vision

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

#### Investment Programme

In 2023/24 East End Homes continued to work on improving the quality and safety of its housing properties and estates, and the acquisition of new homes, spending £15.50million (2022/23: £19.83 million) on new build properties and refurbishment and fire safety remediation works to existing stock. To date East End Homes has invested £251.52 million into our Major Works and New Build programme analysed in the table below.

	2023/24	2022/23	2021/22	2020/21
Capital Investment (Major works and new properties) (cumulative)	£251.52m	£236.02m	£216.2m	£197.7m
Investment in refurbishment to existing properties (cumulative)	£139.55m	£133.04m	£129.5m	£123.4m
Social rented homes meeting the Decent Homes Standard (%)	95.23	94.63	91.32	100
Investment in new build properties (cumulative)	£111.97m	£102.98m	£86.7m	£74.3m
New homes added	-	117	7	-
New homes added (net of property sales)	(2)	113	7	-
Value of stock (EUV-SH)	£170.03m	£153.92m	£141.23m	£133.01m

As set out in the Corporate Plan 2019 -2024, East End Homes' vision is to achieve the comprehensive regeneration of our estates. East End Homes total capital investment since 2005 to date is £251.52 million. The investment has been funded through £70.7 million of overage and land sale receipts, generated through East End Homes' development partnership with Telford Homes; £95 million in loans; £18 million of grant and gap funding; and £67.82 million, through the group's internally generated surpluses.

## **EAST END HOMES LIMITED**

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To date £139.55 million has been invested in the refurbishment of our existing properties, ensuring that most of East End Homes' social rented units are up to at least the Decent Homes Standard. In February 2024, as part of the business plan update process, the Board agreed an updated 5-year capital investment programme of £34.79 million running from 2024/25 to 2028/29. The works included in the agreed capital investment programme have been determined by our existing stock condition data and with reference to the outcomes of recent Stock Condition Surveys completed by Savills, which confirmed that any internal component replacement could be accommodated within the elemental works budget already in the programme. All components currently causing a property to not meet the Decent Homes Standard plus all components that would cause a property to become non-compliant with the Decent Homes Standard have been included in the agreed five-year programme. Based on current data, the programme would result in no properties failing to meet the Decent Homes Standard at the end of the 5-year period. The proposed programme includes all scheduled non-decent homes works and a provision to commence EPC energy efficiency works, towards the 2030 target, in the latter three years.

The investment programme includes a £12.03million budget for the schemes identified for fire safety remediation works following the updated Building Safety reforms and legislation on fire safety by the Government. Seven schemes have been identified to date and these have budget estimated costs included in the programme. Further remediation works may be identified with ongoing inspections.

A number of purpose-built community facilities have been created or refurbished as part of the regeneration works to the estates. East End Homes aims to facilitate the availability of a wide range of activities for our communities from these facilities, with some remaining directly managed and others operated in partnership with local organisations.

In 2023/24, East End Homes invested a further £8.99million in the acquisition of new homes, bringing the total investment to date to £111.97million. This investment has already brought into management a total of 430 brand new homes for rent and shared ownership under our capital investment programme, including several large family-sized homes and adapted properties. Our partnership working with developers has also led to the creation of around 820 homes for private sales on estates managed by East End Homes, supporting the overall availability of housing within Tower Hamlets. The private properties on East End Homes estates contribute around £199,000 annually in ground rents to the East End Homes business plan.

East End Homes owns a small portfolio of 60 privately rented residential units, including 8 units in LB Newham. The private rented properties generated £1.147 million of income in 2023/24 and produced a surplus of £743,000.

East End Homes has continued to invest in the acquisition of new homes. In May 2022, East End Homes took ownership of 102 new homes at the Orchard Wharf development in E14, with 59 let on Tower Hamlets Living Rent tenancies. The remaining 43 units were marketed for shared ownership. There were 24 first tranche sales from this stock in 2023/24, generating £3.1 million in receipts. The Toynbee Street scheme which was completed in November 2022 provided an additional 5 new homes including 2 shared ownership units, both sold in this financial year. The Violet Road scheme is expected to be completed in 2024/25 and will provide an additional 23 new homes for rent and shared ownership. The major scheme on Eric Street in Mile End is now projected to deliver 105 new homes, following the Board's decision to purchase additional 21 units at Coniston House for social rent. This purchase is supported by a £4.2 million GLA grant. There have already been 11 homes taken into management from this scheme, all for rent. East End Homes' financial investment in these schemes has been supported by the £45 million funding facility provided by M&G Investments.

In 2021/22 the Board took the decision to diversify its development programme to include the first schemes of shared ownership units for sale. It was recognised that this could help to meet the corporate objective to meet a range of local housing needs, as well as providing significant capital receipts to the Business Plan. As a relatively new area of activity and given the contribution to the business plan, the Board has sought to closely monitor the sales programme and associated risks, including receiving regular updates on sales and projected income. As part of its oversight, the Board has engaged external expertise to oversee the marketing and sales programme.

The original programme of sales for the first tranche of units was for sales to complete in 2022/23 and 2023/24. Given the rapid change in the economic climate during 2022/23, sales in the early period of 2022/23 were significantly slower than previous expectation and the Board took the decision to reprofile sales over a longer period than originally planned, up to and including 2025/26. The Business Plan has been updated to reflect the revised programme of sales and stress tested to ensure that the plan remained robust and projected compliance with all our financial covenants. The Board has also taken a prudent decision not to include within the Business Plan any assumptions on income from staircasing of shared ownership properties (further to first tranche sales).

In line with planning consents East End Homes has taken into management units with different affordable or intermediate housing products. These include London Living Rent, which seeks to support tenants to gradually become shared owners; and London Affordable Rent, which is another form of sub-market rented tenancy. Where necessary, external expertise has been sought on managing novel tenures.

East End Homes inherited a portfolio of commercial units as part of the stock transfers from LB Tower Hamlets and this portfolio has been increased and enhanced as part of the estate-wide regeneration programme. In 2023/24 East End Homes had 82 commercial units in management which generated £1.623 million income and contributed around £680,000 to the business plan.

## **Financial Performance**

### **Statement of Comprehensive Income**

In the year to 31 March 2024, the group achieved a surplus of £0.890 million compared to a £3.691 surplus in the previous financial year. The surplus in the previous financial year was impacted by a significant £2.627 million increase in the value of the group's investment properties. In comparison, the year to 31 March 2024 has seen a £0.475 million reduction in the value of investment properties.

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

**Turnover:** £28.863 million, £4.692 million higher than the £24.172 million achieved in 2022/23. The income in 2023/24 was impacted by the following:

- £2.871 million additional first tranche sales receipts and rent from 26 (2023:6) shared ownership properties at the Orchard Wharf and Toynbee Street development.
- £1.821 million additional rental income receivable from existing social, intermediate and market rented properties, related service charges income from the provision of services to residents on East End Homes' estates and other miscellaneous income.

**Operating costs:** £22.763 million, up £2.446 million from £20.317 million in 2022/23. The increase in operating costs is mainly due to the following additional revenue expenditures:

- £1.352 million service and maintenance costs on existing properties and estates, arising from high inflation and energy costs. The increased costs are in part offset by an increase in income receivable in the form of service charges from residents.
- £1.094 million staffing costs, arising from costs of living increases and increased contributions during the year to existing pension schemes.

**Costs of sales:** In 2023/24 there were first tranche sales receipts from 26 shared ownership properties (2022/23: 6 sales). The Statement of Comprehensive Income identifies costs associated with these sales of £2.035 million (2022/23: £0.402 million).

**Loan interest costs:** increased by £0.433 million to £3.912 million in 2023/24. This is the result of the full year impact of £15 million net additional loan borrowings made during the latter part of 2022/23. East End Homes' total loan debt at the yearend was £95.0 million (2022/23: £95.0 million).

**Movement in valuation of Pension Schemes:** In 2023/24, the net surplus in East End Homes' pension schemes recognised in the statement of comprehensive income was £1.055 million. East End Homes commissioned an asset ceiling report on the Local Government Pension Scheme (LGPS) which had the largest accumulated net asset value. Based on the asset ceiling approach, the recoverability of the LGPS pension asset has been considered and the conclusion is that it should be prudently capped at nil. The movement from the net asset this year to nil is described in the statement of comprehensive income as 'Pension surplus not recoverable'.

### **Statement of Financial Position**

East End Homes' reserves has decreased by £7.160 million to £79.996 million; arising from £0.890 million surplus archived in 2023/24, offset by the net charge of £8.050 million recognised against the Local Government Pension Scheme and Social Housing Pension Scheme.

### **Cash Flow**

East End Homes' cash balance as of 31 March 2024 was £4.684 million (2022/23: £8.977 million), a cash reduction of £4.293 million from 1 April 2023. The cash reduction during the year is the result of £15.080 million cash spend mainly on the acquisition of new homes and refurbishment and fire safety remediation works to existing housing properties, £2.572 million net interest costs and £0.176 million spend on other fixed assets. The payments were offset by cash receipts of £11.639 million cash inflow from operating revenue activities, £0.636 million cash receipts from the sale of properties and £1.260 million grants received.

### **Treasury Management**

At 31 March 2024, East End Homes had agreed £116.0 million loan and overdraft facilities, comprising £50.0 million with NatWest Bank, £45.0 million with M&G Investments and £21.0 million with Barclays Bank. Of the agreed facilities £95 million has been drawn, consisting of £40 million from the NatWest facility, £45 million from the M&G facility, and £10 million from the Barclays facility. These loans are secured against the group's assets.

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

### **Borrowings and Loan Profile**

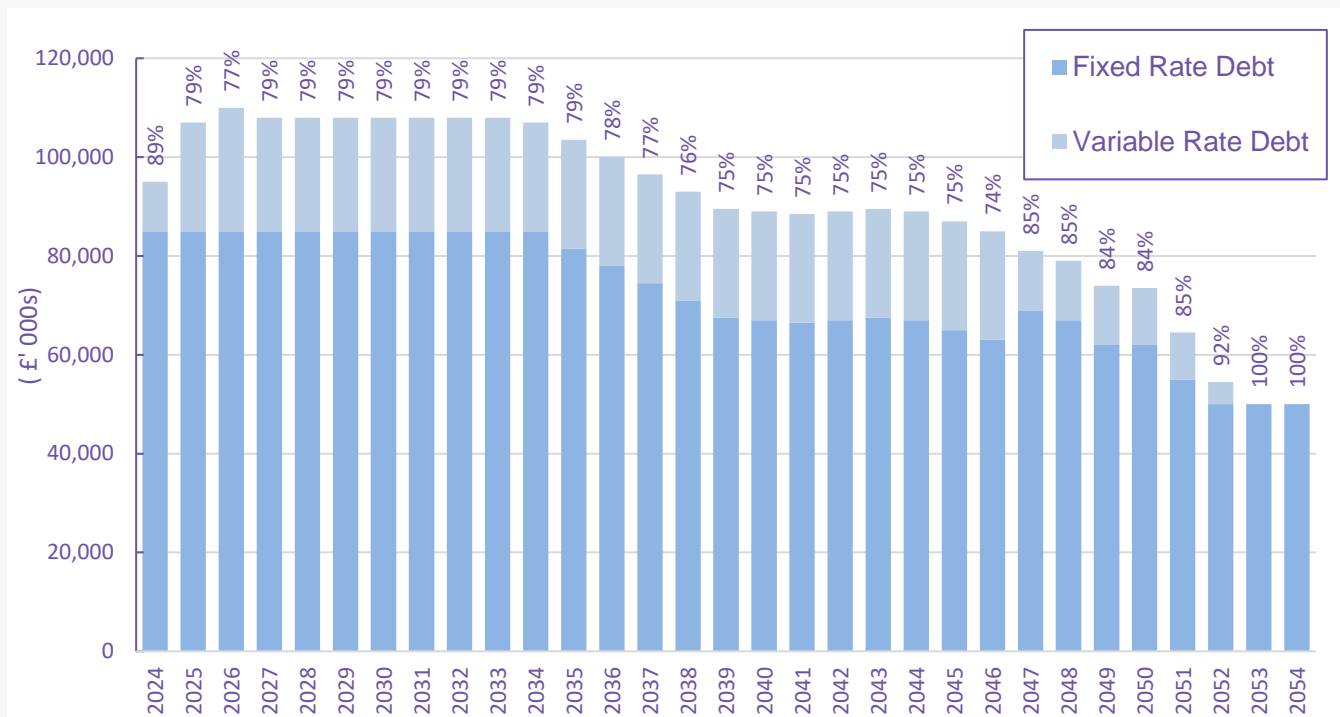
At 31 March 2024, East End Homes had a total loan debt balance of £95.0million comprising £85.0 million on a forward fixed interest rate arrangement and £10.0 million on a variable SONIA-linked rate.

The Board has an agreed Treasury Management Strategy which underpins how East End Homes supports its Business Plan, and a Risk Appetite Statement which summarises the strategic appetite and approach to risk, setting 'golden rules' for the Board to assess performance. In keeping with the Board's approach to risk, the debt profile has been managed such that forward fixed rate loans consistently form a majority of the loan portfolio. The group currently has a healthy amount of fixed rate debt (89.5%) thus providing a good hedge against interest rate risk and a relatively low weighted average cost of debt (WACD) of 3.9%, demonstrating the Board's relatively low risk approach to pursuing its corporate objectives.

## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024

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



## Homes in Management

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

The number of homes in management at the yearend was:

2023/24	No at start (1 April 2023)	Additions	Disposals	No at Year End (31 March 2024)
Social Rented	2,239	-	(2)	2,237
Intermediate Rent	88	-	-	88
Private Rented	60	-	-	60
Shared Ownership (first tranche sales)	45	-	-	45
Leasehold	1,488	2	-	1,490
<b>Total</b>	<b>3,920</b>	<b>2</b>	<b>(2)</b>	<b>3,920</b>

During the year 2 properties were sold under the preserved right to buy or right to acquire schemes.

## Strategic Asset Management

In March 2023 the Board of East End Homes approved an Asset Management Strategy 2023-28, which updated and expanded the strategic approach to management and investment in our key assets. The strategy sought to address emerging and evolving challenges including delivery against targets for environmental performance and 'net zero' emissions, as well as strengthening our approach to collecting and managing data relating to the condition of our stock. The Board receives periodic updates on progress against the action plan associated with the five-year Strategy.

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024**

East End Homes has introduced an asset management system to support comprehensive and active asset management and to develop our understanding of asset performance. The quality of data held is of critical importance in developing the business plan and understanding medium and long-term investment needs. During 2023/24 the proportion of properties which had received an internal components survey in the past two years increased to 80%. Inspection of the remaining 20% will be completed on a rolling basis using in-house expertise. Updating our information on stock condition provides assurance to the Board that the resources allocated for investment in property condition across the 30-year Business Plan are adequate for the needs of the organisation, both in maintaining properties to an appropriate level (with the anticipation on amendments to the Decent Homes Standard) and investing in environmental enhancements. Active asset management also includes carrying out options appraisals for units where it may be uneconomic to bring the property up to the habitable standard, including environmental performance. East End Homes will assess units on a Net Present Value (NPV) basis for their contribution to the business plan but will also consider social performance and the contribution that such homes may make to delivering social value. For example, a large family-sized home may be more 'valuable' to local overcrowded households in terms of fulfilling unmet local needs. The options appraisal process will be a comprehensive process which considers all inputs and outcomes, in considering the relative merits of approaches such as renewal or disposal.

The current five-year programme (as of February 2024), informed by stock condition data held, includes £22.79million of investment in asset renewal works. This is in addition to budgeted investment of £12.03million in improvement fire safety performance. The asset renewal programme includes replacement or renewal of all component failures which would cause non-decency under the current Decent Homes Standard, and investment in improving environmental performance for all units to reach 'C' grade under the EPC system by 2030.

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

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

The current approved plan includes a 40-unit shared ownership sales programme, including 13 units remaining to be sold within the Orchard Wharf scheme, Violet Road scheme (5 units) and Eric Street scheme (22 units). Collectively these are projected to contribute circa £4.65 million gross sales receipts to the plan across 2024/25 and 2025/26. The Board receives a quarterly report summarising the latest position regarding development or acquisition schemes agreed by the Board, identifying any amendments to anticipated completion or handover dates, or adjustments to details of the scheme e.g., tenure composition or rent levels. The Board is given updates of shared ownership sales, and/or applications in the pipeline which are being evaluated.

#### **Value for Money (VFM)**

##### ***Defining and Delivering VFM***

East End Homes' approach to VFM remains as set out in its VFM Strategy, agreed by the Board in December 2020. This strategy describes how EEH seeks to deliver efficiency in pursuing its corporate objectives; the role of the Board; and EEH's strategic framework for monitoring VFM activity and delivering compliance with regulatory requirements. The strategy for 2020-25 was updated to reflect the revised regulatory framework

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024**

and code of practice; the increased emphasis on performance metric reporting; and developing challenges for the financial performance of the organisation such as expenditure on building safety. It also built upon the strategic objectives set out in the Corporate Plan for 2019-24.

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

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

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

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

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

#### **Financial and Business Performance**

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

**EAST END HOMES LIMITED**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024**

		East End Homes	Adjusted *	East End Homes	London	All
	YEAR	2024	2024	2023	2023	2023
	<b>Homes in management at the year end</b>	<b>2,370</b>	<b>2,370</b>	<b>2,372</b>	<b>882,064</b>	<b>2,869,617</b>
<b>Metric 1</b>	<b>Reinvestment %:</b> (Properties acquired + development of new homes + work to existing homes + capitalised interest + schemes completed)/GBV (Cost)	7.33%	7.33%	9.93%	4.36%	7.16%
<b>Metric 2a</b>	<b>New supply delivered %:</b> Total social housing units delivered or <b>newly built</b> units acquired/total housing units <b>owned</b> at period end ( <b>FVA will show the split between owned and managed</b> )	0%	0%	4.93%	0.81	1.83%
<b>Metric 2b</b>	<b>New supply delivered %:</b> Total non-social housing units <b>delivered or newly built units acquired</b> (Total non-social rental units owned, non-social leasehold units owned, new outright sale units developed or acquired)/Total social and non-social housing units <b>owned</b> at period end	0%	0%	0%	0%	0.09%
<b>Metric 3</b>	<b>Gearing %:</b> (LT+ST Loans + Finance Leases - <b>cash and cash equivalents</b> )/Tangible fixed assets: Housing properties at cost	41.88%	41.88%	42.17%	45.74%	45.95%
<b>Metric 4</b>	<b>EBITDA-MRI %:</b> Operating surplus less amortised gov't grant less grant taken to income plus interest receivable less capitalised major repairs plus total depreciation/interest payable and financing costs less capitalised interest in housing properties	37.27%	168.56%	100.14%	82.9%	103.26%
<b>Metric 5</b>	<b>Headline social housing cost per unit</b> - Inc. owned and managed but <u>exc. leasehold</u> and fully staircased shared ownership homes	£7,991	£5,824	£5,840	£6,899	£5,251
	<b>Management CPU</b>	£1,057	£1,057	£897	£1,592	£1,202
	<b>Service charge CPU</b>	£2,044	£1,807	£1,451	£1,156	£792
	<b>Maintenance CPU</b>	£1,927	£1,927	£1,825	£1,672	£1,492
	<b>Major repairs CPU</b>	£2,963	£1,033	£1,667	£1,297	£1,207
	<b>Other social housing CPU</b>	£0	£0	£0	£348	£558
<b>Metric 6a</b>	<b>Alternative 6(a) Operating margin %:</b> (Operating surplus from social housing lettings / Turnover from social lettings)	15.63%	18.56%	18.69%	18.34%	21.37%
<b>Metric 6b</b>	<b>Alternative 6 (b) Operating margin %:</b> (Operating surplus (overall) / Turnover (overall))	14.08%	16.03%	14.28%	14.55%	16.60%
<b>Metric 7</b>	<b>Return on capital employed %:</b> Operating surplus overall plus gain/loss of disposal of fixed assets plus share of operating surplus from JVs or associates/Total assets less current liabilities	2.04%	2.29%	1.87%	2.19%	2.59%
<b>EEH Strategic Metrics</b>						
<b>EEH 1</b>	<b>(Effectiveness) Tenant satisfaction with overall services:</b> (As per Tenant Satisfaction Measures Technical Requirements)	69.0%		76.99%	59.9% (2024)	70.9% (2024)
<b>EEH 2</b>	<b>(Effectiveness) Satisfaction with the quality of a repair:</b> Transactional survey on job completion	93.65%		94.15%	80.2%	86.3% (2024)
<b>EEH 3</b>	<b>(Efficiency) Number of repairs completed per property:</b> Both in-dwelling and communal repairs, including repairs reported by leasehold units	4.23		4.38	N/A	3.4
<b>EEH 4a</b>	<b>(Efficiency) Void performance:</b> average re-let time (days)	27.3		30.2	42 (2022 LBTH)	64.0
<b>EEH 4b</b>	<b>(Economy) Void performance:</b> rent loss due to void properties as a percentage of annual rent debit	0.28%		0.42%	1.43%	N/A
<b>EEH 5a</b>	<b>(Effectiveness) Value for Money Satisfaction:</b> Tenants believing that rents represent value for money	65.97%		73.93%	66.3% (2024)	82.3% (2024)
<b>EEH 5b</b>	<b>(Effectiveness) Value for Money Satisfaction:</b> Leaseholders believing that service charges represent value for money (STAR) (every two years)	29.84% (2023)		29.84%	N/A	38%

\*Adjusted to exclude fire safety expenditure

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024**

East End Homes has continued to invest significant amounts in the existing housing stock and acquisition of new homes. In 2023/24, the value of investment compared to the asset base was 7.33% (2023: 9.93%). This compares to the 2023 median for London RPs of 4.36% and the national median of 7.16%. This demonstrates the organisation's ongoing commitment to investing in the refurbishment of homes in management and in providing new homes. Although there was no new supply introduced in the year, part of this investment reflects new homes which are due to be available for letting or shared ownership sale during 2024/25 and 2025/26.

East End Homes' gearing ratio (which measures the proportion of its borrowing in relation to the value of the asset base) has decreased slightly from 42.17% to 41.88%. This reflects the stock investment made during the year from existing internal resources without recourse to additional borrowing during the year. East End Homes' gearing ratio remains comparatively low relative to those of other Registered Providers of 45.95%; and 45.74% for London RPs.

The interest cover ratio without adjustments for fire safety remediation expenditure has reduced from 100.14% in 2022/23 to 37.27% in 2023/24. The reduction in the year reflects significant amount of expenditure on fire safety remediation works and this is reflected in the adjusted figure (excluding fire safety expenditure) of 168.56%. Recognising the impact of this expenditure, EEH has agreed variations to existing loan agreements with our lenders to exclude these costs from covenant calculations for a fixed period (to 2026/27).

The headline social housing cost per unit has increased from £5,840 in 2022/23 to £7,991 in 2023/24. This is higher than the 2023 London median costs of £6,899 and the National median of £5,251. The costs include major repairs costs per unit of £2,963 (2022: £1,667) reflecting year on year significant capital investments in the refurbishment of stock and on fire safety remediation works to existing blocks, in accordance with the Board's identified objectives. Excluding expenditure relating to fire safety remediation, the overall cost per unit was £5,824.

East End Homes' operating expenditure has increased in 2024, fuelled by rising inflation and high energy costs and the impacts on cost-of-living increases and pension contributions. This has led to a reduction in the overall operating margin (a measure of profitability of operating assets) from 14.28% in 2023 to 14.08%, below the 14.55% for London RPs and the National median of 16.60%.

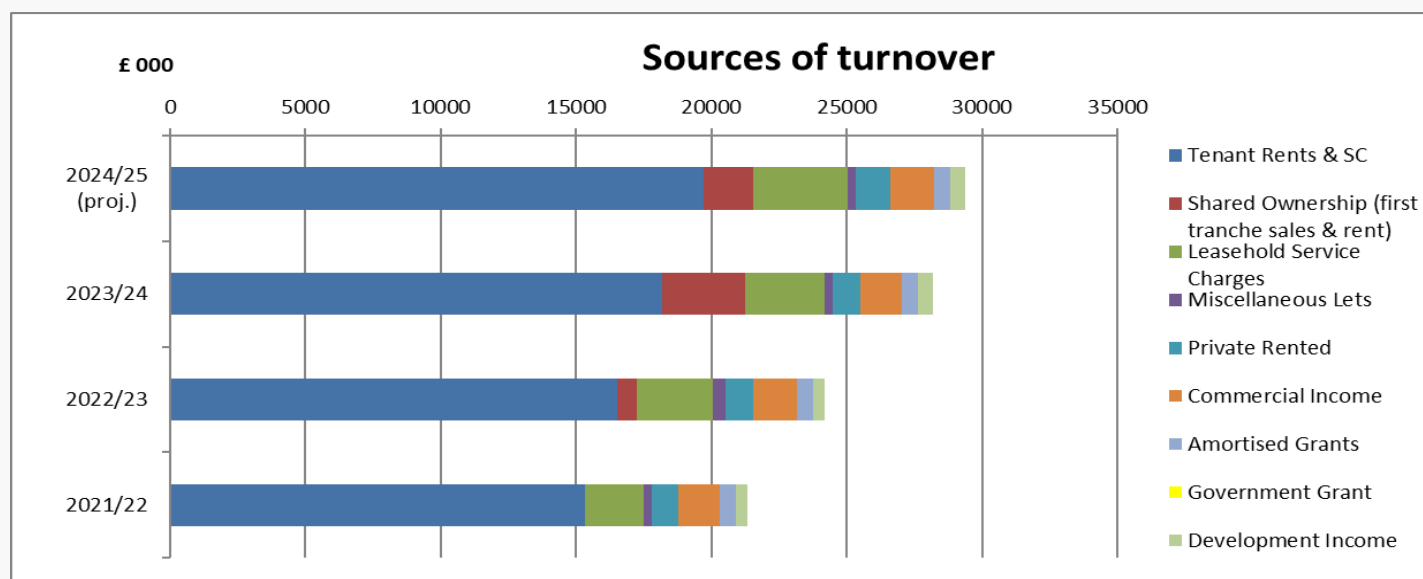
In addition to reporting against the nationwide sector metrics, the Board of East End Homes has identified a suite of performance measures to capture resident satisfaction and broader indicators of performance. These are shown above as the EeH Strategic metrics. Similarly, to the financial metrics, performance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

The strategic metrics which relate to resident satisfaction have been adjusted to match the Tenant Satisfaction Measures methodology as prescribed by the Regulator of Social Housing and comparative data obtained where available in the public domain. In keeping with the predominant trend within the social housing sector, East End Homes experienced a fall in resident satisfaction compared to the previous survey exercise but remains above median performance compared to local peers. The Resident Services Committee leads on scrutiny of performance in this area on behalf of the Board.

**EAST END HOMES LIMITED**  
**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024**

**Analysis of turnover and costs**

Activity	Turnover and costs											
	2024/25 (projected)			2023/24			2022/23			2021/22		
	Units	Turnover £000	Costs £000	Units	Turnover £000	Costs £000	Units	Turnover £000	Costs £000	Units	Turnover £000	Costs £000
<b>GN properties (tenant rents and service charges)</b>	2367	19,700	(16,308)	2325	18,179	(15,824)	2327	16,527	(14,118)	2259	15,339	(12,559)
<b>Shared Ownership (first tranche sales &amp; rent)</b>	45	1,850	(1,126)	32	3,608	(2,215)	6	737	(402)	-	-	-
<b>Leaseholder service Charges</b>	1491	3,472	(5,400)	1490	2,880	(5,009)	1488	2,771	(4,608)	1484	2,167	(3,583)
<b>Miscellaneous Lets</b>	-	305	(203)	-	308	(202)	-	489	(198)	-	276	(198)
<b>Private rented properties</b>	60	1,259	(444)	60	1,147	(404)	60	1,018	(342)	60	981	(289)
<b>Commercial properties</b>	82	1,651	(959)	82	1,623	(943)	82	1,606	(863)	82	1,545	(855)
<b>Amortised grants</b>	-	590	-	-	590	-	-	590	-	-	588	-
<b>Government Grant</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Overage receipts and other miscellaneous income</b>	-	527	(205)	-	528	(201)	-	433	(188)	-	451	(193)
<b>Total</b>	-	<b>29,354</b>	<b>(24,645)</b>		<b>28,863</b>	<b>(24,798)</b>		<b>24,171</b>	<b>(20,719)</b>		<b>21,347</b>	<b>(17,677)</b>

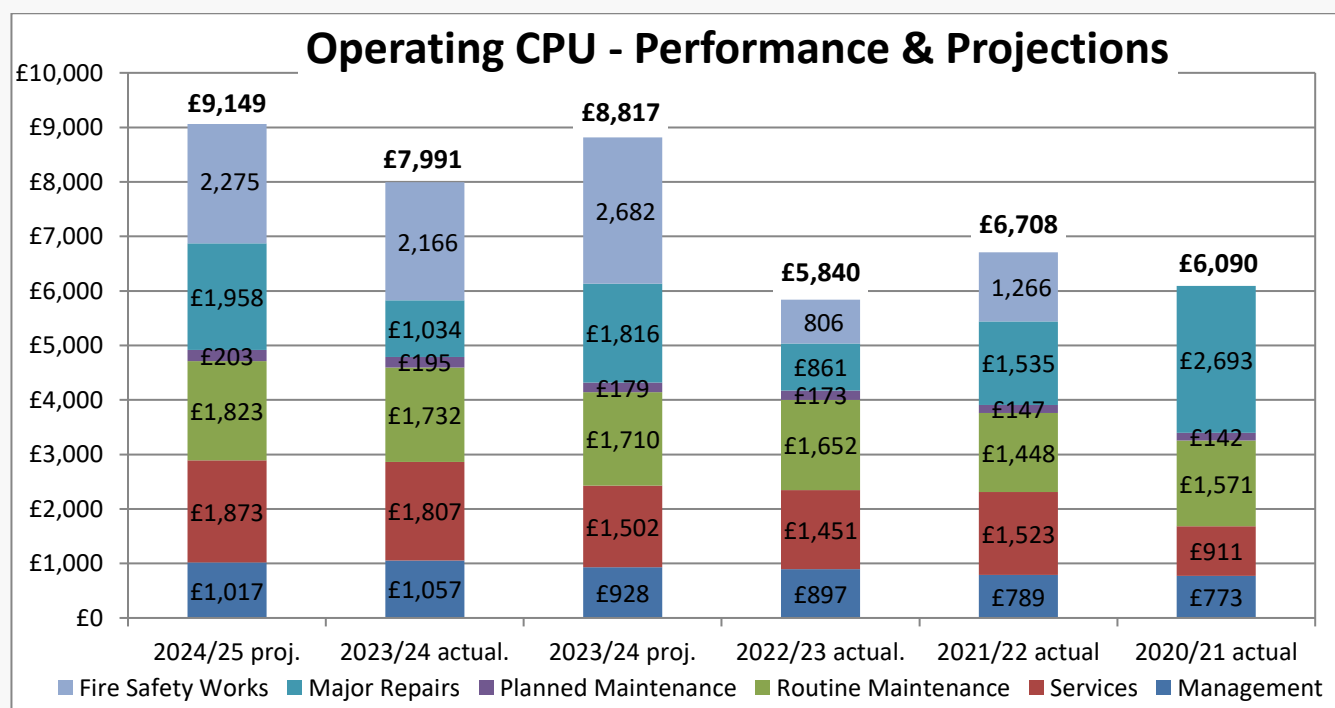


The above analysis of turnover and costs shows the turnover in 2023/24 was £28.863 million, £4.692 million higher than £24.171 million achieved in 2022/23. The income in 2023/24 was impacted by receipts from the following sources, £2.871 million additional first tranche sales receipts and rent from 26 (2023:6) shared ownership properties at the Orchard Wharf and Toynbee Street development and £1.821 million additional rental income receivable from existing social, intermediate and market rented properties, related service charges income from the provision of services to residents on East End Homes' estates and other miscellaneous income. The associated costs increased by £4.079 million from £20.719 million to £24.798 million, mainly from £2.035 million costs associated with first tranche sale of 26 shared ownership properties. There were also additional £1.352 million service and maintenance costs on existing properties and estates, arising

from high inflation and energy costs, £1.094 million staffing costs, arising from costs of living increases and increased contributions during the year to existing pension schemes.

**Operating Costs Performance and Comparison**

Cost per unit	2024/25	2023/24	2023/24	2022/23	2022/23	2021/22	2021/22	2020/21
	Actual (£)	Actual (£)	Projected (£)	Actual (£)	Projected (£)	Actual (£)	Projected (£)	Actual (£)
Management	1,017	1,057	928	897	801	789	765	773
Services	1,873	1,807	1,502	1,451	1,549	1,523	1,547	911
Routine maintenance	1,823	1,732	1,710	1,652	1,474	1,448	1,546	1,571
Planned maintenance	203	195	179	173	148	147	147	142
<b>Operating Costs (exc. Major repairs)</b>	<b>4,916</b>	<b>4,791</b>	<b>4,319</b>	<b>4,173</b>	<b>3,972</b>	<b>3,907</b>	<b>4,005</b>	<b>3,397</b>
Major repairs	152	217	180	174	115	113	156	157
Capitalised Major Works expenditure	1,806	817	1,637	687	1,331	1,422	2,314	2,536
Exceptional Fire Safety Works	2,275	2,167	2,682	806	1,668	1,266	110	-
<b>Total Operating Costs per unit</b>	<b>9,149</b>	<b>7,991</b>	<b>8,817</b>	<b>5,840</b>	<b>7,086</b>	<b>6,708</b>	<b>6,584</b>	<b>6,090</b>
Bad debts	14	32	73	129	21	100	18	212
Depreciation of costs of Housing properties	1,684	1,562	1,595	1,559	1,428	1,499	1,645	1,448
<b>Total</b>	<b>10,847</b>	<b>9,584</b>	<b>10,485</b>	<b>7,528</b>	<b>8,535</b>	<b>8,307</b>	<b>8,248</b>	<b>7,750</b>



Sources: East End Homes Financial Statements / Budget. Consolidated (group) figures.

The data above relates to East End Homes’ operating costs in relation to its affordable rented properties only.

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

**Value for Money Self-Assessment Conclusion**

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

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

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
<p>Registered providers must:</p> <ul style="list-style-type: none"> <li>a. clearly articulate their strategic objectives</li> <li>b. have an approach agreed by their Board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders</li> <li>c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs</li> <li>d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives</li> </ul>	<p>The Board sets out its strategic objectives in its Corporate Plan, currently covering the period of 2019-24. The Board has begun to consider the development of its plan for the next cycle. The plan sets out the scope of the organisation’s ambitions including for the provision of new homes. The approach to achieving value for money is set out in the Board’s agreed Value for Money Strategy, which covers the period 2020-25.</p> <p>The Board seeks to pursue the most efficient use of its resources and this is being embedded within operational practice, such as the use of options appraisals for units with potentially high refurbishment costs.</p>
<p><i>Registered providers must demonstrate:</i></p>	
<ul style="list-style-type: none"> <li>a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance</li> </ul>	<p>The Board has agreed an approach to achieving VFM through its Value for Money Strategy 2020/25, which includes a focus on considering and assessing options for service delivery. All Board reports contain a standard section assessing VFM implications of the report and the recommended decision, and the Board appoints a VFM champion from among its membership to provide focussed challenge.</p>
<ul style="list-style-type: none"> <li>b. regular and appropriate consideration by the Board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures</li> </ul>	<p>Each report considered by the Board is required to identify value for money considerations. The Board also looks at possible alternative models of service delivery when considering proposals. This included the review of the report previously commissioned from the LSE which looked at the effectiveness and efficiency of EEH’s service delivery model.</p>
<ul style="list-style-type: none"> <li>c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case</li> </ul>	<p>The Board receives as part of its performance information distinct data on collection and arrears for non-core parts of the business, such as non-social rented properties, the commercial property portfolio, and updated on shared ownership sales. The management accounts identify the surplus generated by each part of the business.</p>
<ul style="list-style-type: none"> <li>d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets</li> </ul>	<p>The performance information includes a range of agreed targets against KPIs, covering both income recovery and service delivery. The Board and its committees receive quarterly updates against the key performance indicators, in addition to financial reporting.</p>
<p><i>Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider’s:</i></p>	
<ul style="list-style-type: none"> <li>a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers</li> </ul>	<p>East End Homes calculates and reports its performance against the Value for Money metrics specified by the RSH, and in addition reports against a small number of strategic VFM indicators which it has chosen to reflect its core objectives.</p>

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this	In identifying its strategic objectives, the Board also identifies desired outcomes. Performance monitoring includes identifying plans of action where the required outputs are not being achieved. In limited circumstances the Board may accept that EEH performances is 'inferior' to the median of a benchmarked peer group. For example, investment in stock improvement works is likely to mean that EEH's operating cost per unit will be higher than some other organisations.

**Risk Management**

In November 2023 the East End Homes Board agreed a new Risk Management Framework which instituted a refreshed structure for the identification, management, and mitigation of risks. East End Homes now operates a Strategic Risk Register, which contains the key cross-cutting risks which the Board has identified as requiring monitoring and management due to their impact on the organisation and/or the likelihood of the risk occurring. This is supported by an Operational Risk Register which monitors risks which are less consequential at present but are recognised as having the potential to become strategic risks or have a notable impact on the management of the organisation and delivery of services.

The Board has oversight of the Strategic Risk Register at each of its meetings. Under the revised governance structure, there is also the capacity for more forensic review by the Audit & Risk Committee. The Board can request that the ARC conduct a 'deep dive' on a risk and provide its feedback to the Board. The committee also takes the lead on review of the Operational Register and can propose the movement of a risk onto the strategic register.

In support of its regular risk monitoring, the Board conduct stress testing of the Business Plan against a range of individual and multi-variate scenarios which are largely identified by reference to key identified risk areas. This allows the Board to fully understand the scope of a risk and what the implications for the organisation of the risk event materialising. The Board agrees tailored mitigation plans for risk scenarios which are shown to lead to a significant impact on the organisation's viability, such as projecting a breach of agreed covenants under funding agreements, or a shortfall in available cashflow. This exercise supports the Board in determining whether the agreed mitigation controls are adequate to control the risk, and to understand the impact which the mitigations themselves have on the organisation. The Board also considers the non-financial impacts of the application of mitigating controls, such as the impact on service delivery if expenditure in an area is reduced, and what that could mean for resident satisfaction. The Board must balance the requirement for maintaining financial viability with its wider responsibilities such as ensuring that EEH maintains safe and decent homes.

The EEH Risk Management Framework dictates that the Board will assess and agree its risk appetite at least annually. This involves agreeing their overall risk appetite and an appetite for each risk category. The adopted risk appetite(s) inform the decisions taken by the Board to mitigate identified risks to a tolerable level. Currently, the EEH Board has agreed an overall risk appetite at the second lowest 'Minimalist' level, and all categories have an appetite of either 'Minimalist' or 'Cautious'. The Board also assesses via the regular reviews of the Risk Register the level of assurance which is has in monitoring the risk and the application of mitigating controls. For each strategic risk, there is a resulting risk level which indicates the degree of success of the controls in place in mitigating the risk to a level which is tolerable per the agreed risk appetite.

Strategic Risk	Appetite	Assurance Level	Risk Level
Insufficient capacity in the Business Plan to support planned investment	Cautious	Balanced	Medium
Board skills, expertise and governance arrangements insufficient to meet objectives	Minimalist	Balanced	High
Eric Street development scheme – counter-party risk	Minimalist	Balanced	High

Strategic Risk	Appetite	Assurance Level	Risk Level
Building safety obligations	Minimalist	Balanced	High
Ensuring homes are of suitable quality and promote quality of life for residents	Minimalist	Strong	High
Shared ownership sales programme	Minimalist	Balanced	Medium
Cyber and data security	Minimalist	Strong	High
Reputational Risk	Minimalist	Strong	Medium

### Pension commitments and associated issues

East End Homes participates in two defined benefit (DB) final salary schemes, the Local Government Pension Scheme through the London Borough of Tower Hamlets, and the Social Housing Pension Scheme (SHPS). Entry to both schemes is now closed. East End Homes also participates in a defined contribution (DC) scheme under the SHPS. Since the introduction of auto enrolment in May 2014, all new entrants are now automatically enrolled into the SHPS (DC) scheme unless they specifically opt out. From 2012 to date, the number of East End Homes staff enrolled in a pension scheme has grown from 62 to 99 (92% of staff).

Since 2018/19 information became available to enable the Group to account for the Social Housing Pension Scheme as a defined benefit scheme. At 31 March 2024 £0.678 million (2022: £0.652 million) has been provided or recognised through the statement of comprehensive income and Provision for liabilities and Charges as the Groups share of deficit on the Social Housing Pension Scheme.

At 31<sup>st</sup> March 2024 East End Homes were notified of a pension scheme surplus of £9.105 million on the LGPS scheme, compared to the 2022/23 surplus of £6.799 million. East End Homes commissioned an asset ceiling report on the Local Government Pension Scheme (LGPS). Based on the asset ceiling approach, the recoverability of the LGPS pension asset has been considered and the conclusion is that it should be prudently capped at nil. The movement from the net asset this year to nil is described in the statement of comprehensive income as 'Pension surplus not recoverable'.

The changes in the fair values of plan assets, defined benefit obligation and Net Liability in the LGP scheme for yearend has been fully provided against the income and expenditure reserves under the heading of Provision for liabilities and Charges.

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

	2023/24		2022/23		2021/22	
	No of members	(Deficit)/ Surplus £'000	No of members	(Deficit)/ Surplus £'000	No of members	(Deficit)/ Surplus £'000
LGPS	14	2,306	16	3,264	18	3,535
SHPS (DB)	30	(208)	34	(26)	34	(652)
SHPS (DC)	64	-	49	-	46	-
<b>Total</b>	<b>108</b>	<b>2,098</b>	<b>99</b>	<b>3,238</b>	<b>98</b>	<b>2,883</b>
<b>Workforce</b>	<b>112</b>		<b>108</b>		<b>107</b>	
LGPS pension surplus not recoverable		(9,105)				
<b>Cumulative Provision for liabilities &amp; charges</b>		<b>(886)</b>		<b>6,121</b>		<b>2883</b>

## **Directors**

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

During the year there were four resignations from the Board, all of whom were members who had reached the end of their maximum tenure under the adopted Code of Governance. There were six new appointments. All appointments to the Board are made in accordance with agreed processes with emphasis on ensuring that the Board holds and retains a breadth of skills, including input from members with lived experience in Tower Hamlets. With a mind to modernising governance practices, at the Annual General Meeting in September 2023 the company agreed revised Articles of Association which removed classifications of membership, including a hypothecated number of Resident Board Members, and members who could be nominated by the London Borough of Tower Hamlets. It is through the agreed skills matrix that the Board ensures the breadth of experiences and knowledge to drive effective decision-making.

The Board is mindful of the benefits of developing a diverse membership with a range of life experiences, who can contribute towards the skills and expertise the Board has identified in its adopted skills matrix. Board Members have been asked to complete audits of the diversity profile against protected characteristics. At the time of writing the reported composition of the Board was that there were:

- 6 male Members and 5 female Members
- 4 Members who were BAME (any ethnicity other than White British)
- 2 Board Members who disclosed a disability
- 2 Members who identified as LGBTQ+
- 2 Members who were currently resident in an East End Homes property

The Board has agreed a Board Succession Strategy and continues to keep its Skills and Competencies Matrix under review. A recruitment exercise is being conducted with a view to making five appointments at the Annual General Meeting in September 2024 to replace members due to stand down at the end of their tenure, to further strengthen the collective skillset of the Board, and to ensure that the Board has the correct profile of skills, expertise and experience to drive improvements and achieve the Board's strategic objectives.

## **Internal controls**

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

In meeting its responsibilities, East End Homes has operated an ongoing process of risk management that enables it to identify, evaluate and manage the significant risks it faces. The Board is responsible for overseeing the process. The Board has adopted a process to review and provide assurance on the effectiveness of the system of internal control by the following means:

- An annual review by the Board of sector risks and updating of EeH Risk Register.
- An update of current risks and the Risk Register is considered at each meeting of the Audit and Risk Committee and Board meeting.
- Regular meetings held by the Executive Management Team (EMT) which review existing risks and new risks which may be emerging.
- A programme of risk management activity overseen by the Audit and Risk Committee and the Board including deep dives.
- Regular reports from the EMT covering performance and financial matters including key performance indicators.
- An internal audit and external audit programme and end of year audit.
- External review and regular financial returns made to the Regulator of Social Housing (RSH).

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

- Sound corporate governance arrangements including the adoption of the updated National Housing Federation's Code of Governance;
- Long term corporate and strategic planning with specific targets and objectives; this includes reviewing the risk environment when developing and or updating the Corporate Plan;
- A system of controls over financial operations and budgetary control;
- Policies and procedures that are commensurate with East End Homes' Standing Orders;
- Contingency planning arrangements to ensure the security of data, the ability to recover computer systems and maintain services in the event of major interruption.

The Board of East End Homes annually reviews the organisation's compliance with the Regulatory Standards published by the Regulator of Social Housing. The self-assessment was reported and agreed by the East End Homes Board on 18 June 2024. In completing this self-assessment, the Board agreed the aspects of the standards for which it was working towards compliance and set out the actions being taken to ensure compliance would be achieved. The Board also identified the actions to be taken to achieve compliance with the proposed Tenant Satisfaction Measures Standard.

### **Regulator of Social Housing**

The RSH on 25th May 2023 published a Regulatory Judgement following an In-Depth Assessment which downgraded EeH previous assessment of the governance grade from G1 to G3 and confirmed its existing V2 grade for viability. This means that the RSH identified serious regulatory concerns and lacked assurance that adequate governance, risk management and control frameworks were in place.

During this period and prior to the start of the IDA the EeH Board had commissioned an external governance review. The outcome of this review has fed into the Governance Review Improvement Plan (GRIP) which is overseen by the Governance Recovery Working Party reporting to the Board.

During this period significant progress was made in completing the actions identified in the GRIP with a view to address the Regulatory concerns identified.

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

### **Fraud**

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

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

In the year to 31 March 2024, there were no actual or attempted fraud cases.

### **Statement of the Board's responsibilities**

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

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

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

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

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

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

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

### **Going concern**

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

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

**Annual general meeting**

The annual general meeting will be held on 23 September 2024.

**Auditors**

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

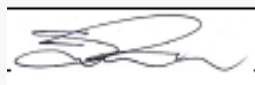
Approved by the Board on 23 September 2024 and signed on its behalf by:



**Kevin Moore**  
Chair



**Emma Palmer**  
Member



**Simon Turek**  
Member

**EAST END HOMES LIMITED**  
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST END HOMES LIMITED**

**Opinion**

We have audited the financial statements of East End Homes Limited “the parent Company” and its subsidiary (“the Group”) for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows, the Association Statement of Cash Flows and the related notes, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and the Company’s affairs as at 31 March 2024 and of the Group’s and Company’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

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

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

## **Responsibilities of the Board**

As explained more fully in the Statement of the Board's responsibilities set out on page 26, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislations, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the trustees Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.

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

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

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

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



**Michael Tourville FCA  
(Senior Statutory Auditor)**

**Date:**

**For and on behalf of  
Beever and Struthers  
Chartered Accountants and Statutory Auditor  
150 Minories  
London  
EC3N 1LS**

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £'000	2023 £'000
Turnover	2	28,863	24,171
Cost of sales	2	(2,035)	(402)
Operating expenditure	2	(22,763)	(20,317)
Increase / (decrease) in valuation of investment properties	11	(475)	2,627
Gain / (loss) on disposal of property, plant and equipment (fixed assets)	5	506	728
<b>Operating surplus / (deficit)</b>	<b>2</b>	<b>4,096</b>	<b>6,807</b>
Interest receivable and similar income	6	706	363
Interest and financing costs	7	(3,912)	(3,479)
<b>Surplus / (deficit) for the year before taxation</b>	<b>8</b>	<b>890</b>	<b>3,691</b>
Taxation	9	-	-
<b>Surplus / (deficit) for the year</b>		<b>890</b>	<b>3,691</b>
Actuarial loss/gain in respect of pension schemes	21	1,055	2,872
Pension surplus not recoverable		(9,105)	-
<b>Total comprehensive income for the year</b>		<b>(7,160)</b>	<b>6,563</b>

The results relate wholly to continuing activities.

The financial statements were approved and authorised for issue by the Board on 23 September 2024 and were signed on its behalf by:

The notes on pages 38 to 69 form an integral part of these financial statements.



**Kevin Moore**  
Chair



**Emma Palmer**  
Member



**Simon Turek**  
Member

**EAST END HOMES LIMITED**  
**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024	2023
		£'000	£'000
Turnover	2	28,588	23,905
Cost of sales	2	(2,035)	(402)
Operating expenditure	2	(22,710)	(20,297)
Increase / (decrease) in valuation of investment properties	11	(475)	2,627
Gain / (loss) on disposal of property, plant and equipment (fixed assets)	5	506	728
Operating surplus / (deficit)	2	3,874	6,561
Gift aid received from subsidiary		253	247
Interest receivable and similar income	6	696	356
Interest and financing costs	7	(3,912)	(3,479)
Surplus / (deficit) for the year before taxation	8	911	3,685
Taxation	9	-	-
Surplus / (deficit) for the year after taxation		911	3,685
Actuarial (loss) / gain in respect of pension schemes	21	1,055	2,872
Pension surplus not recoverable		(9,105)	-
<b>Total comprehensive Income for the year</b>		<b>(7,139)</b>	<b>6,557</b>

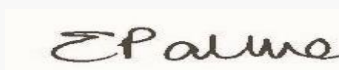
The results relate wholly to continuing activities

The financial statements were approved and authorised for issue by the Board on 23 September 2024 and were signed on its behalf by:

The notes on pages 38 to 69 form an integral part of these financial statements.



**Kevin Moore**  
Chair



**Emma Palmer**  
Member



**Simon Turek**  
Member

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 March 2024**  
Company number 4516155

	Notes	2024 £'000	2023 £'000
<b>Fixed assets</b>			
Tangible fixed assets: housing properties	10	211,367	199,591
Investment properties	11	19,729	20,204
Tangible fixed assets: other fixed assets	12	1,156	1,064
		<u>232,252</u>	<u>220,859</u>
<b>Current assets</b>			
Stock	13	596	2,471
Trade and other debtors			
- due within one year	14	4,338	7,547
- due after one year	14	503	503
Cash and cash equivalents		4,685	8,977
		<u>10,122</u>	<u>19,498</u>
<b>Less creditors:</b>			
Amounts falling due within one year	15	<u>(18,153)</u>	<u>(16,713)</u>
<b>Net current assets / (liabilities)</b>		<u>(8,031)</u>	<u>2,785</u>
<b>Total assets less current liabilities</b>		<u>224,221</u>	<u>223,644</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	16	(143,339)	(142,609)
Provision for liabilities and charges	21	(886)	6,121
<b>Total net assets</b>		<u>79,996</u>	<u>87,156</u>
<b>Capital and reserves</b>			
Revaluation reserve		3,946	4,421
Income and expenditure reserve		76,050	82,735
<b>Total Reserves</b>		<u>79,996</u>	<u>87,156</u>

The notes on pages 38 to 69 form an integral part of these financial statements

The financial statements were approved and authorised for issue by the Board on 23 September 2024 and signed on its behalf by:



**Kevin Moore**  
Chair



**Emma Palmer**  
Member



**Simon Turek**  
Member

**EAST END HOMES LIMITED**  
**ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 March 2024**  
**Company number 4516155**

	Notes	2024 £'000	2023 £'000
<b>Fixed assets</b>			
<b>Tangible fixed assets: housing properties</b>	<b>10</b>	211,367	199,591
<b>Investment properties</b>	<b>11</b>	19,729	20,204
<b>Tangible fixed assets: other fixed assets</b>	<b>12</b>	1,156	1,064
		<hr/> 232,252	<hr/> 220,859
<b>Current assets</b>			
<b>Stock</b>	<b>13</b>	596	2,471
<b>Trade and other debtors</b>			
<b>- due within one year</b>	<b>14</b>	4,348	7,533
<b>- due after one year</b>	<b>14</b>	503	503
<b>Cash and cash equivalents</b>		4,358	8,702
		<hr/> 9,805	<hr/> 19,209
<b>Less creditors:</b>			
<b>Amounts falling due within one year</b>	<b>15</b>	(18,068)	(16,677)
		<hr/> (8,263)	<hr/> 2,532
<b>Net current assets / (liabilities)</b>			
		<hr/> 223,989	<hr/> 223,391
<b>Total assets less current liabilities</b>			
<b>Creditors:</b>			
<b>Amounts falling due after more than one year</b>	<b>16</b>	(143,339)	(142,609)
<b>Provision for liabilities and charges</b>	<b>21</b>	(886)	6,121
		<hr/> 79,764	<hr/> 86,903
<b>Total net assets</b>			
<b>Capital and reserves</b>			
<b>Revaluation reserve</b>		3,946	4,421
<b>Income and expenditure reserve</b>		75,818	82,482
		<hr/> 79,764	<hr/> 86,903
<b>Total reserves</b>			

The notes on pages 38 to 69 form an integral part of these financial statements  
The financial statements were approved and authorised for issue by the Board on 23 September 2024  
and signed on its behalf by:



**Kevin Moore**  
Chair



**Emma Palmer**  
Member



**Simon Turek**  
Member

**EAST END HOMES LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

	<b>Group Income and expenditure reserve £'000</b>	<b>Group Revaluation reserve £'000</b>	<b>Group Total reserves £'000</b>
<b>Balance at 1 April 2023</b>	78,799	1,794	80,593
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	6,563	-	6,563
<b>Transfer to/from revaluation reserve</b>	(2,627)	2,627	-
<b>Balance at 31 March 2023</b>	82,735	4,421	87,156
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	(7,160)	-	(7,160)
<b>Transfer to/from revaluation reserve</b>	475	(475)	-
<b>Balance at 31 March 2024</b>	76,050	3,946	79,996

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**

	<b>Income and expenditure reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Total reserves £'000</b>
<b>Balance at 1 April 2022</b>	78,552	1,794	80,346
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	6,557	-	6,557
<b>Transfer to/from revaluation reserve</b>	(2,627)	2,627	-
<b>Balance at 31 March 2023</b>	82,482	4,421	86,903
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	(7,139)	-	(7,139)
<b>Transfer to/from revaluation reserve</b>	475	(475)	-
<b>Balance at 31 March 2024</b>	75,818	3,946	79,764

The notes on pages 38 to 69 form an integral part of these financial statements.

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024**

	2024		2023	
	£'000	£'000	£'000	£'000
<b><u>Net cash generated from operating activities (Note i)</u></b>		11,639		4,652
<b><u>Cash flow from investing activities</u></b>				
Purchase of investment properties	-		-	
Purchase of tangible fixed assets	(176)		(41)	
Acquisition and construction of housing properties	(15,080)		(20,848)	
Proceeds from sale of tangible fixed assets			1,121	
	636			
Interest Received	562		205	
Grant Received				
	1,260		2,185	
		(12,798)		(17,378)
<b><u>Cash flow from financing activities</u></b>				
Interest Paid	(3,134)		(3,426)	
New loans secured	-		20,000	
Repayment of borrowings	-		(5,000)	
		(3,134)		11,574
Net change in cash and cash equivalents		(4,293)		(1,152)
Cash and cash equivalents at beginning of the year		8,977		10,129
Cash and cash equivalents at end of the year		4,684		8,977
<b>Cash and cash equivalents comprise:</b>				
Cash at bank		4,684		8,977
<b>Note i</b>				
<b><u>Cash flow from operating activities</u></b>				
Surplus for the year		(7,160)		6,563
<b>Adjustments for non-cash items:</b>				
Depreciation of tangible fixed assets		3,786		3,801
(Increase)/ decrease in trade and other debtors		5,227		(2,081)
(Decrease)/ increase in trade and other creditors		304		437
Increase/ (decrease) in provisions		7,007		(3,238)
Carrying amount of tangible fixed asset disposals		20		392
<b><u>Adjustments for investing or financing activities:</u></b>				
Proceeds from the sale of tangible fixed assets		(636)		(1,121)
Interest payable		3,912		3,479
Interest received		(706)		(363)
Government grants amortised		(590)		(590)
Changes in value of Investment Properties		475		(2,627)
<b>Net cash generated from operating activities</b>		11,639		4,652

The notes on pages 38 to 69 form an integral part of these financial statements.

**EAST END HOMES LIMITED**  
**ASSOCIATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>		<b>2023</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Net cash generated from operating activities (Note i)</u></b>		11,597		4,680
<b><u>Cash flow from investing activities</u></b>				
Purchase of investment properties	-		-	
Purchase of tangible fixed assets	(176)		(41)	
Acquisition and construction of housing properties	(15,080)		(20,848)	
Proceeds from sale of tangible fixed assets	636		1,121	
Interest Received	553		195	
Grant Received	1,260		2,185	
		(12,807)		(17,388)
<b><u>Cash flow from financing activities</u></b>				
Interest Paid	(3,134)		(3,426)	
New loans secured	-		20,000	
Repayment of borrowings	-		(5,000)	
		(3,134)		11,574
<b>Net change in cash and cash equivalents</b>		(4,344)		(1,134)
<b>Cash and cash equivalents at beginning of the year</b>		8,702		9,836
<b>Cash and cash equivalents at end of the year</b>		4,358		8,702
<b>Cash and cash equivalents comprise:</b>				
<b>Cash at bank</b>		4,358		8,702
<b>Note i</b>				
<b><u>Cash flow from operating activities</u></b>				
Surplus for the year		(7,139)		6,557
<b>Adjustments for non-cash items:</b>				
Depreciation of tangible fixed assets		3,786		3,801
(Increase)/ decrease in trade and other debtors		5,202		(2,091)
(Decrease)/ increase in trade and other creditors		256		474
Increase/ (decrease) in provisions		7,007		(3,238)
Carrying amount of tangible fixed asset disposals		20		392
<b><u>Adjustments for investing or financing activities:</u></b>				
Proceeds from the sale of tangible fixed assets		(636)		(1,121)
Interest payable		3,912		3,479
Interest received		(696)		(356)
Government grants amortised		(590)		(590)
Changes in value of Investment Properties		475		(2,627)
<b>Net cash generated from operating activities</b>		11,597		4,680

The notes on pages 38 to 69 form an integral part of these financial statements.

## EAST END HOMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

#### 1. PRINCIPAL ACCOUNTING POLICIES

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

The group comprises the following entities:

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

#### Basis of Accounting

The Group and Association's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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

#### Parent company disclosure exemptions

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

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole
- The accounting relating to the Social Housing Pension Fund has not been consistently applied. The accounting policy is set out on page 40. The consolidated financial statements have applied Financial Reporting Exposure Draft 71 'Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.

#### Basis of Consolidation

The consolidated financial statements incorporate the results of East End Homes Limited and its subsidiary undertaking East End Homes (Community Development) Limited, registered company number 05838745, as at 31 March 2024 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control. Intra-group transactions are eliminated on consolidation.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)****Turnover**

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

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

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

**Housing properties**

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

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

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

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

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

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

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

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

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

#### **Sales of housing properties**

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

#### **Other tangible fixed assets**

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

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

#### **Stock and properties held for sale**

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

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

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

#### **Low cost home ownership properties**

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

#### **Loan interest costs**

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

#### **Loan finance issue costs**

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)****VAT**

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

**Taxation**

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

**Operating leases**

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

**Provisions**

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

**Treasury management**

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

**Rent Setting**

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

**Going Concern**

The Board has reviewed the group's budget for the year to March 2024 and Business Plan for 2025 onwards and have also considered the continuing impact of ongoing economic crisis, including high inflation and high interest rates on its operations and the principal risks identified, increased rent arrears, the availability of cash resources and the impact of economic downturn. Having taken steps to mitigate where possible the impact of these risks, the Board have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

**Judgements and key sources of estimation uncertainty**

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

**a. Development expenditure**

The Group capitalises development expenditure in accordance with the accounting policy described on page 50. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

**b. Categorisation of housing properties**

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

**c. Impairment**

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

**Other key sources of estimation and assumptions:****a. Tangible fixed assets**

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

**b. Revaluation of investment properties**

The Group and Association carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group and Association engaged independent valuation specialists to determine fair value at 31 March 2024. The valuer used a fair value technique as an estimate for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction. The key assumptions used to determine the fair value of investment property are further explained in note 11.

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

#### **c. Pension and other post-employment benefits**

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

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

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

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

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

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

#### **Impairment of non-financial assets**

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

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

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

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

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

#### **Non exchange transactions**

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

#### **Service Charge**

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

#### **Capitalisation of interest and administration costs**

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

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

#### **Investment properties**

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

#### **Short-term debtors and creditors**

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

#### **Social Housing and other government grants**

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

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

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

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

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

#### **Other grants**

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

#### **Financial Instruments**

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

Financial instruments held by the Group are classified as follows:

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

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

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

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

**2. GROUP –TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	Turnover	2024		Operating Surplus
	£'000	Cost of Sales £'000	Operating Costs £'000	£'000
<b>Income from social housing lettings</b>				
<b>General Needs &amp; Intermediate Rent</b>	19,077	-	(16,026)	3,051
<b>Low-cost home ownership</b>	131		(180)	(49)
<b>First tranche low-cost home ownership sales</b>	3,477	(2,035)	-	1,442
<b>Income from non-social housing activities</b>				
<b>Leasehold</b>	2,880	-	(5,009)	(2,129)
<b>Commercial lettings</b>	1,623	-	(943)	680
<b>Overage receipts and other income</b>	528	-	(201)	327
<b>Private rented properties</b>	1,147	-	(404)	743
<b>Increase /(decrease) in fair value of investment properties</b>				(475)
<b>Surplus on disposal of fixed assets</b>				506
	<u>28,863</u>	<u>(2,035)</u>	<u>(22,763)</u>	<u>4,096</u>

	Turnover	2023		Operating Surplus
	£'000	Cost of Sales	Operating Costs £'000	£'000
<b>Income from social housing lettings</b>				
<b>General Needs &amp; Intermediate Rent</b>	17,606	-	(14,315)	3,291
<b>First tranche low-cost home ownership sales</b>	737	(402)	-	335
<b>Income from non-social housing activities</b>				
<b>Leasehold</b>	2,771	-	(4,609)	(1,838)
<b>Commercial lettings</b>	1,606	-	(863)	743
<b>Overage receipts and other income</b>	433	-	(188)	245
<b>Private rented properties</b>	1,018	-	(342)	676
<b>Increase /(decrease) in fair value of investment properties</b>				2,627
<b>Surplus on disposal of fixed assets</b>				728
	<u>24,171</u>	<u>(402)</u>	<u>(20,317)</u>	<u>6,807</u>

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

	<b>2024</b>			<b>2023</b>
	<b>General Needs</b>	<b>Low Costs Home Ownership</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>				
<b>Income from social housing lettings</b>				
<b>Rent receivable net of identifiable service charge</b>	17,329	78	17,407	15,896
<b>Service charge income</b>	1,128	53	1,181	1,046
<b>Other income from social housing lettings</b>	30	-	30	74
<b>Government grants taken to income</b>	0	-	0	-
<b>Amortised government grants</b>	590	-	590	590
<b>Total turnover from social housing lettings</b>	<b>19,077</b>	<b>131</b>	<b>19,208</b>	<b>17,606</b>
<b>Operating expenditure on social housing lettings</b>				
<b>Management</b>	(2,330)	(175)	(2,505)	(2,128)
<b>Service charge costs</b>	(4,840)	(4)	(4,844)	(3,442)
<b>Routine maintenance</b>	(4,105)	-	(4,105)	(3,919)
<b>Planned maintenance</b>	(461)	-	(461)	(410)
<b>Major repairs expenditure</b>	(514)	-	(514)	(412)
<b>Bad debts</b>	(74)	(1)	(75)	(305)
<b>Depreciation of housing Properties</b>	(3,702)	-	(3,702)	(3,699)
<b>Total operating expenditure on social housing lettings</b>	<b>(16,026)</b>	<b>(180)</b>	<b>(16,206)</b>	<b>(14,315)</b>
<b>Operating surplus on social housing lettings –General Needs</b>	<b>3051</b>	<b>(49)</b>	<b>3,002</b>	<b>3,291</b>
<b>Void losses</b>	<b>171</b>	<b>-</b>	<b>171</b>	<b>153</b>

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

**2. ASSOCIATION -TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	<b>2024</b>			
	<b>Turnover</b>	<b>Cost of</b>	<b>Operating</b>	<b>Operating</b>
	<b>£'000</b>	<b>Sales</b>	<b>Costs</b>	<b>Surplus</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income from social housing lettings</b>				
General Needs & Intermediate Rent	19,077	-	(16,026)	3,051
Low-cost home ownership	131	-	(180)	(49)
First tranche low-cost home ownership sales	3,477	(2,035)	0	1,442
<b>Income from non-social housing activities</b>				
Leaseholders	2,880	-	(5,009)	(2,129)
Commercial lettings	1,500	-	(913)	587
Overage receipts and other income	376	-	(178)	198
Private rented properties	1,147	-	(404)	743
Increase /(decrease) in fair value of investment properties				(475)
Surplus on disposal of fixed assets				506
	<u>28,588</u>	<u>(2,035)</u>	<u>(22,710)</u>	<u>3,874</u>

	<b>2023</b>			
	<b>Turnover</b>	<b>Cost of</b>	<b>Operating</b>	<b>Operating</b>
	<b>£'000</b>	<b>Sales</b>	<b>Costs</b>	<b>Surplus</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income from social housing lettings</b>				
General Needs & Intermediate Rent	17,606	-	(14,315)	3,291
First tranche low-cost home ownership sales	737	(402)	-	335
<b>Income from non-social housing activities</b>				
Leaseholders	2,771	-	(4,608)	(1,837)
Commercial lettings	1,495	-	(864)	631
Overage receipts and other income	278	-	(168)	110
Private rented properties	1,018	-	(342)	676
Increase /(decrease) in fair value of investment properties				2,627
Surplus on disposal of fixed assets				728
	<u>23,905</u>	<u>(402)</u>	<u>(20,297)</u>	<u>6,561</u>

## 2. ASSOCIATION -TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	General Needs	Low Costs Home Ownership	Total	Total
	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charge	17,329	78	17,407	15,896
Service charge income	1,128	53	1,181	1,046
Other income from social housing lettings	30	-	30	74
Government grants taken to income	0	-	0	-
Amortised government grants	590	-	590	590
<b>Total turnover from social housing lettings</b>	<b>19,077</b>	<b>131</b>	<b>19,208</b>	<b>17,606</b>
<b>Operating expenditure on social housing lettings</b>				
Management	(2,330)	(175)	(2,505)	(2,128)
Service charge costs	(4,840)	(4)	(4,844)	(3,442)
Routine maintenance	(4,105)	-	(4,105)	(3,919)
Planned maintenance	(461)	-	(461)	(410)
Major repairs expenditure	(514)	-	(514)	(412)
Bad debts	(74)	(1)	(75)	(305)
Depreciation of housing properties	(3,702)	-	(3,702)	(3,699)
<b>Total operating expenditure on social housing lettings</b>	<b>(16,026)</b>	<b>(180)</b>	<b>(16,206)</b>	<b>(14,315)</b>
<b>Operating surplus on social housing lettings – General Needs</b>	<b>3051</b>	<b>(49)</b>	<b>3,002</b>	<b>3,291</b>
Void losses	171	-	171	153

**3. DIRECTORS' EMOLUMENTS – GROUP AND ASSOCIATION**

The emoluments of the Chief Executive and Executive Management Team were, £760,158 (2023: £697,101) of which the emoluments (excluding pension contributions) of the Chief Executive were £137,737 (2023: £130,803).

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

**Board Members**

From September 2023 the Board has determined, following appropriate advice and benchmarking, that it is appropriate, and continues to be appropriate, that Board and Committee members should be paid for their services. The remuneration paid to Board members in position at 31 March 2024 are set out below.

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Carol Hinvest	2,800	-
Emma Palmer	2,420	-
John Wu	2,058	-
Jacqui Bateson	2,425	-
Emdadul Haque Jahangir Mannan	2,805	-
Ken Beech	2,058	-
Kevin Moore	5,574	-
Marek Wiluszynski	2,058	-
Simon Turek	2,239	-
Tracey Gray	1,748	-
Forhana Begum	2,058	-

In addition, Board members are reimbursed for any expenses incurred in carrying out their duties and in attending Board and Committee meetings. Board expenses of £1,742 (2023: £2,606) were incurred in the year.

**4. EMPLOYEE INFORMATION**

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

	<b>2024</b>	<b>2023</b>
Full time	90	82
Part time	12	11
	<u>102</u>	<u>93</u>

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

Staff costs (for the above persons)

	<b>GROUP 2024 £'000</b>	<b>GROUP 2023 £'000</b>
Wages and salaries	4,699	4,141
Social security costs	708	462
Other pension costs	1,165	927
	<hr/> 6,572	<hr/> 5,530

Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the period:

	<b>2024</b>	<b>2023</b>
£60,000 - £69,999	18	14
£70,000 - £79,999	10	1
£80,000 - £89,999	4	2
£90,000 - £99,999	3	1
£100,000 - £109,999	-	2
£110,000 - £119,999	1	-
£120,000 - £129,999	-	1
£130,000 - £139,999	1	-
£140,000 - £149,999	-	-
£150,000 - £159,999	-	-
£160,000- £169,999	-	-
£170,000- £179,999	-	1
£180,000- £189,999	-	-
£190,000- £199,999	-	-
£200,000- £209,999	-	-
£210,000- £219,999	-	-
£220,000- £229,999	1	-

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

	GROUP		ASSOCIATION	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Proceeds of sales	636	1,121	636	1,121
Less: Costs of sales	(130)	(393)	(130)	(393)
Surplus	506	728	506	728

## 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	GROUP		ASSOCIATION	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
On loan to subsidiary company – East End Homes (Community Development) Ltd	-	-	-	-
Deposit interest receivable from short-term investment of surplus cash balances	706	363	696	356
	706	363	696	356

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

	GROUP		ASSOCIATION	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Interest Payable	3,788	3,358	3,788	3,358
Loan Amortisation	124	121	124	121
	3,912	3,479	3,912	3,479

	GROUP		ASSOCIATION	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>8. Surplus on ordinary activities is stated after charging:</b>				
<b><u>Auditors remuneration excluding VAT</u></b>				
- in their capacity as auditors	42	30	40	28
- in respect of other services	4	3	3	3
<b>Operating lease rentals:</b>				
- Land and Building	-	-	-	-
- Office Equipment	11	15	11	15
<b><u>Depreciation</u></b>				
Depreciation of housing properties	3,702	3,699	3,702	3,699
Depreciation of other tangible fixed assets	84	103	84	103

**9. TAXATION**

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

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>UK corporation tax</b>	-	-	-	-

## 10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP &amp; ASSOCIATION

	Housing properties completed	Housing properties Under development	Housing Property Refurbishment programme uncompleted	Shared ownership properties under development	Shared ownership properties Completed	Total
	£'000	£'000	£'000	£000	£'000	£'000
<b>Cost</b>						
At 1 April 2023	193,917	26,770	5,473	1,770	8,359	236,289
Additions – Refurbishment			1,936			1,936
Additions – New Build		8,988				8,988
Fire Safety Works			4,573			4,573
Disposals	(600)					(600)
Completed in year	1,133		(1,133)			-
<b>At 31 March 2024</b>	<b>194,450</b>	<b>35,758</b>	<b>10,849</b>	<b>1,770</b>	<b>8,359</b>	<b>251,186</b>
<b>Depreciation</b>						
At 1 April 2023	(36,623)	-	-	-	(75)	(36,698)
Charged in year	(3,627)				(75)	(3,702)
Released on disposals	581					581
<b>At 31 March 2024</b>	<b>(39,669)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(150)</b>	<b>(39,819)</b>
<b>Net Book Value</b>						
At 1 April 2023	157,294	26,770	5,473	1,770	8,284	199,591
<b>At 31 March 2024</b>	<b>154,781</b>	<b>35,758</b>	<b>10,849</b>	<b>1,770</b>	<b>8,209</b>	<b>211,367</b>

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Housing properties at cost comprise:</b>		
<b>Freeholds</b>	251,186	236,289

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

Additions to housing properties during the year of £19.8 million (2022: £18.4 million) relate to the capitalised costs towards acquisition of new affordable social housing units, and refurbishment works on existing stock including fees, capitalised salaries and incremental overheads

At 31 March 2024 the Board estimated the vacant possession open market value of East End Homes housing properties to be £709.8 million (2022: £709.8 million).

**11. INVESTMENT PROPERTIES**

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At start of year</b>	20,204	17,577	20,204	17,577
<b>Additions</b>		-		-
<b>Gain (Loss) from adjustment in Value</b>	(475)	2,627	(475)	2,627
<b>At end of year</b>	19,729	20,204	19,729	20,204

East End Homes has to date invested in 60 (2023: 60) properties for private rent, which generate additional surpluses for reinvestment into the core business activities. These properties are treated as investment properties and recognised at their market values. Investment properties were valued at 31 March 2024 by McDowalls Surveyors Ltd, a firm of professionally qualified surveyors. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

At 31 March 2024 there were no contractual obligations in respect of the investment properties (2023: none).

## 12. OTHER TANGIBLE FIXED ASSETS – ASSOCIATION &amp; GROUP

	Office Buildings £'000	Computer Equipment £'000	Office Furniture & Equipment £'000	Motor Vehicles £'000	Total Association and Group £'000
<b>Cost</b>					
At 1 April 2023	1,367	1,239	718	178	3,502
Additions	44	131	4	-	179
Disposals	-	-	-	-	-
At 31 March 2024	1,411	1,370	722	178	3,681
<b>Depreciation</b>					
At 1 April 2023	(384)	(1,211)	(688)	(155)	(2,438)
Charge for the year	(28)	(32)	(14)	(13)	(87)
Disposals	-	-	-	-	-
At 31 March 2024	(412)	(1,243)	(702)	(168)	(2,525)
<b>Net book value</b>					
At 1 April 2023	983	28	30	23	1,064
At 31 March 2024	999	127	20	10	1,156

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

**13. STOCK**

Stock	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£'000	£'000	£'000	£'000
<b>Shared Ownership Properties</b>				
- Work in Progress	596	2,471	596	2,471

**14. DEBTORS**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
<b>Rental debtors</b>	1,105	1,040	1,105	1,040
<b>Provision for bad and doubtful debts</b>	(564)	(487)	(564)	(487)
	541	553	541	553
<b>Shop rental debtors</b>	200	275	200	275
<b>Provision for bad and doubtful debts</b>	(53)	(80)	(53)	(80)
	147	195	147	195
<b>Leasehold debtors</b>	2,771	2,667	2,771	2,667
<b>Provision for bad and doubtful debts</b>	(353)	(328)	(353)	(328)
	2,418	2,339	2,418	2,339
<b>Other debtors</b>	687	3,705	687	3,705
<b>Prepayments and accrued income</b>	545	755	500	707
<b>Amounts due from other group entities</b>	-	-	55	34
	1,232	4,460	1,242	4,446
<b>Amounts due within one year</b>	4,338	7,547	4,348	7,533
<b>Amounts falling due after more than one year:</b>				
<b>LBTH pension debtor</b>	503	503	503	503
	4,841	8,050	4,851	8,036

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		ASSOCIATION	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Housing Loans	10,000	10,000	10,000	10,000
Trade creditors	1,336	161	1,336	161
Other creditors including other taxes social security and pensions	507	1,413	502	1,413
Rents and service charges received in advance	935	953	935	953
Accruals and deferred income	4,785	3,596	4,705	3,560
Deferred capital grant	590	590	590	590
Amount owed to group entity	-	-	-	-
	<u>18,153</u>	<u>16,713</u>	<u>18,068</u>	<u>16,677</u>

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

	GROUP		ASSOCIATION	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Pension creditor	-	-	-	-
Deferred Capital Grant	60,131	59,462	60,131	59,462
Housing Loans	85,000	85,000	85,000	85,000
Loan Arrangement Fees	(1,792)	(1,853)	(1,792)	(1,853)
	<u>143,339</u>	<u>142,609</u>	<u>143,339</u>	<u>142,609</u>

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	60,052	58,459
<b>Grant received in the year</b>	1,259	2,183
<b>Released to income in the year</b>	(590)	(590)
<b>Balance at 31 March</b>	60,721	60,052
<b>Amount due to be released &lt; 1 year (Note 14)</b>	590	590
<b>Amount due to be released &gt; 1 year (Note 15)</b>	60,131	59,462
<b>The total accumulated government grant and financial assistance received or receivable at 31 March including through the transfer of assets:</b>	60,721	60,052

**18. HOUSING LOANS**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Repayable;</b>				
<b>Within one year or on demand</b>	10,000	10,000	10,000	10,000
<b>Between one and two years</b>	-	-	-	-
<b>Between two and three years</b>	-	-	-	-
<b>Between three and four years</b>	-	-	-	-
<b>Between four and five years</b>	-	-	-	-
<b>After more than five years</b>	85,000	85,000	85,000	85,000
	95,000	95,000	95,000	95,000
<b>Loan Arrangement Fees</b>	(1,792)	(1,852)	(1,792)	(1,852)

The Association has an existing £115.0 million loan facility, comprising £50.0 million with NatWest Bank, 45.0 million with M&G Investments and £20 million with Barclays bank plc. At 31 March 2024, £95.0 million (2023: £95.0 million) loans has been drawn down at an average rate of interest (plus margin) of 3.899% (2023:3.899%). The facility includes revolving credit facilities for £30.0 million. All loans are secured against the group's assets.

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

**19. CAPITAL COMMITMENTS – GROUP & ASSOCIATION**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital expenditure contracted for but not provided in the financial statements</b>	12,661	16,245
<b>Capital expenditure authorised by the Board but not yet contracted for</b>	33,204	34,211

Capital expenditure authorised by the Board relates to the acquisition of new build properties and the 5-year capital investment programme (2024-2029) including fire safety works and development agreements with London Borough of Tower Hamlets for refurbishment works to be carried out on properties transferred to East End Homes.

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

**20. OTHER FINANCIAL COMMITMENTS – GROUP & ASSOCIATION**

At 31 March 2024 the group and association had an annual commitment under the lease of office equipment of £10,882 (2022: £14,863) expiring within the next 12 months.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)****21. PENSION OBLIGATIONS – GROUP & ASSOCIATION**

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

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

***London Borough of Tower Hamlets Pension Scheme (LGPS)***

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

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

***Financial Assumptions***

The financial assumptions used for the purposes of the FRS 102 calculations as at 31 March 2024 and 31 March 2023 are shown in the table below.

<b>Assumption as at</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>% p.a.</b>	<b>% p.a.</b>
<b>Pension Increase Rate (CPI)</b>	2.80	3.00
<b>Salary Increases</b>	2.80	3.00
<b>Discount Rate</b>	4.80	4.75

***Expected Return on Assets***

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2023 for the year to 31 March 2024).

The assets of the scheme as a whole and the expected returns at 31 March 2024 and 31 March 2023 are shown in the table below:

<b>Assets</b>	<b>Value at</b>	<b>Value at</b>
<b>Main Fund</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£(000)</b>	<b>£(000)</b>
<b>Equities</b>	16,005	20,325
<b>Bonds</b>	7,347	1,196
<b>Property</b>	2,624	1,913
<b>Cash</b>	262	478
<b>Total value of scheme assets</b>	<b>26,238</b>	<b>23,912</b>

There is no provision for unitising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

The present value of the above assets and liabilities attributable to East End Homes at 31 March 2024 and

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

31 March 2023 was:

<b>Net Pension Liability as at</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£(000)</b>	<b>£(000)</b>
<b>Fair Value of Employer Assets</b>	26,238	23,912
<b>Present Value of Funded Liabilities</b>	(17,133)	(17,113)
<b>Net Underfunding in Funded Plans</b>	<b>9,105</b>	<b>6,799</b>

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

***Impact on Statement of Financial Position***

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£(000)</b>	<b>£(000)</b>
<b>Fair Value of Employer Assets</b>	26,238	23,912
<b>Present Value of Funded Liabilities</b>	(17,133)	(17,113)
<b>Net Liability provided for in the Financial Statements</b>	<b>9,105</b>	<b>6,799</b>

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

	<b>Year to 31 March</b>	<b>Year to 31 March</b>
	<b>2024</b>	<b>2023</b>
	<b>£(000)</b>	<b>£(000)</b>
<b>Surplus at beginning of the year</b>	6,799	3,535
<b>Actuarial gains\ (Losses) during the year</b>	2,306	3,264
<b>Surplus at end of year</b>	<b>9,105</b>	<b>6,799</b>

The surplus has been adjusted to the asset ceiling as follows:

	<b>Year to 31 March</b>	<b>Year to 31 March</b>
	<b>2024</b>	<b>2023</b>
	<b>£(000)</b>	<b>£(000)</b>
<b>Net Asset (unadjusted)</b>	<b>9,105</b>	-
<b>Effect of the asset ceiling on net asset / liability</b>	<b>(9,105)</b>	-
<b>Net Asset / (Liability)</b>	<b>-</b>	<b>-</b>

***Pensions Obligations Note - Social Housing Pension Scheme (SHPS)***

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

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

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

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

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

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

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Fair value of plan assets	3,612	3,391
Present value of defined benefit obligation	4,498	4,069
Surplus (deficit) in plan	(886)	(678)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(886)	(678)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(886)	(678)

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

## RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Year ended 31 March 2024 (£000s)
Defined benefit obligation at start of period	4,069
Current service cost	188
Expenses	6
Interest expense	200
Contributions by plan participants	68
Actuarial losses (gains) due to scheme experience	249
Actuarial losses (gains) due to changes in demographic assumptions	(38)
Actuarial losses (gains) due to changes in financial assumptions	(97)
Benefits paid and expenses	(147)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	4,498

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)****RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS**

	<b>Year ended 31 March 2024 (£000s)</b>
Fair value of plan assets at start of period	3,391
Interest income	178
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(557)
Contributions by the employer	679
Contributions by plan participants	68
Benefits paid and expenses	(147)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	3,612

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£3,144,000).

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)**

	<b>Period from 31 March 2022 to 31 March 2024 (£000s)</b>
Current service cost	188
Expenses	6
Net interest expense	22
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	216

## DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Year ended 31 March 2024 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(557)
Experience gains and losses arising on the plan liabilities - gain (loss)	(249)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	38
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	97
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(671)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(671)

## ASSETS

	31 March 2024 (£000s)	31 March 2023 (£000s)
Global Equity	360	63
Absolute Return	141	37
Distressed Opportunities	127	103
Credit Relative Value	118	128
Alternative Risk Premia	115	6
Emerging Markets Debt	47	18
Risk Sharing	211	250
Insurance-Linked Securities	19	86
Property	145	146
Infrastructure	365	387
Private Equity	3	
Private Debt	142	151
Opportunistic Illiquid Credit	141	145
High Yield	1	12
Opportunistic Credit	-	-
Cash	71	24
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	23	102
Secured Income	108	156
Liability Driven Investment	1,470	1,561

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

Currency Hedging	(1)	7
Net Current Assets	6	9
Total assets	3,612	3,391

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

**KEY ASSUMPTIONS**

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount Rate	4.93%	4.83%
Inflation (RPI)	3.08%	3.16%
Inflation (CPI)	2.79%	2.82%
Salary Growth	3.79%	3.82%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	<b>Life expectancy at age 65</b>
	<b>(Years)</b>
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.8
Female retiring in 2043	24.4

**22. NUMBER OF HOMES IN MANAGEMENT – GROUP & ASSOCIATION**

The number of homes in management at the yearend was:

	<b>At 31 March 2024</b>	<b>At 31 March 2023</b>
<b>Rented general needs accommodation</b>	2,237	2,239
<b>Intermediate Rented Properties</b>	88	88
<b>Leasehold properties</b>	1,490	1,488
<b>Low cost home ownership</b>	45	45
<b>Private rented properties</b>	60	60
	<u>3,920</u>	<u>3,920</u>

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**

#### **23. RELATED PARTY TRANSACTIONS – GROUP & ASSOCIATION**

As at 31 March 2024, two members were tenants or leaseholders of the association. Their tenancy agreements or leases have been granted on the same terms as for all other tenants and housing management procedures, including those relating to management of arrears, have been applied consistently to these tenants and leaseholders Board members. Rents, Service Charges and Major Works charged to the tenant or leasehold Board members was £3,660 (2023: £17,709 ). There were arrears on the charges raised at 31 March 2024 of £0 (2023: £77). The level of tenant or leaseholder Board member arrears is not materially different from other tenants and leaseholders.

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

#### **24. SUBSIDIARY UNDERTAKING**

As at 31 March 2024 East End Homes held 100% share (1 share of £1) in East End Homes (Community Development) Limited. Its principal activity is to generate funds from development opportunities in order to support East End Homes' core activities of regenerating neighbourhoods.

##### **Transactions with registered and non-registered elements of the business**

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

##### **Transactions with non-registered entities**

During the year East End Homes Limited had intra-group transactions with East End Homes (Community Development) Limited, a non-regulated entity, of £0.1 million (2023: £0.1 million) relating to management services on behalf of East End Homes (Community Development) Limited.

The balance outstanding at 31 March 2024 was £0.1 million. This balance was unsecured. During the year East End Homes (Community Development) Limited gifted £253k (2023: £247k).

#### **25. CONTROLLING PARTY**

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

**26. FINANCIAL INSTRUMENTS – GROUP**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial Assets</b>				
Financial assets at cost of transaction amount	4,685	8,977	4,358	8,702
Financial assets at amortised cost of transaction Amount	4,843	8,051	4,853	8,037
	<u>9,528</u>	<u>17,028</u>	<u>9,211</u>	<u>16,739</u>
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	91,212	90,962	91,126	90,923

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

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

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

**27. NET DEBT**

Analysis of changes in net debt:

<b>GROUP</b>	<b>At 31 March 2023 £000</b>	<b>Cashflow £000</b>	<b>At 31 March 2024 £000</b>
Cash and cash equivalents	8,977	(4,292)	4,685
Housing loans due in one year	(10,000)	-	(10,000)
Housing loans due after one year	(85,000)	-	(85,000)
	<u>(86,023)</u>	<u>(4,292)</u>	<u>(90,315)</u>
<b>ASSOCIATION</b>	<b>At 31 March 2023 £000</b>	<b>Cashflow £000</b>	<b>At 31 March 2024 £000</b>
Cash and cash equivalents	8,702	(4,334)	4,358
Housing loans due in one year	(10,000)	-	(10,000)
Housing loans due after one year	(85,000)	-	(85,000)
	<u>(86,298)</u>	<u>(4,334)</u>	<u>(90,642)</u>



east  
endHOMES

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**EAST END HOMES LIMITED**

England & Wales - Charity number 1107691

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# Accounts

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# Financial Statements

## 2022/23

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**Registered Company number 4516155**

**EAST END HOMES LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

**EAST END HOMES LIMITED**

**Financial Statements for the Year ended 31 March 2023**

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## **BOARD MEMBERS**

The Board Members who served from 1 April 2022 up to the date of approval of these financial statements were as follows:

<b>Kevin Moore</b>	<b>Chair</b>
<b>Neil McAree</b>	<b>Vice Chair until resigned 14 June 2023</b>
<b>John Kettlewell</b>	
<b>Forhana Begum</b>	
<b>Helen Goody</b>	
<b>Carol Hinvest</b>	
<b>Emdadul Haque Jahangir Mannan</b>	
<b>Kevin Whittle</b>	
<b>Marek Wiluszynski</b>	
<b>Loula Saragoudas</b>	<b>Resigned 24 June 2022</b>
<b>David Edgar</b>	<b>Resigned 5 August 2022</b>
<b>Cllr Motin Uz-Zaman</b>	<b>Resigned 5 August 2022</b>
<b>Jacqui Bateson</b>	<b>From 14 June 2023</b>
<b>Emma Palmer</b>	<b>From 14 June 2023</b>

## **EXECUTIVE MANAGEMENT TEAM**

<b>John Henderson</b>	<b>Managing Director</b>
<b>Stephen Elliott</b>	<b>Deputy Managing Director</b>
<b>Steven Inkpen</b>	<b>Director of Special Projects and New Business</b>
<b>David Opoku</b>	<b>Head of Finance</b>
<b>Roger Thompson</b>	<b>Head of Asset Management</b>
<b>Stuart Veysey</b>	<b>Head of Housing Services</b>

## **SECRETARY**

**Alexander Bailey**

**EAST END HOMES LTD  
REGISTERED OFFICE AND ADVISORS**

**Registered office**

3 Resolution Plaza  
London  
E1 6PS

**Auditors**

Beever and Struthers  
150 Minories  
London EC3N 1LS

**Solicitors**

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

**Bankers**

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

**Legal status**

Registered Company number 4516155 Registered Charity number 1107691  
A Registered Provider of Social Housing with the Regulator of Social Housing number L4434

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

The Board is pleased to present its report and the audited financial statements for East End Homes Limited (East End Homes) for the year ended 31 March 2023.

#### **The Association**

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

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

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

#### **Structure, governance, and management**

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

East End Homes has adopted the National Housing Federation's (NHF) Code of Governance (2020). The East End Homes Board carries out an annual self-assessment review of compliance, most recently completed in July 2023. The self-assessment indicated general compliance with the Code. The Board identified actions which were being taken to strengthen governance arrangements, including the proposed revisions to the Board and committee structure and amendments to the Articles of Association. The changes include asserting the Board as having primary responsibility for financial discussions and reconstituting the Finance & Audit Committee as an Audit & Risk Committee.

The Board has discussed during 2022/23 the potential introduction of Board remuneration at the 2023 AGM. The Board has noted the requirements of the Code of Governance around remuneration and has taken measures to ensure that it complies with these expectations such as consultation processes around the potential introduction.

The Board has also strengthened its arrangements relating to member appraisal and succession planning. This includes consideration of how the Board can collectively meet its requirements as identified in the agreed Skills and Competencies Matrix, and work is underway to introduce more comprehensive appraisal processes to cover the contributions of each Board Member towards desired outcomes.

The Board has noted the expectation under 3.7 (5) of the Code of Governance that membership of subsidiary committees would count towards overall tenure on the Board. However, the Board's position is that where appropriate it may co-opt potential Board Members to sub-committees as part of its succession strategy and does not believe it is in the best interests of the effective operation of the Board's activities to restrict potential members' overall service by including time spent as a co-optee within their overall maximum tenure. The Board has also used its discretion in limited circumstances to extend Board Member terms by an additional year beyond six years. This is because a significant proportion of the existing Board was due to reach six or nine years of service at the same time, and it was not considered in the best interests of East End Homes to need to replace multiple members, including those in key roles, at the same time.

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

The non-executive directors are responsible for the overall strategic direction of East End Homes. The Board of Management comprised 12 non-executive directors at the yearend who are listed on page 4: at that point comprising 4 resident members; 2 local authority members nominated by the London Borough of Tower Hamlets; and 6 independent members. There have been changes to the composition of the Board since year end and there are currently 10 non-executive directors, of whom 3 are resident members, and 7 are independent members. This includes 2 members co-opted temporarily onto the Board from June 2023. The Board is considering amending its Articles of Association to remove the distinction between different 'categories' of member and moving to a solely skills-based appointment process. Consultation with key stakeholders, including residents, is underway. The Board remains committed to maintaining a resident voice on the Board and the ability to contribute with direct experience of the local community has been identified as an essential skill for the Board.

Board members are recruited via advertising or sourcing through professional bodies. Vacancies are targeted where possible to address skills gaps or strengthen areas of comparative weakness. Applicants are interviewed by a panel to confirm their suitability. Training and induction of Board members is provided by officers with support from external specialists where required and is overseen by the Managing Director.

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

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

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

East End Homes analyses its pay records annually to identify key ratios related to the governance of the organisation. If calculated using the mean salary, male employees were paid 1% more on average than female employees. Analysed using the median salaries, female employees received 7% less than their male counterpart. 62% of East End Homes employees are male, with the pay gap data being influenced by an uneven gender distribution across pay bands. The top six earners and the lowest 27 earners in this analysis were all male.

The ratio of remuneration for the highest earner (the Managing Director) to the lowest earner was 5.47:1. The ratio of the MD earnings to the median earner was 3.36:1.

#### **Principal activities**

East End Homes is in business to provide local people with quality and affordable homes, sustainable estates, and effective and efficient local housing services. East End Homes' principal activities are to effectively manage, maintain, and develop homes, and to improve and regenerate its estates. Currently it manages 3,912 homes within the London Borough of Tower Hamlets and 8 homes within the London Borough of Newham.

## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

As of 31 March 2023, East End Homes held a 100% share (1 share of £1) in East End Homes (Community Development) Limited. The principal activity of this subsidiary is to generate funds from non-social housing activities to support East End Homes' core activities.

#### Public Benefit

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

#### Our Mission

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

#### Our Vision

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

#### Investment Programme

In 2022/23 East End Homes continued to work on improving the quality of its housing properties and estates, and the acquisition of new homes, spending £19.82million (2021/22: £18.5 million) on new build properties, refurbishment and fire safety remediation works to existing stock. To date East End Homes has invested £236.02 million into our Major Works and New Build programme analysed in the table below.

	2022/23	2021/22	2020/21	2019/20
Capital Investment (Major works and new properties) (cumulative)	£236.02m	£216.2m	£197.7m	£182.0m
Investment in refurbishment to existing properties (cumulative)	£133.04m	£129.5m	£123.4m	£121.8m
Social rented homes meeting the Decent Homes Standard (%)	94.63	91.32	100	100
Investment in new build properties (cumulative)	£102.98m	£86.7m	£74.3m	£60.2m
New homes added	117	7	-	12
New homes added (net of property sales)	113	7	-	11
Value of stock (EUV-SH)	£153.92	£141.23m	£133.01m	£133.01m

As set out in the Corporate Plan 2019 -2024, East End Homes' vision is to achieve the comprehensive regeneration of our estates. East End Homes total capital investment since 2005 to date is £236.02 million. The investment has been funded through £70.7 million of overage and land sale receipts, generated through East End Homes' development partnership with Telford Homes; £95 million in loans; £17 million of grant and gap funding; and £53.32 million, through the group's internally generated surpluses.

To date £133.04 million has been invested in the refurbishment of our existing properties, ensuring that most of East End Homes' social rented units are up to at least the Decent Homes Standard. In June 2023, as part of the business plan update process, the Board agreed an updated 5-year capital investment programme of £39.92 million running from 2023 to 2028. The works included in the agreed capital investment programme have been determined by our existing stock condition data and with reference to the outcomes of recent Stock Condition Surveys completed by Savills, which confirmed that any internal component replacement could be accommodated within the elemental works budget already in the programme. All components that would

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

cause a property to become non-compliant with the Decent Homes Standard have been included in the agreed five-year programme. Based on current data, the programme would result in no properties falling non-decent by the end of the 5-year period. The proposed programme includes all scheduled non-decent homes works and a provision to commence EPC energy efficiency works, towards the 2030 target, in the latter three years.

The investment programme includes a £14.6 million budget for the schemes identified for fire safety remediation works following the updated Building Safety reforms and legislation on fire safety by the Government. Since early 2020 EEH has commissioned Type 4 FRAs to void properties in high rise blocks as they arise, and undertaken any works identified (which have been limited in scope). Seven schemes have been identified to date and these have budget estimated costs included in the programme. Further remediation works may be identified with ongoing inspections.

A number of purpose-built community facilities have been created or refurbished as part of the regeneration works to the estates. East End Homes aims to facilitate the availability of a wide range of activities for our communities from these facilities, with some remaining directly managed and others operated in partnership with local organisations.

In 2022/23, East End Homes invested a further £16.3 million in new homes, bringing the total investment to date to £102.98 million. This investment has already brought into management a total of 430 brand new homes for rent and shared ownership under our capital investment programme, including several large family-sized homes and adapted properties. Our partnership working with developers has also led to the creation of around 820 homes for private sales on estates managed by East End Homes, supporting the overall availability of housing within Tower Hamlets. The private properties on East End Homes estates contribute around £199,000 annually in ground rents to the East End Homes business plan.

East End Homes owns a small portfolio of 60 privately rented residential units, including 8 units in LB Newham. The private rented properties generated £1.018 million of income in 2022/23 and produced a surplus of £676,000.

East End Homes has continued to invest in the acquisition of new homes. In May 2022, East End Homes took ownership of 102 new homes at the Orchard Wharf development in E14, with 59 let on Tower Hamlets Living Rent tenancies. The remaining 43 units are being marketed for shared ownership. There were 6 first tranche sales from this stock in 2022/23. The Toynbee Street scheme was completed in November 2022 and has provided an additional 5 new homes for rent and shared ownership. The Violet Road scheme is expected to be completed in 2023/24 and will provide an additional 23 new homes for rent and shared ownership. The major scheme on Eric Street in Mile End is now projected to deliver 84 new homes, following the Board's decision during the year to scale back the Eric Street scheme from the original programme of 121 new homes, by invoking a 'break clause' thereby pausing phases 5 & 6 of the scheme. There have already been 11 homes taken into management from this scheme, all for rent. East End Homes' financial investment in these schemes has been supported by the £45 million funding facility provided by M&G Investments.

The Board has taken the decision to diversify its development programme to include the first schemes of shared ownership units for sale. It was recognised that this could help to meet the corporate objective to meet a range of local housing needs, as well as providing significant capital receipts to the Business Plan. As a new area of activity, the Board has sought to closely monitor the sales programme and associated risks, including receiving regular updates on sales and projected income. As part of its oversight, the Board has engaged external expertise to oversee the marketing and sales programme.

The original programme of sales for the first tranche of units was for sales to complete in 2022/23 and 2023/24. Given the rapid change in the economic climate during 2022/23, sales in the early period of 2022/23 were significantly slower than previous expectation and the Board took the decision to reprofile sales over a longer period than originally planned, up to and including 2024/25. The Business Plan was updated to reflect the revised programme of sales and stress tested to ensure that the plan remained robust and projected compliance with our financial covenants.

In line with planning consents East End Homes is also taking into management units with different affordable

## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

or intermediate housing products. These include London Living Rent, which seeks to support tenants to gradually become shared owners; and London Affordable Rent, which is another form of sub-market rented tenancy. Where necessary, external expertise has been sought on managing novel tenures.

East End Homes inherited a portfolio of commercial units as part of the stock transfers from LB Tower Hamlets and this portfolio has been increased and enhanced as part of the estate-wide regeneration programme. In 2022/2023 East End Homes had 82 commercial units in management which generated £1.606 million income and contributed around £743,000 to the business plan. The Board has continued to maintain regular oversight of the performance of the commercial portfolio, as this area of activity was significantly impacted by the pandemic and continues to face other challenges brought about by ongoing global instability, high inflation, and high costs of living. In September 2022 the Board agreed an updated Shops and Commercial Premises Policy which included a provision to take appropriate measures to support high occupancy and tenancy sustainment within the commercial premises in management.

## Financial Performance

### Statement of Comprehensive Income

In the year to 31 March 2023, the group achieved a surplus of £3.691 million compared to a deficit of £1.104 million in the previous financial year. The surplus in the year includes £2.627 million, being the increase in the value of the group's investment properties since the last valuation and £0.728 million gain on the disposal of property achieved through right to buy and right to acquire sales.

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

**Turnover:** £24.171 million, £2.824 million higher than the £21.347 million achieved in 2021/22. The income in 2022/2023 was impacted by the following:

- £0.737 million first tranche sales receipts from 6 shared ownership properties at the newly completed Orchard Wharf development. There were £0.402 million costs expensed against these sales.
- £2.087 million additional rental income receivable from new intermediate rent properties brought into management during the year, and from existing social rented properties and related service charges income from the provision of services to residents on East End Homes' estates.

**Operating costs:** £20.317 million, up £2.640 million from £17.677 million in 2021/22. The increase in operating costs is mainly due to the following additional revenue expenditures:

- £0.884 million service and maintenance costs on existing properties and estates, arising from high inflation and energy costs. The increased costs are in part offset by an increase in income receivable in the form of service charges from residents.
- £0.510 million Landlord service charges arising from newly completed properties and business rates.
- £0.817 million staffing costs, arising from costs of living increases and increased contributions during the year to existing pension schemes.
- £0.313 million increased depreciation charge relating to the cumulative £133.04 million capitalised costs of investment in the refurbishment of the existing property stock.

**Loan interest costs:** decreased by £1.350 million to £3.479 million in 2022/23. The 2021/22 costs included a one-off £2.303 million 'loan breakage fee' incurred, following the completion of the refinancing of the existing Barclays loan debt. Excluding this fee, year-on-year interest payments has increased by £0.953 million, due to

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

the impact of £15 million net additional loan borrowings during the year. East End Homes' total loan debt at the yearend was £95.0 million (2021/22: £80.0 million).

**Movement in valuation of Pension Schemes:** In 2022/23, the net surplus in East End Homes' pension schemes recognised in the statement of comprehensive income was £2.872 million.

#### **Statement of Financial Position**

East End Homes' reserves has increased by £6.563 million to £87.156 million; arising from £3.691 million surplus archived in 2022/23 and from £2.872 million net surplus recognised on the Local Government Pension Scheme and Social Housing Pension Scheme.

#### **Cash Flow**

East End Homes' cash balance as of 31 March 2023 was £8.977 million (2021/22: £10.129 million), a cash reduction of £1.152 million from 1 April 2022. The cash reduction during the year is the result of £20.848 million cash spend on the acquisition of new homes and refurbishment and fire safety remediation works to existing housing properties, £3.221 million net interest costs and £0.041 million spend on other fixed assets. The payments were offset by cash receipts of £4.652 million cash inflow from operating revenue activities, £15.0 million net loans drawn, £1.121 million cash receipts from the sale of properties and £2.185 million grants received.

#### **Treasury Management**

At 31 March 2023, East End Homes had agreed £116.0 million loan and overdraft facilities, comprising £50.0 million with NatWest Bank, £45.0 million with M&G Investments and £21.0 million with Barclays Bank, of which £95 million has been drawn, consisting of £40 million from the NatWest facility, £45 million from the M&G facility and £10 million from the Barclays facility. These loans are secured against the group's assets.

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

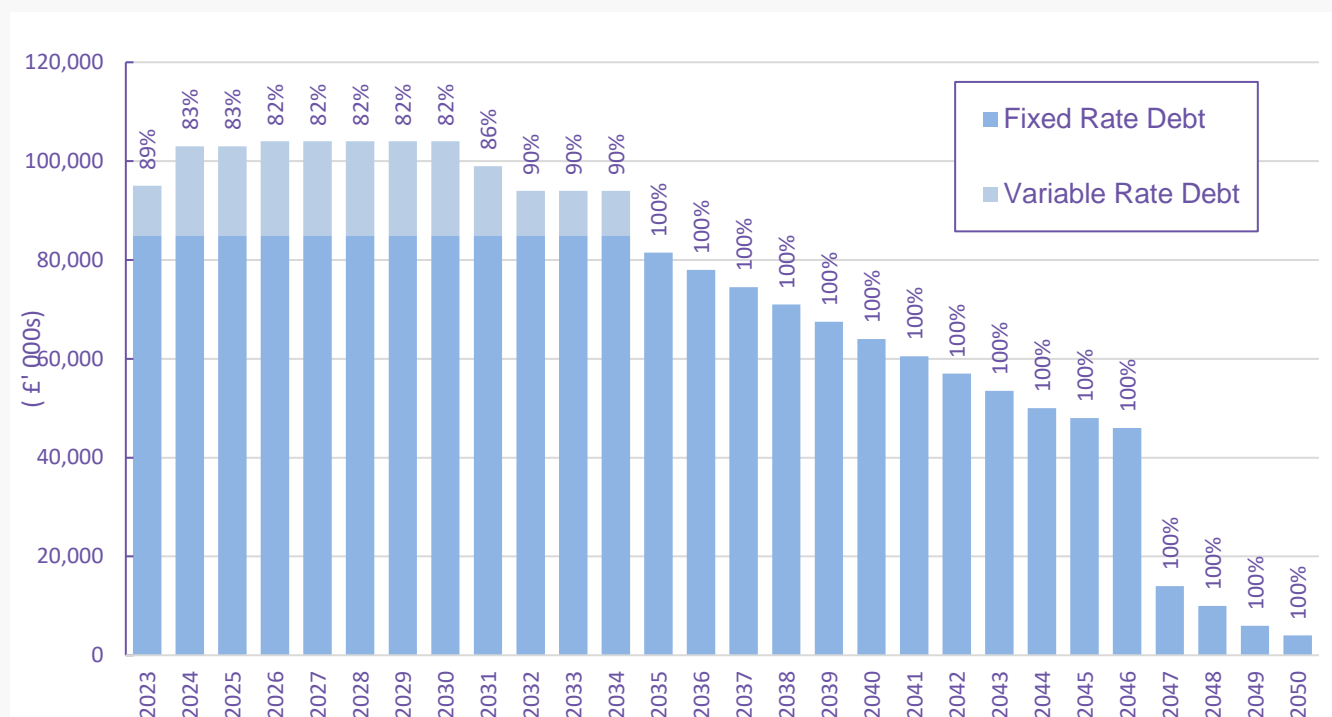
#### **Borrowings and Loan Profile**

At 31 March 2023, East End Homes had a total loan debt balance of £95.0million comprising £85.0 million on a forward fixed interest rate arrangement and £10.0 million on a variable SONIA-linked rate.

The Board has an agreed Treasury Management Strategy which underpins how East End Homes supports its Business Plan, and a Risk Appetite Statement which summarises the strategic appetite and approach to risk, setting 'golden rules' for the Board to assess performance. In keeping with the Board's approach to risk, the debt profile has been managed such that forward fixed rate loans consistently form a majority of the loan portfolio. The group currently has a healthy amount of fixed rate debt (89.5%) thus providing a good hedge against interest rate risk and a relatively low weighted average cost of debt (WACD) of 3.87%, demonstrating the Board's relatively low risk approach to pursuing its corporate objectives.

**EAST END HOMES LIMITED**  
**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

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



**Homes in Management**

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

The number of homes in management at the yearend was:

<b>2022/23</b>	<b>No at start (1 April 2022)</b>	<b>Additions</b>	<b>Disposals</b>	<b>No at Year End (31 March 2023)</b>
Social Rented	2,243	-	(4)	2,239
Intermediate Rent	16	72	-	88
Private Rented	60	-	-	60
Shared Ownership (first tranche)	0	45	-	45
Shared Ownership (fully staircased)	0	-	-	-
Leasehold	1,484	4	-	1,488
<b>Total</b>	<b>3,803</b>	<b>121</b>	<b>(4)</b>	<b>3,920</b>

East End Homes stock increased by 117 during the year following completion and handover of properties at the Orchard Wharf (102) and Toynbee Street (5), Eric Street (8) and Gordon House Infills (2) schemes. During the year 4 properties were sold under the preserved right to buy or right to acquire schemes.

**Strategic Asset Management**

In March 2023 the Board of East End Homes approved a revised Asset Management Strategy, which updated and expanded the strategic approach to management and investment in our key assets. The revised strategy sought to address emerging and evolving challenges including delivery against targets for environmental

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

performance and 'net zero' emissions, as well as strengthening our approach to collecting and managing data relating to the condition of our stock.

East End Homes is in the process of implementing a new asset management system to support comprehensive and active asset management and to develop our understanding of asset performance. The quality of data held is of critical importance in developing the business plan and understanding medium and long-term investment needs. During 2022/23 an internal property components survey was completed for 50% of the units in management, with the remaining 50% to be surveyed during 2023/24. Updating our information on stock condition provides assurance to the Board that the resources allocated for investment in property condition across the 30-year Business Plan are adequate for the needs of the organisation, both in maintaining properties to an appropriate level (with the anticipation on amendments to the Decent Homes Standard) and investing in environmental enhancements. Active asset management also includes carrying out options appraisals for units where it may be uneconomic to bring the property up to the habitable standard, including environmental performance. East End Homes will assess units on a Net Present Value (NPV) basis for their contribution to the business plan but will also consider social performance and the contribution that such homes may make to delivering social value. For example, a large family-sized home may be more 'valuable' to local overcrowded households in terms of fulfilling unmet local needs. The options appraisal process will be a comprehensive process which considers all inputs and outcomes, in considering the relative merits of approaches such as renewal or disposal.

The current five-year programme (as of June 2023), informed by stock condition data held, includes £25.31million of investment in asset renewal works. This is in addition to budgeted investment of £14.86million in improvement fire safety performance. The asset renewal programme includes replacement or renewal of all component failures which would cause non-decency under the current Decent Homes Standard, and investment in improving environmental performance for all units to reach 'C' grade under the EPC system by 2030.

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

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

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

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

the scheme e.g., tenure composition or rent levels. The Board is given updates of shared ownership sales, and/or applications in the pipeline which are being evaluated.

## **Value for Money (VFM)**

### ***Defining and Delivering VFM***

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

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

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

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

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

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

The Finance & Audit Committee was updated in March 2023 on performance to date and projected full year performance on the key metrics identified by the regulator, and in addition, the Board's chosen metrics for assessing its attainment of Value for Money.

## **Financial and Business Performance**

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

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

**EAST END HOMES LIMITED**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

		East End Homes	Adjusted *	East End Homes	London	All
	YEAR	2023	2023	2022	2022	2022
	<b>Homes in management at the year end</b>	<b>2,372</b>	<b>2,372</b>	<b>2,259</b>	<b>837,342</b>	<b>2,810,321</b>
<b>Metric 1</b>	<b>Reinvestment %:</b> (Properties acquired + development of new homes + work to existing homes + capitalised interest + schemes completed)/GBV (Cost)	9.93%	9.93%	10.07%	5.40%	6.43%
<b>Metric 2a</b>	<b>New supply delivered %:</b> Total social housing units delivered or <b>newly built</b> units acquired/total housing units <b>owned</b> at period end ( <b>FVA will show the split between owned and managed</b> )	4.93%	4.93%	0.31%	1.0%	1.26%
<b>Metric 2b</b>	<b>New supply delivered %:</b> Total non-social housing units <b>delivered or newly built units acquired</b> (Total non-social rental units owned, non-social leasehold units owned, new outright sale units developed or acquired)/Total social and non-social housing units <b>owned</b> at period end	0%	0%	0%	0%	0.0%
<b>Metric 3</b>	<b>Gearing %:</b> (LT+ST Loans + Finance Leases - <b>cash and cash equivalents</b> )/Tangible fixed assets: Housing properties at cost	42.17%	42.17%	37.27%	43.10%	43.6%
<b>Metric 4</b>	<b>EBITDA-MRI %:</b> Operating surplus less amortised gov't grant less grant taken to income plus interest receivable less capitalised major repairs plus total depreciation/interest payable and financing costs less capitalised interest in housing properties	100.14%	155.16%	13.25%	92%	146.8%
<b>Metric 5</b>	<b>Headline social housing cost per unit</b> - Inc. owned and managed but <u>exc. leasehold</u> and fully staircased shared ownership homes	£5,840	£5,034	£6,708	£5,420	£4,040
	<b>Management CPU</b>	£897	£897	£789	£1,290	£1,151
	<b>Service charge CPU</b>	£1,451	£1,451	£1,523	£942	£471
	<b>Maintenance CPU</b>	£1,825	£1,825	£1,595	£1,331	£1,323
	<b>Major repairs CPU</b>	£1,667	£861	£2,801	£943	£920
	<b>Other social housing CPU</b>	£0	£0	£0	£357	£175
<b>Metric 6a</b>	<b>Alternative 6(a) Operating margin %:</b> (Operating surplus from social housing lettings / Turnover from social lettings)	18.69%	18.69%	21.66%	20.35%	22.94%
<b>Metric 6b</b>	<b>Alternative 6 (b) Operating margin %:</b> (Operating surplus (overall) / Turnover (overall))	14.28%	14.28%	17.19%	15.05%	20.65%
<b>Metric 7</b>	<b>Return on capital employed %:</b> Operating surplus overall plus gain/loss of disposal of fixed assets plus share of operating surplus from JVs or associates/Total assets less current liabilities	1.87%	1.87%	1.80%	2.15%	3.11%
<b>EEH Strategic Metrics</b>						
<b>EEH 1</b>	<b>(Effectiveness) Tenant satisfaction with overall services:</b> Measured using STAR methodology (every two years)	76.99%		76.99%	73%	84.9%
<b>EEH 2</b>	<b>(Effectiveness) Satisfaction with the quality of a repair:</b> Transactional survey on job completion	94.15%		96.4%	84.2% (2022 LBTH)	85.0%
<b>EEH 3</b>	<b>(Efficiency) Number of repairs completed per property:</b> Both in-dwelling and communal repairs, including repairs reported by leasehold units	4.38		4.38	N/A	3.3
<b>EEH 4a</b>	<b>(Efficiency) Void performance:</b> average re-let time (days)	30.2		27.2	42 (2022 LBTH)	47.0
<b>EEH 4b</b>	<b>(Economy) Void performance:</b> rent loss due to void properties as a percentage of annual rent debit	0.42%		0.57%	1.14%	0.94%
<b>EEH 5a</b>	<b>(Effectiveness) Value for Money Satisfaction:</b> Tenants believing that rents represent value for money (STAR) (every two years)	73.93% (2022)		73.93%	76.0%	84.3%
<b>EEH 5b</b>	<b>(Effectiveness) Value for Money Satisfaction:</b> Leaseholders believing that service charges represent value for money (STAR) (every two years)	29.84%		29.84%	30.2%	38%

\*Adjusted to exclude fire safety expenditure

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

East End Homes has continued to invest significant amounts in the existing housing stock and acquisition of new homes. In 2022/23, the value of investment compared to the asset base was 9.93% (2022: 10.07%) compared to the 2022 median for London RPs of 5.40% and the National median of 6.43%. This is a direct result of £19.82 million investment (2022: £18.5 million) made during the year. The investment in new homes in 2022/23 includes payments made towards the acquisition of new homes at Orchard Wharf, Toynbee Street and Gordon House infill schemes, which were completed and has provided 117 new homes for renting and for shared ownership sales. The Eric Street and Violet Road schemes are ongoing, with completion and handover of new homes scheduled between 2023 and 2024. These schemes will deliver an additional 96 new homes for rent and shared ownership sales.

East End Homes' gearing ratio (which measures the proportion of its borrowing in relation to the value of the asset base) has increased from 37.27% to 42.17% but remains comparatively low relative to those of other Registered Providers of 43.6% and London of 43.1%. The increase is primarily due to the additional £15 million net loan borrowings during 2022/23 to support increased investment in the existing stock and the acquisition of new homes.

The Interest cover ratio has improved from 13.25% in 2021/22 to 100.14% in 2022/23 and although below the national median of 146.8%, compares favourably to the London median of 92%. The year-on-year improvement, in part reflects the benefit of refinancing the Barclays loan debt in 2022 which has improved the cost of borrowing and therefore interest payable. Excluding the one off 'loan breakage fee' and the fire safety costs, from the 2022 and 2023 computation, the ratio achieved has improved from 138.56% to 155.16%.

East End Homes' operating expenditure has increased in 2023, fuelled by rising inflation and high energy costs and the impacts on cost-of-living increases and pension contributions. This has led to a reduction in the overall operating margin (a measure of profitability of operating assets) from 17.19% in 2022 to 14.28%, below the 15.05% for London RPs and the National median of 20.65%.

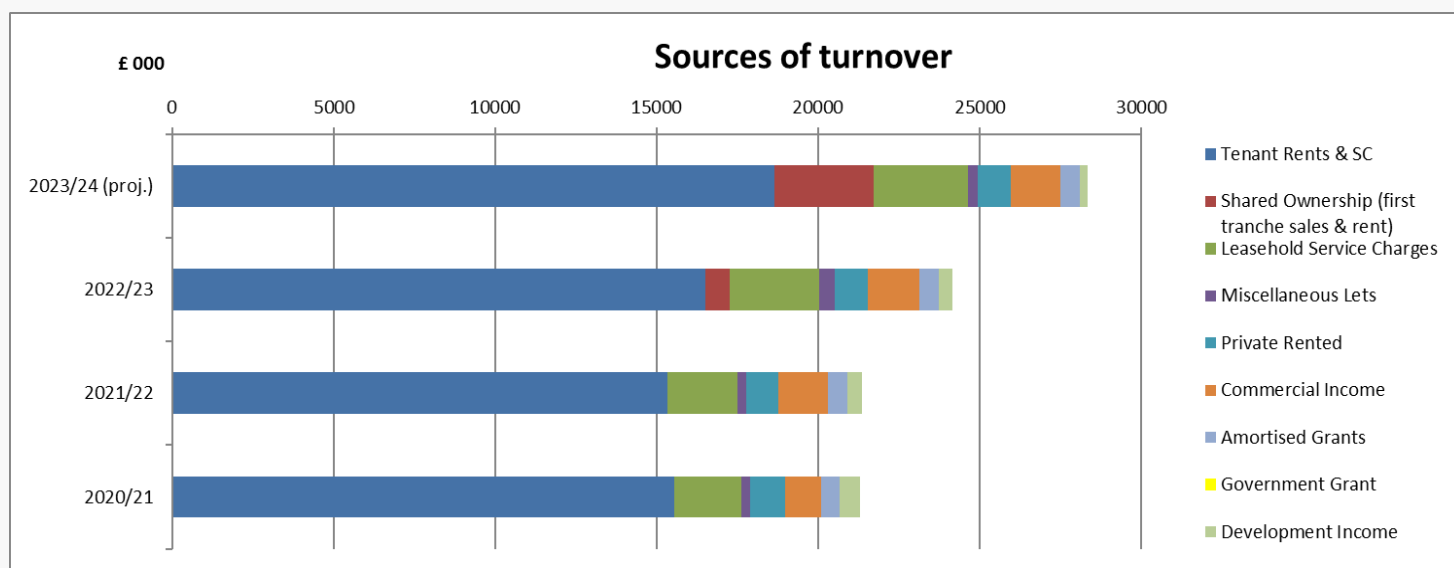
The headline social housing cost per unit has reduced from £6,708 in 2021/22 to £5,840 in 2022/23. This is higher than the 2022 London median costs of £5,420 and the National median of £4,040. The costs include major repairs costs per unit of £1,667 (2022: £2,801) reflecting year on year significant capital investments in the refurbishment of stock and on fire safety remediation works to existing blocks, in accordance with the Board's identified objectives. Excluding expenditure relating to fire safety remediation, the overall cost per unit was £5,034, which compares favourably to the 2022 London median costs of £5,420 but remains significantly higher than the national average.

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

**EAST END HOMES LIMITED**  
**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023**

**Analysis of turnover and operating costs**

Activity	Turnover and operating costs											
	2023/24 (projected)			2022/23			2021/22			2020/21		
	Units	Turnover £000	Op. Costs £000	Units	Turnover £000	Op. Costs £000	Units	Turnover £000	Op. Costs £000	Units	Turnover £000	Op. Costs £000
<b>GN properties (tenant rents and service charges)</b>	2396	18,638	(15,084)	2327	16,527	(13,716)	2259	15,339	(12,559)	2252	15,550	(11,589)
<b>Shared Ownership (first tranche sales &amp; rent)</b>	28	3,080	(2,154)	6	737	(402)	-	-	-	-	-	-
<b>Leaseholder service Charges</b>	1489	2,913	(3,770)	1488	2,771	(4,608)	1484	2,167	(3,583)	1484	2,070	(3,534)
<b>Miscellaneous Lets</b>	-	296	(202)	-	489	(198)	-	276	(198)	-	288	(204)
<b>Private rented properties</b>	60	1,031	(350)	60	1,018	(342)	60	981	(289)	60	1,064	(286)
<b>Commercial properties</b>	82	1,551	(825)	82	1,606	(863)	82	1,545	(855)	82	1,124	(856)
<b>Amortised grants</b>	-	590	-	-	590	-	-	588	-	-	556	-
<b>Government Grant</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Overage receipts and other miscellaneous income</b>	-	239	(187)	-	433	(188)	-	451	(193)	-	661	(192)
<b>Total</b>	-	<b>28,338</b>	<b>(22,572)</b>		<b>24,171</b>	<b>(20,317)</b>		<b>21,347</b>	<b>(17,677)</b>		<b>21,313</b>	<b>(16,661)</b>



The above analysis of turnover and operating costs shows the turnover in 2022/23 was £24.171 million, £2.824 million higher than £21.347 million achieved in 2021/22, whilst operating costs increased by £2.640 million from £17.677 million to £20.317 million. The turnover for 2023/24 is forecast to increase by £4.167 million with projected first tranche sales receipts of £3.1 million from 22 shared ownership properties and £2.1 million additional rental income following the completion and letting of 71 new affordable homes from the East End Homes acquisition programme. There is some uncertainty as to the level of general needs income, due the current level of inflation which could lead to a cap of the level of rent increase in 2024/25. Operating expenditure is forecast to increase by £2.255 million mainly from circa £1.8 million on shared ownership sales.

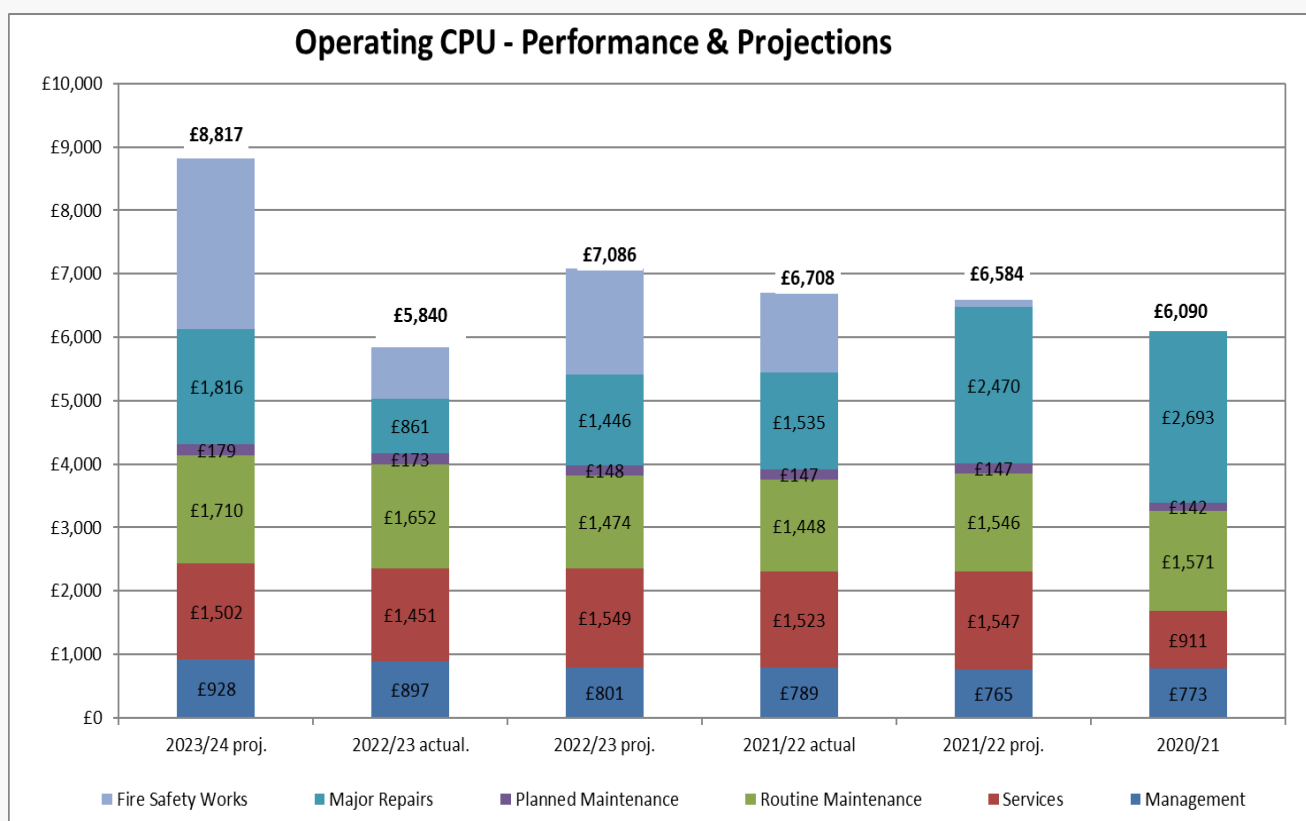
## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

Income from commercial properties is projected at £1.551 million in 2023/24 a reduction from the high level of £1.606 million in 2022/23. Current inflation and costs of living crisis presents a very challenging operating environment for our shop owners and will undoubtedly impact on this area of income for East End Homes. East End Homes' portfolio of 60 private rented properties contributed £1.018 million to the group's turnover, with a surplus of £676k. Given the uncertainties around the London housing market, conservative assumptions have been made for rental income for these properties with marginal increase in turnover forecast for 2023/24.

#### Operating Costs Performance and Comparison

Cost per unit	2023/24	2022/23	2022/23	2021/22	2021/22	2020/21
	Projected (£)	Actual (£)	Projected (£)	Actual (£)	Projected (£)	Actual (£)
Management	928	897	801	789	765	773
Services	1,502	1,451	1,549	1,523	1,547	911
Routine maintenance	1,710	1,652	1,474	1,448	1,546	1,571
Planned maintenance	179	173	148	147	147	142
<b>Operating Costs</b>	<b>4,319</b>	<b>4,173</b>	<b>3,972</b>	<b>3,907</b>	<b>4,005</b>	<b>3,397</b>
Major repairs	180	174	115	113	156	157
Capitalised Major Works expenditure	1,637	687	1,331	1,422	2,314	2,536
Exceptional Fire Safety Works	2,682	806	1,668	1,266	110	-
<b>Total Operating Costs per unit</b>	<b>8,817</b>	<b>5,840</b>	<b>7,086</b>	<b>6,708</b>	<b>6,584</b>	<b>6,090</b>
Bad debts	73	129	21	100	18	212
Depreciation of costs of Housing properties	1,595	1,559	1,428	1,499	1,645	1,448
<b>Total</b>	<b>10,485</b>	<b>7,528</b>	<b>8,535</b>	<b>8,307</b>	<b>8,201</b>	<b>7,750</b>



Sources: East End Homes Financial Statements / Budget. Consolidated (group) figures

The data above relates to East End Homes' operating costs in relation to its affordable rented

properties only.

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

#### **Value for Money Self-Assessment Conclusion**

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

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

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
<p>Registered providers must:</p> <ul style="list-style-type: none"> <li>a. clearly articulate their strategic objectives</li> <li>b. have an approach agreed by their Board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders</li> <li>c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs</li> <li>d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives</li> </ul>	<p>The Board sets out its strategic objectives in its Corporate Plan, currently covering the period of 2019-24. The Board has begun to consider the development of its plan for the next cycle. The plan sets out the scope of the organisation’s ambitions including for the provision of new homes. The approach to achieving value for money is set out in the Board’s agreed Value for Money Strategy, which covers the period 2020-25.</p> <p>The Board seeks to pursue the most efficient use of its resources and this is being embedded within operational practice, such as the use of options appraisals for units with potentially high refurbishment costs.</p>
<p><i>Registered providers must demonstrate:</i></p>	
<ul style="list-style-type: none"> <li>a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance</li> </ul>	<p>The Board has agreed an approach to achieving VFM through its Value for Money Strategy 2020/25, which includes a focus on considering and assessing options for service delivery. All Board reports contain a standard section assessing VFM implications of the report and the recommended decision, and the Board appoints a VFM champion from among its membership to provide focussed challenge.</p>
<ul style="list-style-type: none"> <li>b. regular and appropriate consideration by the Board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures</li> </ul>	<p>Each report considered by the Board is required to identify value for money considerations. The Board also looks at possible alternative models of service delivery when considering proposals. This included the review of the report previously commissioned from the LSE which looked at the effectiveness and efficiency of EEH’s service delivery model.</p>
<ul style="list-style-type: none"> <li>c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case</li> </ul>	<p>The Board receives as part of its performance information distinct data on collection and arrears for non-core parts of the business, such as non-social rented properties, the commercial property portfolio, and updated on shared ownership sales. The management accounts identify the surplus generated by each part of the business.</p>
<ul style="list-style-type: none"> <li>d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets</li> </ul>	<p>The performance information includes a range of agreed targets against KPIs, covering both income recovery and service delivery. The Board and its committees receive quarterly updates against the key performance indicators, in addition to financial reporting.</p>
<p><i>Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider’s:</i></p>	
<ul style="list-style-type: none"> <li>a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers</li> </ul>	<p>EastendHomes calculates and reports its performance against the Value for Money metrics specified by the RSH, and in addition reports against a small number of strategic VFM indicators which it has chosen to reflect its core objectives.</p>

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this	In identifying its strategic objectives, the Board also identifies desired outcomes. Performance monitoring includes identifying plans of action where the required outputs are not being achieved. In limited circumstances the Board may accept that EEH performances is 'inferior' to the median of a benchmarked peer group. For example, investment in stock improvement works is likely to mean that EEH's operating cost per unit will be higher than some other organisations.

## Risk Management

The East End Homes Board has an approach to risk management which involves tailored risk appetites reflecting the nature of each category of risk – for example there is a more risk-averse approach to risks associated with health and safety than to those associated with reputational damage. The Risk Register is reviewed quarterly by the Finance & Audit Committee with updates and discussions referred to the Board.

All risks are assessed using a methodology which considers the potential impact on the organisation, and the likelihood of the risk occurring. For each entry on the register mitigating controls are identified, and the residual risk is assessed using the same methodology. The scores are then graded on a RAG basis with thresholds determined by the theme's risk appetite.

The 13 risks in the table below are those which currently have a 'red' assessment at the residual risk stage (as at September 2023), listed in no particular order. For each of these, further to the mitigating controls cited in the table below, the Board has agreed an assurance plan which sets out the measures being taken by the organisation with a view to further mitigating or reducing the risk, seeking either to reduce the potential impact of the risk on EEH's ongoing viability or the likelihood of the risk scenario occurring. The issues identified the Risk Register influence the scenarios modelled in stress-testing exercises, and the Board's mitigation planning as a result of these stress tests.

#	Risk	Mitigating Controls
1	Non-Compliance with Code of Governance and/or Regulatory Standards Framework	<p>Annual Self Assessment exercises undertaken and agreed by the EEH Board – most recent completion June 2022</p> <p>Board to declare compliance with Code of Governance in annual accounts.</p> <p>Board agreed range of actions to take in response to external governance review.</p> <p>Regulatory Working Group set up to oversee governance improvement plan.</p> <p>Appointment of consultancy support from Savills.</p> <p>Three co-options to strengthen Board/committee skills and recruitment exercise underway to close identified skills gaps.</p>
2	Key Performance Indicators ineffective in allowing proper Board scrutiny: <ul style="list-style-type: none"> <li>- not sufficiently comprehensive across all service areas</li> <li>- Poor performance not</li> </ul>	<p>Robust Challenge by Board Members</p> <p>Internal and external Audit provide scrutiny of performance and report to F&amp;A.</p> <p>Regular reports to Service Review Committee and EeH</p>

#	Risk	Mitigating Controls
	<p>reported to the Board - Inaccurate Performance reported</p>	<p>Board on performance against target on all KPIs.</p> <p>Wider breadth of KPI reporting introduced including health and safety.</p> <p>Benchmarking of performance with other local RPs through THHF sub-group.</p> <p>Reviewing the Tenant Satisfaction Measures KPIs and changing definitions to ensure reporting on a benchmarkable basis and complying with regulatory obligations</p> <p>Develop reporting of social value outputs.</p> <p>Expand programme of third-party assurance for key service areas in line with risk appetites i.e. averse approach to health &amp; safety risks. Playground Ground, Gas and Fire Safety in place.</p> <p>Implement recommendations of internal audits and regulator feedback e.g. data on Decent Homes Standard performance; stock condition survey data; legionella inspections</p>
3	<p>Delays in letting and completing Major Works schemes. Schemes over-running in next financial year, possible impact on stock condition including Decent Homes Standard. Delay in collecting Major Works service charges and knock-on effect delaying other schemes due.</p> <p>Delays in letting Fire Safety schemes causing leading to spend falling outside of the loan covenant.</p>	<p>Regular capital programme monitoring meetings and report to F&amp;A. 'RAG' rating highlights schemes which may be at risk of not completing in scheduled financial year.</p> <p>Regular site meetings</p> <p>Reserve schemes worked up for letting.</p> <p>Separation of capital programme between fire safety and non-fire safety schemes.</p> <p>Stay abreast of trends and constraints related to materials or labour as a result of competing projects and logistics</p> <p>Review assumptions on inflation, and review cost estimates so that realistic expectations ahead of tender returns being received.</p> <p>Prioritisation of capital works programme to ensure critical / safety works are completed.</p>
4	<p>Rent / service charge collection (from social housing tenants) below business plan assumptions including impact of welfare reforms and recession arising from Covid-19 pandemic; global instability.</p>	<p>Ongoing tracking of collection against projected income by Finance team.</p> <p>Collection reviewed quarterly within Board KPI report. Staff receive training on HB changes, debt and welfare advice</p> <p>Partnership with Bromley by Bow Centre to provide Financial Inclusion support to both tenants and leaseholders</p>

#	Risk	Mitigating Controls
		<p>Impacts of welfare reform under review and impacts incorporated into business plan assumptions including collection rates, void losses, bad debt provision and ancillary costs.</p> <p>Welfare Reform Action Plan in place to optimise payment collection and sustain tenancies.</p> <p>Annual stress-testing of forecast assumptions within Business Plan, plus ad hoc stress-testing in response to events and new identified risk factors.</p> <p>Internal audit completed during 2020/21 showing substantial assurance.</p>
5	<p>Increase in Contract Costs in committed schemes (major works)</p> <p>- Cost above budgeted estimate impacting cashflow</p> <p>- Contractor Performance</p>	<p>Capital Programme Monitoring ongoing – quarterly updates to Finance &amp; Audit Committee.</p> <p>Adjust capital programme to accommodate any overspends, prioritising safety-critical works.</p> <p>Adjust the programme annually to account for inflation.</p> <p>Robust Leasehold Recharge process</p>
6	<p>Pensions:</p> <p>- Increased employer contributions</p> <p>- Increased scheme deficit</p>	<p>Cost increases on pension contributions included in revised business plan and budgets.</p> <p>Annual provision for pension scheme deficits made against reserves within Financial Statements.</p> <p>EEH Board has chosen to close access to existing Defined Benefit schemes for new staff members and introduce a Defined Contribution scheme with lower employer costs.</p>
7	<p>Funding &amp; Treasury Management:</p> <p>- Failure to meet Covenant ratios</p>	<p>Regularly reviewed in all Treasury reports to F&amp;A</p> <p>Regularly reviewed through updates and stress testing of the business plan.</p> <p>Annual certification of covenant compliance by external auditors</p> <p>NatWest and Barclays have agreed to ‘carve-out’ of covenants through to 2026 to support funding of fire safety works.</p>
8	<p>Inflation:</p> <p>- Headline inflation rate</p> <p>- Build cost inflation</p>	<p>Ongoing monitoring to decide on whether changes to assumptions required.</p> <p>Stress testing of Business Plan with different inflation rates.</p> <p>Introduce fixed price contracts; and ongoing monitoring of contractor performance and viability.</p> <p>Deliver efficiency savings.</p> <p>Used sector benchmarking for short-term inflation expectations within business plan.</p>

#	Risk	Mitigating Controls
9	<p>Shared Ownership Units</p> <ul style="list-style-type: none"> <li>Failure to sell at anticipated levels</li> </ul> <p>Skillset to manage shared ownership units not necessarily within existing structure</p>	<p>Pricing of units for shared ownership assessed to promote affordability of units using independent expertise to advise on demand and affordability.</p> <p>Prudent assumptions for scheme dates allowing for slippage.</p> <p>Independent consultant appointed to manage sales process.</p> <p>New Project Officer being appointed via internal secondment to oversee development schemes and handover including shared ownership units.</p> <p>Advice obtained from consultants on our units compared to other shared ownership schemes in the vicinity.</p>
10	<p>Corporate Manslaughter and Corporate Homicide Act – failure to comply with responsibilities relating to fire safety, gas safety, asbestos, electrical safety, water safety and / or any other aspect of health and safety including staff safety.</p>	<p>Programme of Fire Risk Assessments in place and monitoring processes for actions arising from these. Gas Servicing arrangements closely monitored, included within KPIs along with other Health and Safety KPIs and maintained at 100% on a continuous basis.</p> <p>Health and Safety Policy in place, working group established and meeting regularly and Policy reviewed and agreed every two years by the Board.</p> <p>Health and Safety responsibilities outlined at Board Training.</p> <p>Internal Audit compliance reviews.</p> <p>Provision made in capital works programme for identified remedial works at 7 blocks</p>
11	<p>Failure to comply with new responsibilities arising from the Building Safety Act and Fire Safety Act</p>	<p>Fire suppressant systems introduced to all high-risk refuse areas.</p> <p>Fire safety reports presented to Board.</p> <p>Intrusive surveys completed for all (45) blocks identified requiring an EWS1 under the RICS criteria, a further 43 blocks inspected.</p> <p>Additional £15million budgetary provision for capital expenditure on fire safety works.</p> <p>EEH Health &amp; Safety Consultant attended Board to review new Fire Safety Act and obligations.</p> <p>Discussions with Telford Homes over remedial works to three blocks. Surveys completed and scope of works being agreed.</p>
12	<p>A Management Company associated with an EeH estate fails to meet its legal or health and safety responsibilities.</p> <ul style="list-style-type: none"> <li>causes death or injury</li> <li>reputational damage</li> </ul>	<p>Introduction of EeH Managing Agent Policy and Procedure.</p> <p>An expanded performance return identifying health and safety – 6 monthly report to SRC and annual review meeting.</p> <p>Internal audit completed in January 2020 finding adequate assurance, agreed recommendations are being implemented.</p>

#	Risk	Mitigating Controls
13	Safety risk associated with Community Buildings – not directly managed	Included within Fire Risk Assessment Plan and health and safety audits Health & Safety consultant inspects buildings for safety issues. Support provided in terms of tackling criminal activity. Work ongoing to introduce lease agreements where none currently exists. Emphasis on safety issues rather than financial in discussions with users.

### Pension commitments and associated issues

East End Homes participates in two defined benefit (DB) final salary schemes, the Local Government Pension Scheme through the London Borough of Tower Hamlets, and the Social Housing Pension Scheme (SHPS). Entry to both schemes is now closed. East End Homes also participates in a defined contribution (DC) scheme under the SHPS. Since the introduction of auto enrolment in May 2014, all new entrants are now automatically enrolled into the SHPS (DC) scheme unless they specifically opt out. From 2012 to date, the number of East End Homes staff enrolled in a pension scheme has grown from 62 to 99 (92% of staff). The deficits in the defined benefit schemes in previous years have meant that East End Homes has to set aside a significant provision to cover the pension liabilities.

Since 2018/19 information became available to enable the Group to account for the Social Housing Pension Scheme as a defined benefit scheme. At 31 March 2023 £0.678 million (2022: £0.652 million) has been provided or recognised through the statement of comprehensive income and Provision for liabilities and Charges as the Groups share of deficit on the Social Housing Pension Scheme.

At 31<sup>st</sup> March 2023 East End Homes were notified of a pension scheme surplus of £6.799 million on the LGPS scheme, compared to the 2021/22 surplus of £3.535 million. The changes in the fair values of plan assets, defined benefit obligation and Net Liability in the LGP scheme for yearend has been fully provided against the income and expenditure reserves under the heading of Provision for liabilities and Charges.

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

	2022/23		2021/22		2020/21	
	No of members	(Deficit)/ Surplus £'000	No of members	(Deficit)/ Surplus £'000	No of members	(Deficit)/ Surplus £'000
LGPS	16	3,264	18	3,535	18	1,894
SHPS (DB)	34	(26)	34	(652)	37	(1,881)
SHPS (DC)	49	-	46	-	43	-
<b>Total</b>	<b>99</b>	<b>3,238</b>	<b>98</b>	<b>2,883</b>	<b>98</b>	<b>13</b>
<b>Workforce</b>	<b>108</b>		<b>107</b>		<b>109</b>	

## **Directors**

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

No new Board Members were appointed during the year, although two have been appointed between the end of the 2022/23 financial year and the date of this report. Both Emma Palmer and Jacqui Bateson have been co-opted onto the Board to strengthen the collective skills profile in light of regulatory engagement and expectations around governance expertise. In addition to governance strengths, these appointments strengthen the Board in other priority areas including asset management, and risk monitoring and mitigation.

The Board is mindful of the benefits of developing a diverse membership with a range of life experiences, who can contribute towards the skills and expertise the Board has identified in its adopted skills matrix. Board Members have been asked to complete audits of the diversity profile against protected characteristics. At the time of writing the reported composition of the Board was that there were:

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

The Board has refreshed its Skills and Competencies Matrix and its Appointment and Reappointment of Board Members Policy. A recruitment exercise is being conducted with a view to making additional appointments at the 2023 Annual General Meeting to further strengthen the collective skillset of the Board, and to ensure that the Board has the correct profile of skills and expertise to drive improvements and achieve the Board's strategic objectives.

## **Internal controls**

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

In meeting its responsibilities, East End Homes has operated an ongoing process of risk management that enables it to identify, evaluate and manage the significant risks it faces. The Board is responsible for overseeing the process. The Board has adopted a process to review and provide assurance on the effectiveness of the system of internal control by the following means:

- An annual review by the Board of sector risks and updating of EeH Risk Register.
- An update of current risks and the Risk Register is considered at each meeting of the Finance and Audit (F&A) Committee and Board meeting.
- Regular meetings held by the Executive Management Team (EMT) which review existing risks and new risks which may be emerging.
- A programme of risk management activity overseen by the Finance and Audit Committee including deep dives.
- Regular reports from the EMT covering performance and financial matters including key performance indicators.
- An internal audit and external audit programme and end of year audit.
- External review and regular financial returns made to the Regulator of Social Housing (RSH).

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

- Sound corporate governance arrangements including the adoption of the updated National Housing Federation's Code of Governance;

- Long term corporate and strategic planning with specific targets and objectives; this includes reviewing the risk environment when developing and or updating the Corporate Plan;
- A system of controls over financial operations and budgetary control;
- Policies and procedures that are commensurate with East End Homes' Standing Orders;
- Contingency planning arrangements to ensure the security of data, the ability to recover computer systems and maintain services in the event of major interruption.

The Board of East End Homes annually reviews the organisation's compliance with the Regulatory Standards published by the Regulator of Social Housing. The self-assessment was reported and agreed by the East End Homes Board on 14 June 2023. In completing this self-assessment, the Board agreed the aspects of the standards for which it was working towards compliance and set out the actions being taken to ensure compliance would be achieved. The Board also identified the actions to be taken to achieve compliance with the proposed Tenant Satisfaction Measures Standard.

### **Regulator of Social Housing**

The RSH on 25th May 2023 published a Regulatory Judgement following an In-Depth Assessment which downgraded EeH previous assessment of the governance grade from G1 to G3 and confirmed its existing V2 grade for viability. This means that the RSH identified serious regulatory concerns and lacked assurance that adequate governance, risk management and control frameworks were in place.

During this period and prior to the start of the IDA the EeH Board had commissioned an external governance review. The outcome of this review has fed into the Governance Review Improvement Plan (GRIP) which is overseen by the Governance Recovery Working Party reporting to the Board.

During this period significant progress was made in completing the actions identified in the GRIP with a view to address the Regulatory concerns identified.

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

### **Fraud**

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

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

In the year to 31 March 2023, there were no actual or attempted fraud cases.

### **Statement of the Board's responsibilities**

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

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

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

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

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

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

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

### **Going concern**

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

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

**Annual general meeting**

The annual general meeting will be held on 21 September 2023.

**Auditors**

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

Approved by the Board on 21 September 2023 and signed on its behalf by:



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST END HOMES LIMITED**

**Opinion**

We have audited the financial statements of East End Homes Limited “the parent Company” and its subsidiary (“the Group”) for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows, the Association Statement of Cash Flows and the related notes, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and the Company’s affairs as at 31 March 2023 and of the Group’s and Company’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

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

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

### **Responsibilities of the Board**

As explained more fully in the Statement of the Board's responsibilities set out on page 26, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislations, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the trustees Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.

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

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

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



**Michael Tourville FCA**  
**(Senior Statutory Auditor)**

**Date:** 28 September 2023

**For and on behalf of**  
**Beever and Struthers**  
**Chartered Accountants and Statutory Auditor**  
**150 Minorities**  
**London**  
**EC3N 1LS**

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
Turnover	2	24,171	21,347
Cost of sales	2	(402)	-
Operating expenditure	2	(20,317)	(17,677)
Increase / (decrease) in valuation of investment properties	11	2,627	-
Gain / (loss) on disposal of property, plant and equipment (fixed assets)	5	728	-
Operating surplus / (deficit)	2	6,807	3,670
Interest receivable and similar income	6	363	55
Interest and financing costs	7	(3,479)	(4,829)
Surplus / (deficit) for the year before taxation	8	3,691	(1,104)
Taxation	9	-	-
Surplus / (deficit) for the year		3,691	(1,104)
Actuarial loss/gain in respect of pension schemes	21	2,872	3,012
<b>Total comprehensive income for the year</b>		<b>6,563</b>	<b>1,908</b>

The results relate wholly to continuing activities.

The financial statements were approved and authorised for issue by the Board on 21 September 2023 and were signed on its behalf by:

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



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
Turnover	2	23,905	21,073
Cost of sales	2	(402)	-
Operating expenditure	2	(20,297)	(17,650)
Increase / (decrease) in valuation of investment properties	11	2,627	-
Gain / (loss) on disposal of property, plant and equipment (fixed assets)	5	728	-
Operating surplus / (deficit)	2	6,561	3,423
Gift aid received from subsidiary		247	253
Interest receivable and similar income	6	356	55
Interest and financing costs	7	(3,479)	(4,829)
Surplus / (deficit) for the year before taxation	8	3,685	(1,098)
Taxation	9	-	-
Surplus / (deficit) for the year after taxation		3,685	(1,098)
Actuarial (loss) / gain in respect of pension schemes	19	2,872	3,012
<b>Total comprehensive Income for the year</b>		<b>6,557</b>	<b>1,914</b>

The results relate wholly to continuing activities

The financial statements were approved and authorised for issue by the Board on 21 September 2023 and were signed on its behalf by:

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



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**  
 Company number 4516155

	Notes	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Tangible fixed assets: housing properties	10	199,591	183,105
Investment properties	11	20,204	17,577
Tangible fixed assets: other fixed assets	12	1,064	1,125
		<u>220,859</u>	<u>201,807</u>
<b>Current assets</b>			
Stock	13	2,471	3,250
Trade and other debtors			
- due within one year	14	7,547	4,530
- due after one year	14	503	503
Cash and cash equivalents		8,977	10,129
		<u>19,498</u>	<u>18,412</u>
<b>Less creditors:</b>			
Amounts falling due within one year	15	<u>(16,713)</u>	<u>(16,269)</u>
<b>Net current assets / (liabilities)</b>		<u>2,785</u>	<u>2,143</u>
<b>Total assets less current liabilities</b>		<u>223,644</u>	<u>203,950</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	16	(142,609)	(126,240)
Provision for liabilities and charges	21	6,121	2,883
<b>Total net assets</b>		<u>87,156</u>	<u>80,593</u>
<b>Capital and reserves</b>			
Revaluation reserve		4,421	1,794
Income and expenditure reserve		82,735	78,799
<b>Total Reserves</b>		<u>87,156</u>	<u>80,593</u>

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

The financial statements were approved and authorised for issue by the Board on 21 September 2023 and signed on its behalf by:



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**  
 Company number 4516155

	Notes	2023 £'000	2022 £'000
<b>Fixed assets</b>			
<b>Tangible fixed assets: housing properties</b>	<b>10</b>	199,591	183,105
<b>Investment properties</b>	<b>11</b>	20,204	17,577
<b>Tangible fixed assets: other fixed assets</b>	<b>12</b>	1,064	1,125
		<u>220,859</u>	<u>201,807</u>
<b>Current assets</b>			
<b>Stock</b>	<b>13</b>	2,471	3,250
<b>Trade and other debtors</b>			
- due within one year	<b>14</b>	7,533	4,502
- due after one year	<b>14</b>	503	503
<b>Cash and cash equivalents</b>		<u>8,702</u>	<u>9,836</u>
		<u>19,209</u>	<u>18,091</u>
<b>Less creditors:</b>			
<b>Amounts falling due within one year</b>	<b>15</b>	<u>(16,677)</u>	<u>(16,195)</u>
<b>Net current assets / (liabilities)</b>		<u>2,532</u>	<u>1,896</u>
<b>Total assets less current liabilities</b>		<u>223,391</u>	<u>203,703</u>
<b>Creditors:</b>			
<b>Amounts falling due after more than one year</b>	<b>16</b>	(142,609)	(126,240)
<b>Provision for liabilities and charges</b>	<b>21</b>	<u>6,121</u>	<u>2,883</u>
<b>Total net assets</b>		<u>86,903</u>	<u>80,346</u>
<b>Capital and reserves</b>			
<b>Revaluation reserve</b>		4,421	1,794
<b>Income and expenditure reserve</b>		<u>82,482</u>	<u>78,552</u>
<b>Total reserves</b>		<u>86,903</u>	<u>80,346</u>

The notes on pages 41 to 69 form an integral part of these financial statements  
 The financial statements were approved and authorised for issue by the Board on 21 September 2023  
 and signed on its behalf by:



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

	<b>Group Income and expenditure reserve £'000</b>	<b>Group Revaluation reserve £'000</b>	<b>Group Total reserves £'000</b>
<b>Balance at 1 April 2021</b>	76,891	1,794	78,685
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	1,908	-	1,908
<b>Transfer to/from revaluation reserve</b>	-	-	-
<b>Balance at 31 March 2022</b>	78,799	1,794	80,593
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	6,563	-	6,563
<b>Transfer to/from revaluation reserve</b>	(2,627)	2,627	-
<b>Balance at 31 March 2023</b>	82,735	4,421	87,156

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**

	<b>Income and expenditure reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Total reserves £'000</b>
<b>Balance at 1 April 2021</b>	76,638	1,794	78,432
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	1,914	-	1,914
<b>Transfer to/from revaluation reserve</b>	-	-	-
<b>Balance at 31 March 2022</b>	78,552	1,794	80,346
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	6,557	-	6,557
<b>Transfer to/from revaluation reserve</b>	(2,627)	2,627	-
<b>Balance at 31 March 2023</b>	82,482	4,421	86,903

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

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023**

	2023		2022	
	£'000	£'000	£'000	£'000
<b><u>Net cash generated from operating activities (Note i)</u></b>		4,652		6,370
<b><u>Cash flow from investing activities</u></b>				
Purchase of investment properties	-		-	
Purchase of tangible fixed assets	(41)		(10)	
Acquisition and construction of housing properties	(20,848)		(21,656)	
Proceeds from sale of tangible fixed assets	1,121		-	
Interest Received	205		53	
Grant Received	2,185		-	
		(17,378)		(21,613)
<b><u>Cash flow from financing activities</u></b>				
Interest Paid	(3,426)		(4,998)	
New loans secured	20,000		43,500	
Repayment of borrowings	(5,000)		(22,000)	
		11,574		16,502
Net change in cash and cash equivalents		(1,152)		1,259
Cash and cash equivalents at beginning of the year		10,129		8,870
Cash and cash equivalents at end of the year		8,977		10,129
<b>Cash and cash equivalents comprise:</b>				
Cash at bank		8,977		10,129
<b>Note i</b>				
<b><u>Cash flow from operating activities</u></b>				
Surplus for the year		6,563		1,908
<b>Adjustments for non-cash items:</b>				
Depreciation of tangible fixed assets		3,801		3,575
(Increase)/ decrease in trade and other debtors		(2,081)		482
(Decrease)/ increase in trade and other creditors		437		(911)
Increase/ (decrease) in provisions		(3,238)		(2,870)
Carrying amount of tangible fixed asset disposals		392		-
<b><u>Adjustments for investing or financing activities:</u></b>				
Proceeds from the sale of tangible fixed assets		(1,121)		-
Interest payable		3,479		4,829
Interest received		(363)		(55)
Government grants amortised		(590)		(588)
Changes in value of Investment Properties		(2,627)		-
<b>Net cash generated from operating activities</b>		4,652		6,370

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

**EAST END HOMES LIMITED**  
**ASSOCIATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023**

	<b>2023</b>		<b>2022</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Net cash generated from operating activities (Note i)</u></b>		4,680		6,394
<b><u>Cash flow from investing activities</u></b>				
Purchase of investment properties	-		-	
Purchase of tangible fixed assets	(41)		(10)	
Acquisition and construction of housing properties	(20,848)		(21,656)	
Proceeds from sale of tangible fixed assets	1,121		-	
Interest Received	195		53	
Grant Received	2,185		-	
		(17,388)		(21,613)
<b><u>Cash flow from financing activities</u></b>				
Interest Paid	(3,426)		(4,998)	
New loans secured	20,000		43,500	
Repayment of borrowings	(5,000)		(22,000)	
		11,574		16,502
<b>Net change in cash and cash equivalents</b>		(1,134)		1,283
<b>Cash and cash equivalents at beginning of the year</b>		9,836		8,553
<b>Cash and cash equivalents at end of the year</b>		8,702		9,836
<b>Cash and cash equivalents comprise:</b>				
Cash at bank		8,702		9,836
<b>Note i</b>				
<b><u>Cash flow from operating activities</u></b>				
Surplus for the year		6,557		1,914
<b>Adjustments for non-cash items:</b>				
Depreciation of tangible fixed assets		3,801		3,575
(Increase)/ decrease in trade and other debtors		(2,091)		502
(Decrease)/ increase in trade and other creditors		474		(913)
Increase/ (decrease) in provisions		(3,238)		(2,870)
Carrying amount of tangible fixed asset disposals		392		-
<b><u>Adjustments for investing or financing activities:</u></b>				
Proceeds from the sale of tangible fixed assets		(1,121)		-
Interest payable		3,479		4,829
Interest received		(356)		(55)
Government grants amortised		(590)		(588)
Changes in value of Investment Properties		(2,627)		
<b>Net cash generated from operating activities</b>		4,680		6,394

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

## EAST END HOMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 1. PRINCIPAL ACCOUNTING POLICIES

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

The group comprises the following entities:

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

#### Basis of Accounting

The Group and Association's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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

#### Parent company disclosure exemptions

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

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole
- The accounting relating to the Social Housing Pension Fund has not been consistently applied. The accounting policy is set out on page 40. The consolidated financial statements have applied Financial Reporting Exposure Draft 71 'Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.

#### Basis of Consolidation

The consolidated financial statements incorporate the results of East End Homes Limited and its subsidiary undertaking East End Homes (Community Development) Limited, registered company number 05838745, as at 31 March 2023 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control. Intra-group transactions are eliminated on consolidation.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****Turnover**

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

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

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

**Housing properties**

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

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

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

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

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

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

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

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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

#### **Sales of housing properties**

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

#### **Other tangible fixed assets**

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

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

#### **Stock and properties held for sale**

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

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

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

#### **Low cost home ownership properties**

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

#### **Loan interest costs**

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

#### **Loan finance issue costs**

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****VAT**

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

**Taxation**

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

**Operating leases**

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

**Provisions**

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

**Treasury management**

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

**Rent Setting**

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

**Going Concern**

The Board has reviewed the group's budget for the year to March 2024 and Business Plan for 2025 onwards and have also considered the continuing impact of ongoing economic crisis, including high inflation and high interest rates on its operations and the principal risks identified, increased rent arrears, the availability of cash resources and the impact of economic downturn. Having taken steps to mitigate where possible the impact of these risks, the Board have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

**Judgements and key sources of estimation uncertainty**

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

**a. Development expenditure**

The Group capitalises development expenditure in accordance with the accounting policy described on page 50. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

**b. Categorisation of housing properties**

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

**c. Impairment**

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

**Other key sources of estimation and assumptions:**

**a. Tangible fixed assets**

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

**b. Revaluation of investment properties**

The Group and Association carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group and Association engaged independent valuation specialists to determine fair value at 31 March 2023. The valuer used a fair value technique as an estimate for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction. The key assumptions used to determine the fair value of investment property are further explained in note 11.

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

#### **c. Pension and other post-employment benefits**

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

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

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

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

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

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

#### **Impairment of non-financial assets**

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

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

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

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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

#### **Non exchange transactions**

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

#### **Service Charge**

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

#### **Capitalisation of interest and administration costs**

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

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

#### **Investment properties**

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

#### **Short-term debtors and creditors**

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

#### **Social Housing and other government grants**

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

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

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

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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

#### **Other grants**

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

#### **Financial Instruments**

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

Financial instruments held by the Group are classified as follows:

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

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

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

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

EAST END HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. GROUP –TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2023			2022			
	Turnover £'000	Cost of Sales	Operating Costs £'000	Operating Surplus £'000	Turnover £'000	Operating Costs £'000	Operating Surplus £'000
<b>Income from social housing lettings</b>							
<b>General Needs &amp; Intermediate Rent</b>	17,606	-	(14,315)	3,291	16,203	(12,693)	3,510
<b>First tranche low cost home ownership sales</b>	737	(402)	-	335	-	-	-
<b>Income from non-social housing activities</b>							
<b>Leasehold</b>	2,771	-	(4,609)	(1,838)	2,167	(3,647)	(1,480)
<b>Commercial lettings</b>	1,606	-	(863)	743	1,545	(855)	690
<b>Overage receipts and other income</b>	433	-	(188)	245	451	(193)	258
<b>Private rented properties</b>	1,018	-	(342)	676	981	(289)	692
<b>Increase /(decrease) in fair value of investment properties</b>				2,627			-
<b>Surplus on disposal of fixed assets</b>				728			-
	<u>24,171</u>	<u>(402)</u>	<u>(20,317)</u>	<u>6,807</u>	<u>21,347</u>	<u>(17,677)</u>	<u>3,670</u>

	2023 Total £'000	2022 Total £'000
<b>Turnover</b>		
<b>Income from social housing lettings</b>		
<b>Rent receivable net of identifiable service charge</b>	15,896	14,605
<b>Service charge income</b>	1,046	979
<b>Other income from social housing lettings</b>	74	31
<b>Government grants taken to income</b>	-	-
<b>Amortised government grants</b>	590	588
<b>Total turnover from social housing lettings</b>	<u>17,606</u>	<u>16,203</u>
<b>Operating expenditure on social housing lettings</b>		
<b>Management</b>	(2,128)	(1,780)
<b>Service charge costs</b>	(3,442)	(3,441)
<b>Routine maintenance</b>	(3,919)	(3,271)
<b>Planned maintenance</b>	(410)	(332)
<b>Major repairs expenditure</b>	(412)	(256)
<b>Bad debts</b>	(305)	(227)
<b>Depreciation of housing Properties</b>	(3,699)	(3,386)
<b>Total operating expenditure on social housing lettings</b>	<u>(14,315)</u>	<u>(12,693)</u>
<b>Operating surplus on social housing lettings –General Needs</b>	<u>3,291</u>	<u>3,510</u>
<b>Void losses</b>	<u>153</u>	<u>197</u>

EAST END HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. ASSOCIATION -TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2023			2022			
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus £'000	Turnover £'000	Operating Costs £'000	Operating Surplus £'000
<b>Income from social housing lettings</b>							
General Needs & Intermediate Rent	17,606	-	(14,315)	3,291	16,203	(12,693)	3,510
First tranche low cost home ownership sales	737	(402)	-	335	-	-	-
<b>Income from non-social housing activities</b>							
Leaseholders	2,771	-	(4,608)	(1,837)	2,167	(3,647)	(1,480)
Commercial lettings	1,495	-	(864)	631	1,435	(853)	582
Overage receipts and other income	278	-	(168)	110	287	(168)	119
Private rented properties	1,018	-	(342)	676	981	(289)	692
Increase /(decrease) in fair value of investment properties				2,627			-
Surplus on disposal of fixed assets				728			-
	<u>23,905</u>	<u>(402)</u>	<u>(20,297)</u>	<u>6,561</u>	<u>21,073</u>	<u>(17,650)</u>	<u>3,423</u>

	2023 Total £'000	2022 Total £'000
<b>Income from social housing lettings-General needs</b>		
Rent receivable net of identifiable service charge	15,896	14,605
Service charge income	1,046	979
Other income from social housing lettings	74	31
Government grants taken to income	-	-
Amortised government grants	590	588
<b>Total turnover from social housing lettings</b>	<u>17,606</u>	<u>16,203</u>
<b>Operating expenditure on social housing lettings</b>		
Management	(2,128)	(1,780)
Service charge costs	(3,442)	(3,441)
Routine maintenance	(3,919)	(3,271)
Planned maintenance	(410)	(332)
Major repairs expenditure	(412)	(256)
Bad debts	(305)	(227)
Depreciation of housing properties	(3,699)	(3,386)
<b>Total operating expenditure on social housing lettings</b>	<u>(14,315)</u>	<u>(12,693)</u>
<b>Operating surplus on social housing lettings –General Needs</b>	<u>3,291</u>	<u>3,510</u>
Void losses	153	197

**3. DIRECTORS' EMOLUMENTS – GROUP AND ASSOCIATION**

The emoluments of the Chief Executive, Managing Director and Executive Management Team were £697,101 (2022: £605,924) of which the emoluments (excluding pension contributions) of the Managing Director was £130,803 (2022: £121,993).

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

None of the Members of the Board received any emoluments during the year and reimbursed expenses during the year amounted to £2,606 (2022: £2,750).

**4. EMPLOYEE INFORMATION**

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

	<b>2023</b>	<b>2022</b>
Full time	82	86
Part time	11	10
	<hr/> 93	<hr/> 96
Staff costs (for the above persons)		
	<b>GROUP</b>	<b>GROUP</b>
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,141	3,827
Social security costs	462	403
Other pension costs	927	692
	<hr/> 5,530	<hr/> 4,922

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:

	<b>2023</b>	<b>2022</b>
£60,000 - £69,999	14	8
£70,000 - £79,999	1	1
£80,000 - £89,999	2	4
£90,000 - £99,999	1	-
£100,000 - £109,999	2	1
£110,000 - £119,999	-	-
£120,000 - £129,999	1	-
£130,000 - £139,999	-	-
£140,000 - £149,999	-	1
£150,000 - £159,999	-	-
£160,000- £169,000	-	1
£170,000- £179,000	1	-

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

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Proceeds of sales	1,121	-	1,121	-
Less: Costs of sales	(393)	-	(393)	-
Surplus	728	-	728	-

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
On loan to subsidiary company – East End Homes (Community Development) Ltd	-	-	-	-
Deposit interest receivable from short-term investment of surplus cash balances	363	55	356	55
	363	55	356	55

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest Payable	3,358	2,426	3,358	2,426
Loan Amortisation	121	2,403	121	2,403
	3,479	4,829	3,479	4,829

**8. SURPLUS ON ORDINARY ACTIVITIES**

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Surplus on ordinary activities is stated after charging:				
<b><u>Auditors remuneration excluding VAT</u></b>				
- in their capacity as auditors	30	27	28	26
- in respect of other services	3	3	3	3
<b>Operating lease rentals:</b>				
- Land and Building	-	-	-	-
- Office Equipment	24	21	24	21
<b><u>Depreciation</u></b>				
Depreciation of housing properties	3,699	3,386	3,699	3,386
Depreciation of other tangible fixed assets	103	189	103	189

**9. TAXATION**

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

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
UK corporation tax	-	-	-	-

## 10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP &amp; ASSOCIATION

	Housing properties completed	Housing properties Under development	Housing Property Refurbishment programme uncompleted	Shared ownership properties under development	Shared ownership properties Completed	Total
	£'000	£'000	£'000	£000	£'000	£'000
<b>Cost</b>						
At 1 April 2022	170,627	25,612	10,162	9,753	-	216,154
Additions – Refurbishment	-	-	1,629	-	-	1,629
Additions – New Build	-	16,278	-	-	-	16,278
Fire Safety Works	-	-	1,914	-	-	1,914
Disposals	(99)	-	-	-	-	(99)
Transfer from Stock		37		376	-	413
Completed in year	23,389	(15,157)	(8,232)	(8,359)	8,359	-
<b>At 31 March 2023</b>	<b>193,917</b>	<b>26,770</b>	<b>5,473</b>	<b>1,770</b>	<b>8,359</b>	<b>236,289</b>
<b>Depreciation</b>						
At 1 April 2022	(33,049)	-	-	-	-	(33,049)
Charged in year	(3,624)	-	-	-	(75)	(3,699)
Released on disposals	50	-	-	-	-	50
<b>At 31 March 2023</b>	<b>(36,623)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75)</b>	<b>(36,698)</b>
<b>Net Book Value</b>						
At 1 April 2022	137,578	25,612	10,162	9,753	-	183,105
<b>At 31 March 2023</b>	<b>157,294</b>	<b>26,770</b>	<b>5,473</b>	<b>1,770</b>	<b>8,284</b>	<b>199,591</b>

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Housing properties at cost comprise:</b>		
<b>Freeholds</b>	236,289	216,154

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

Additions to housing properties during the year of £19.8 million (2022: £18.4 million) relate to the capitalised costs towards acquisition of new affordable social housing units, and refurbishment works on existing stock including fees, capitalised salaries and incremental overheads

At 31 March 2023 the Board estimated the vacant possession open market value of East End Homes housing properties to be £709.8 million (2022: £709.8 million).

**11. INVESTMENT PROPERTIES**

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At start of year</b>	17,577	17,577	17,577	17,577
<b>Additions</b>	-	-	-	-
<b>Gain (Loss) from adjustment in Value</b>	2,627	-	2,627	-
<b>At end of year</b>	20,204	17,577	20,204	17,577

East End Homes has to date invested in 60 (2022: 60) properties for private rent, which generate additional surpluses for reinvestment into the core business activities. These properties are treated as investment properties and recognised at their market values. Investment properties were valued at 31 March 2022 by HCH Surveyors Ltd, a firm of professionally qualified surveyors. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. The Directors have considered that the value remains representative of the investment properties as at 31 March 2023.

At 31 March 2023 there were no contractual obligations in respect of the investment properties (2022: none).

## 12. OTHER TANGIBLE FIXED ASSETS – ASSOCIATION &amp; GROUP

	Office Buildings £'000	Computer Equipment £'000	Office Furniture & Equipment £'000	Motor Vehicles £'000	Total Association and Group £'000
<b>Cost</b>					
At 1 April 2022	1,367	1,237	708	159	3,471
Additions	-	2	10	30	42
Disposals	-	-	-	(11)	(11)
At 31 March 2023	1,367	1,239	718	178	3,502
<b>Depreciation</b>					
At 1 April 2022	(357)	(1,163)	(676)	(150)	(2,346)
Charge for the year	(27)	(48)	(12)	(16)	(103)
Disposals	-	-	-	11	11
At 31 March 2023	(384)	(1,211)	(688)	(155)	(2,438)
<b>Net book value</b>					
At 1 April 2022	1,010	74	32	9	1,125
At 31 March 2023	983	28	30	23	1,064

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

**13. STOCK**

Stock	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	£'000	£'000	£'000	£'000
<b>Shared Ownership Properties</b>				
- Work in Progress	2,471	3,250	2,471	3,250

**14. DEBTORS**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
<b>Rental debtors</b>	1,040	853	1,040	853
<b>Provision for bad and doubtful debts</b>	(487)	(397)	(487)	(397)
	553	456	553	456
<b>Shop rental debtors</b>	275	626	275	626
<b>Provision for bad and doubtful debts</b>	(80)	(387)	(80)	(387)
	195	239	195	239
<b>Leasehold debtors</b>	2,667	3,037	2,667	3,037
<b>Provision for bad and doubtful debts</b>	(328)	(348)	(328)	(348)
	2,339	2,689	2,339	2,689
<b>Other debtors</b>	3,705	732	3,705	738
<b>Prepayments and accrued income</b>	755	414	707	353
<b>Amounts due from other group entities</b>	-	-	34	27
	4,460	1,146	4,446	1,118
<b>Amounts due within one year</b>	7,547	4,530	7,533	4,502
<b>Amounts falling due after more than one year:</b>				
<b>LBTH pension debtor</b>	503	503	503	503
	8,050	5,033	8,036	5,005

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Housing Loans	10,000	10,000	10,000	10,000
Trade creditors	161	-	161	-
Other creditors including other taxes social security and pensions	1,413	1,782	1,413	1,782
Rents and service charges received in advance	953	1,071	953	1,071
Accruals and deferred income	3,596	2,829	3,560	2,755
Deferred capital grant	590	587	590	587
Amount owed to group entity	-	-	-	-
	<u>16,713</u>	<u>16,269</u>	<u>16,677</u>	<u>16,195</u>

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

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Pension creditor	-	-	-	-
Deferred Capital Grant	59,462	57,872	59,462	57,872
Housing Loans	85,000	70,000	85,000	70,000
Loan Arrangement Fees	(1,853)	(1,632)	(1,853)	(1,632)
	<u>142,609</u>	<u>126,240</u>	<u>142,609</u>	<u>126,240</u>

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	58,459	58,461
Grant received in the year	2,183	586
Released to income in the year	(590)	(588)
Balance at 31 March	<u>60,052</u>	<u>58,459</u>
Amount due to be released < 1 year (Note 14)	590	587
Amount due to be released > 1 year (Note 15)	<u>59,462</u>	<u>57,872</u>
The total accumulated government grant and financial assistance received or receivable at 31 March including through the transfer of assets:	<u>60,052</u>	<u>58,459</u>

**18. HOUSING LOANS**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Repayable;</b>				
Within one year or on demand	10,000	10,000	10,000	10,000
Between one and two years	-	-	-	-
Between two and three years	-	-	-	-
Between three and four years	-	-	-	-
Between four and five years	-	-	-	-
After more than five years	85,000	70,000	85,000	70,000
	<u>95,000</u>	<u>80,000</u>	<u>95,000</u>	<u>80,000</u>
Loan Arrangement Fees	(1,852)	(1,632)	(1,852)	(1,632)

The Association has an existing £115.0 million loan facility, comprising £50.0 million with NatWest Bank, 45.0 million with M&G Investments and £20 million with Barclays bank plc. At 31 March 2023, £95 million (2022: £80.0 million) loans has been drawn down at an average rate of interest (plus margin) of 3.899% (2022:2.96%). The facility includes revolving credit facilities for £30.0 million. All loans are secured against the group's assets.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****19. CAPITAL COMMITMENTS – GROUP & ASSOCIATION**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital expenditure contracted for but not provided in the financial statements</b>	16,245	27,853
<b>Capital expenditure authorised by the Board but not yet contracted for</b>	34,211	36,245

Capital expenditure authorised by the Board relates to the acquisition of new build properties and the 5-year capital investment programme (2023-2028) including fire safety works and development agreements with London Borough of Tower Hamlets for refurbishment works to be carried out on properties transferred to East End Homes.

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

**20. OTHER FINANCIAL COMMITMENTS – GROUP & ASSOCIATION**

At 31 March 2023 the group and association had an annual commitment under the lease of office equipment of £14,863 (2022: £22,039) expiring within the next 12 months.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****21. PENSION OBLIGATIONS – GROUP & ASSOCIATION**

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

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

***London Borough of Tower Hamlets Pension Scheme (LGPS)***

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

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

***Financial Assumptions***

The financial assumptions used for the purposes of the FRS 102 calculations as at 31 March 2023 and 31 March 2022 are shown in the table below.

<b>Assumption as at</b>	<b>31 March 2023 % p.a.</b>	<b>31 March 2022 % p.a.</b>
<b>Pension Increase Rate (CPI)</b>	3.00	3.20
<b>Salary Increases</b>	3.00	3.40
<b>Discount Rate</b>	4.75	2.70

***Expected Return on Assets***

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2022 for the year to 31 March 2023).

The assets of the scheme as a whole and the expected returns as at 31 March 2023 and 31 March 2022 are shown in the table below:

<b>Assets Main Fund</b>	<b>Value at 31 March 2023 £(000)</b>	<b>Value at 31 March 2022 £(000)</b>
<b>Equities</b>	20,325	21,896
<b>Bonds</b>	1,196	1,303
<b>Property</b>	1,913	2,607
<b>Cash</b>	478	261
<b>Total value of scheme assets</b>	<b>23,912</b>	<b>26,067</b>

There is no provision for unitising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

The present value of the above assets and liabilities attributable to East End Homes at 31 March 2023 and 31 March 2022 was:

<b>Net Pension Liability as at</b>	<b>31 March 2023 £(000)</b>	<b>31 March 2022 £(000)</b>
<b>Fair Value of Employer Assets</b>	23,912	26,067
<b>Present Value of Funded Liabilities</b>	(17,113)	(22,532)
<b>Net Underfunding in Funded Plans</b>	<b>6,799</b>	<b>3,535</b>

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

***Impact on Statement of Financial Position***

	<b>31 March 2023 £(000)</b>	<b>31 March 2022 £(000)</b>
<b>Fair Value of Employer Assets</b>	23,912	26,067
<b>Present Value of Funded Liabilities</b>	(17,113)	(22,532)
<b>Net Liability provided for in the Financial Statements</b>	<b>6,799</b>	<b>3,535</b>

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

	<b>Year to 31 March 2023 £(000)</b>	<b>Year to 31 March 2022 £(000)</b>
<b>Surplus at beginning of the year</b>	3,535	1,894
<b>Actuarial gains\ (Losses) during the year</b>	3,264	1,641
<b>Surplus at end of year</b>	<b>6,799</b>	<b>3,535</b>

***Pensions Obligations Note - Social Housing Pension Scheme (SHPS)***

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

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

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

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Fair value of plan assets	3,391	5,953
Present value of defined benefit obligation	4,069	6,605
Surplus (deficit) in plan	(678)	(652)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(678)	(652)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(678)	(652)

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	Year ended 31 March 2023 (£000s)
Defined benefit obligation at start of period	6,605
Current service cost	289
Expenses	6
Interest expense	186
Contributions by plan participants	67
Actuarial losses (gains) due to scheme experience	(633)
Actuarial losses (gains) due to changes in demographic assumptions	(7)
Actuarial losses (gains) due to changes in financial assumptions	(2,322)
Benefits paid and expenses	(122)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	4,069

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS**

	<b>Year ended 31 March 2023 (£000s)</b>
Fair value of plan assets at start of period	5,953
Interest income	173
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(3,317)
Contributions by the employer	637
Contributions by plan participants	67
Benefits paid and expenses	(122)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	3,391

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£3,144,000).

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)**

	<b>Period from 31 March 2022 to 31 March 2023 (£000s)</b>
Current service cost	289
Expenses	6
Net interest expense	13
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	308

## DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Year ended 31 March 2023 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(3,317)
Experience gains and losses arising on the plan liabilities - gain (loss)	633
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	7
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	2,322
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(355)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(355)

## ASSETS

	31 March 2023 (£000s)	31 March 2022 (£000s)
Global Equity	63	1,142
Absolute Return	37	239
Distressed Opportunities	103	213
Credit Relative Value	128	198
Alternative Risk Premia	6	196
Fund of Hedge Funds	-	-
Emerging Markets Debt	18	173
Risk Sharing	250	196
Insurance-Linked Securities	86	139
Property	146	161
Infrastructure	387	424
Private Debt	151	153
Opportunistic Illiquid Credit	145	200
High Yield	12	51
Opportunistic Credit	-	21
Cash	24	20
Corporate Bond Fund	-	397
Liquid Credit	-	-
Long Lease Property	102	153
Secured Income	156	222

**EAST END HOMES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,561	1,661
Currency Hedging	7	(23)
Net Current Assets	9	17
Total assets	3,391	5,953

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

**KEY ASSUMPTIONS**

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount Rate	4.83%	2.77%
Inflation (RPI)	3.16%	3.39%
Inflation (CPI)	2.82%	3.11%
Salary Growth	3.82%	4.11%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	<b>Life expectancy at age 65</b>
	<b>(Years)</b>
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

**22. NUMBER OF HOMES IN MANAGEMENT – GROUP & ASSOCIATION**

The number of homes in management at the yearend was:

	<b>At 31 March 2023</b>	<b>At 31 March 2022</b>
<b>Rented general needs accommodation</b>	2,239	2,243
<b>Intermediate Rented Properties</b>	88	16
<b>Leasehold properties</b>	1,488	1,484
<b>Low cost home ownership</b>	45	-
<b>Private rented properties</b>	60	60
	<b>3,920</b>	<b>3,803</b>

**23. RELATED PARTY TRANSACTIONS – GROUP & ASSOCIATION**

As at 31 March 2023, four Board members were tenants or leaseholders of the association. Their tenancy agreements or leases have been granted on the same terms as for all other tenants and housing management procedures, including those relating to management of arrears, have been applied consistently to these tenants and leaseholders Board members. Rents, Service Charges and Major Works charged to the tenant or leasehold Board members was £17,709 (2022: £18,696). There were arrears on the charges raised at 31 March 2023 of £77 (2022: £497). The level of tenant or leaseholder Board member arrears is not materially different from other tenants and leaseholders.

As at 31 March 2023 one Board director was nominated by the London Borough of Tower Hamlets and a serving Councillor. Some services were purchased from LBTH during the period. All agency services are covered by an arm's length contract, which was negotiated to ensure neither party subordinated its own separate interests; the Board members concerned are not able to use their position to their advantage. LBTH pays tenant Housing Benefit under the terms of current legislation and this is generally paid directly to East End Homes. There are no other related party transactions requiring disclosure.

**24. SUBSIDIARY UNDERTAKING**

As at 31 March 2023 East End Homes held 100% share (1 share of £1) in East End Homes (Community Development) Limited. Its principal activity is to generate funds from development opportunities in order to support East End Homes' core activities of regenerating neighbourhoods.

**Transactions with registered and non-registered elements of the business**

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

**Transactions with non-registered entities**

During the year East End Homes Limited had intra-group transactions with East End Homes (Community Development) Limited, a non-regulated entity, of £0.1 million (2022: £0.1 million) relating to management services on behalf of East End Homes (Community Development) Limited.

The balance outstanding at 31 March 2023 was £0.1 million. This balance was unsecured. During the year East End Homes (Community Development) Limited gifted £247k (2022: £253k).

**25. CONTROLLING PARTY**

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

**26. FINANCIAL INSTRUMENTS – GROUP**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial Assets</b>				
Financial assets at cost of transaction amount	8,977	10,129	8,702	9,836
Financial assets at amortised cost of transaction Amount	8,051	5,032	8,037	5,004
	<u>17,028</u>	<u>15,161</u>	<u>16,739</u>	<u>14,840</u>
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	90,962	84,682	90,923	84,608

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

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

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

**27. NET DEBT**

Analysis of changes in net debt:

<b>GROUP</b>	<b>At 31 March</b>	<b>Cashflow</b>	<b>At 31 March</b>
	<b>2022</b>		<b>2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	10,129	(1,152)	8,977
Housing loans due in one year	(10,000)	-	(10,000)
Housing loans due after one year	(70,000)	(15,000)	(85,000)
	<u>(69,871)</u>	<u>(16,152)</u>	<u>(86,023)</u>
<b>ASSOCIATION</b>	<b>At 31 March</b>	<b>Cashflow</b>	<b>At 31 March</b>
	<b>2022</b>		<b>2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	9,836	(1,134)	8,702
Housing loans due in one year	(10,000)	-	(10,000)
Housing loans due after one year	(70,000)	(15,000)	(85,000)
	<u>(70,164)</u>	<u>(16,134)</u>	<u>(86,298)</u>

**28. CONTINGENT LIABILITY – SOCIAL HOUSING PENSION SCHEME**

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



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London  
E1 6PS

[www.eastendhomes.net](http://www.eastendhomes.net)

**EAST END HOMES LIMITED**

England & Wales - Charity number 1107691

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# Accounts

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# Financial Statements



2021-22





**Registered Company number 4516155**

**EAST END HOMES LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**

# **EAST END HOMES LIMITED**

## **Financial Statements for the Year ended 31 March 2022**

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## **BOARD MEMBERS**

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

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

## **EXECUTIVE MANAGEMENT TEAM**

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

## **SECRETARY**

**Alexander Bailey**

**EAST END HOMES LTD  
REGISTERED OFFICE AND ADVISORS**

**Registered office**

3 Resolution Plaza  
London E1 6PS

**Auditors**

Beever and Struthers  
15 Bunhill Row  
London EC1Y 8LP

**Solicitors**

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

**Bankers**

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

**Legal status**

Registered Company number 4516155

Registered Charity number 1107691

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

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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

#### **The Association**

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

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

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

#### **Structure, governance, and management**

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

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

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

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

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

As an organisation which was set up following extensive stakeholder consultation leading to stock transfers, East End Homes' business priorities have always been shaped by the needs and priorities of our residents. This

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022**

has included maintaining local housing centres as the frontline of service provision and delivering substantial block and estate improvements while working to address the financial concerns of long-standing resident homeowners.

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

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

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

#### **Principal activities**

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

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

#### **Public Benefit**

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

#### **Our Mission**

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

#### **Our Vision**

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

**EAST END HOMES LIMITED**  
**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022**

**Investment Programme**

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

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

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

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

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

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

## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

## Financial Performance

### Statement of Comprehensive Income

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

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

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

- £0.4 million additional commercial shop income, a direct result of the easing of Covid-19 pandemic restrictions leading to a gradual return to pre pandemic levels of commercial shop activity. The prior year 2020/21 income was also impacted by the granting of rent relief to support the ongoing viability of our commercial tenants.
- £0.2 million increase in rental income receivable from General Needs; and new additional rental income from intermediate rent and private rented properties and related service charges income from the provision of services to residents on East End Homes' estates.

Offset by:

- £0.3 million one-off furlough support grant received in 2020/21 to mitigate the impact of the pandemic and the Government lock down.
- £0.25 million reduction in 2021/22 general service charges.

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

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

Offset by:

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

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

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

### **Statement of Financial Position**

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

### **Cash Flow**

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

### **Treasury Management**

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

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

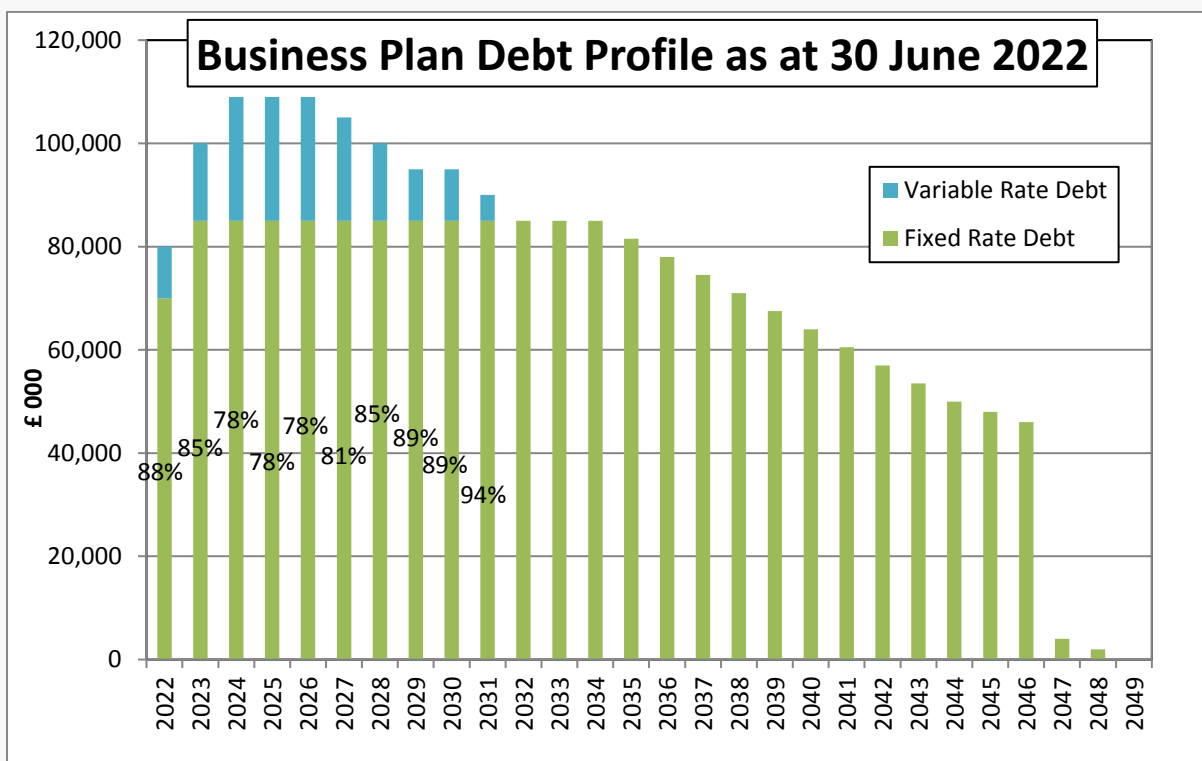
**Borrowings and Loan Profile**

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

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

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

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



**EAST END HOMES LIMITED**  
**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022**

**Homes in Management**

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

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

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

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

**Strategic Asset Management**

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

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

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

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

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

## **Value for Money (VFM)**

### ***Defining and Delivering VFM***

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

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

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

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

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

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

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

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

Their report drew the following conclusions:

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

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

### **Financial and Business Performance**

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

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

**EAST END HOMES LIMITED**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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

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

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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

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

East End Homes' interest cover ratio decreased from 84.53% in 2020/21 to 13.27% in 2021/22. The group's operating surplus and margin in the year, was impacted by an additional £1.3 million cost on property insurance renewal during 2021 and additional costs incurred on fire safety surveys and remediation works to existing blocks.

The interest payable in 2021/22 includes a one off 'loan breakage fee' of £2.303 million, following the completion of the scheduled refinancing of the existing Barclays loan debt. Excluding the one off 'loan breakage fee' and the fire safety costs, the ratio achieved was 138.56%. This compares favourably to the 2021 London median ratio of 122.9% but is below the UK wide median of 188.7%. The ratio (excluding fire safety costs) is projected to improve in 2023 and future years as new acquisitions for renting and share ownership sales are completed.

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

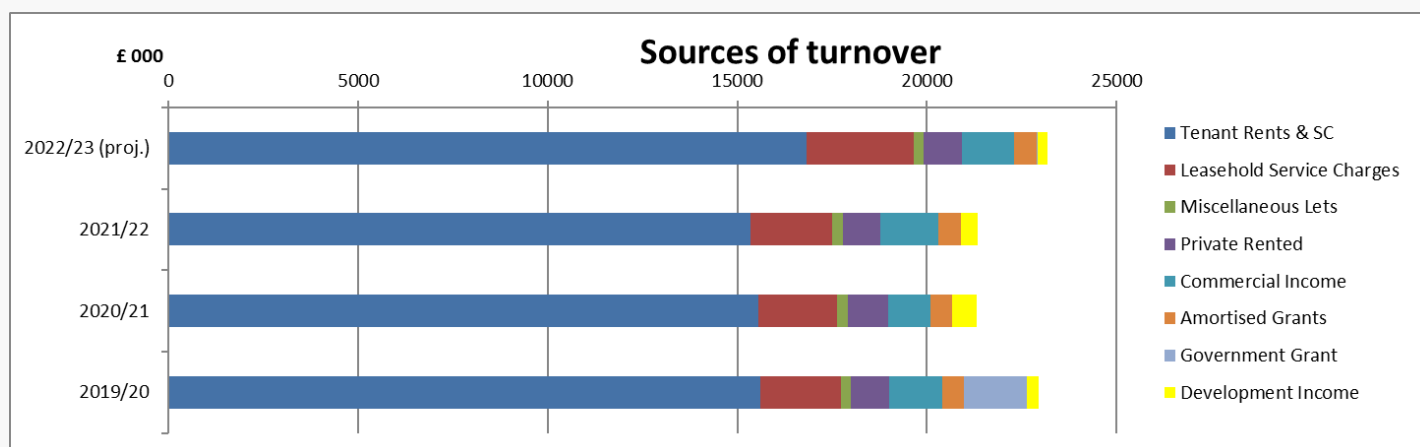
The headline social housing cost per unit has increased from £6,090 in 2020/21 to £6,708 in 2020/21. The headline cost per unit in 2021/22 was affected by the additional £1.3 million cost on property insurance renewal during 2021, reflected within the service costs per unit, which increased during the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

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

**EAST END HOMES LIMITED**  
**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 March 2022**

**Analysis of turnover and operating costs**

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



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

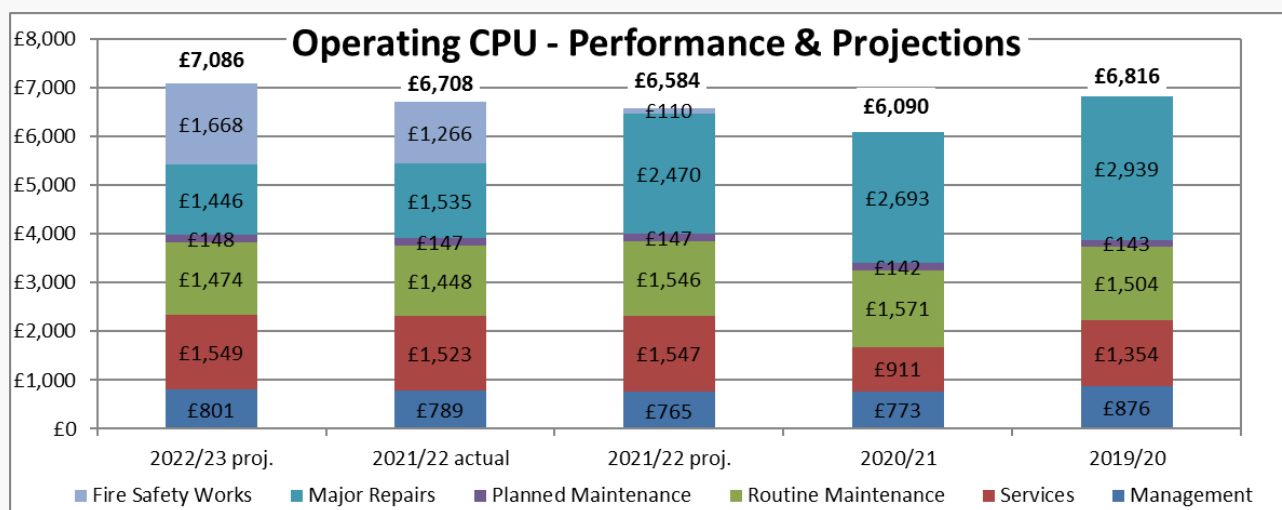
Income from commercial properties is projected at £ 1.391 million in 2022/23 a reduction of £154k from the high level of £1.545 million in 2021/22. Current inflation and costs of living crisis presents a very challenging operating environment for our shop owners and will undoubtedly impact on this area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

East End Homes' portfolio of 60 private rented properties contributed £981k to the group's turnover, with a

surplus of £692k. Given the uncertainties around the London housing market, conservative assumptions have been made for rental income for these properties with marginal increase in turnover forecast for 2022/23.

**Operating Costs Performance and Comparison**

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



Sources: East End Homes Financial Statements / Budget. Consolidated (group) figures

The data above relates to East End Homes’ operating costs in relation to its affordable rented properties only.

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

### Value for Money Gains

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

		VFM Gains		
<b>2021/22</b>	<b>Target</b>	<b>Achieved</b>	<b>Variance</b>	
	£249,000	£227,000	(£22,000)	
<b>2022/23</b>	<b>Target</b>	<b>Current Forecast</b>	<b>Variance</b>	
	£289,000	£225,000	(£64,000)	

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

### Value for Money Self-Assessment Conclusion

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

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

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
<p>Registered providers must:</p> <ul style="list-style-type: none"> <li>a. clearly articulate their strategic objectives</li> <li>b. have an approach agreed by their Board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders</li> <li>c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs</li> <li>d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives</li> </ul>	<p>The Board of East End Homes continues to work to the Value for Money strategy agreed in December 2020. The Board has begun the process of preparing for its next Corporate Plan, due to commence in 2024, and review of the strategic objectives will form part of that process. The Board receives regular performance information which allows it to assess progress in pursuing these objectives and how effectively resources are being deployed.</p>
<p><i>Registered providers must demonstrate:</i></p>	
<ul style="list-style-type: none"> <li>a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance</li> </ul>	<p>The Board has agreed an approach to achieving VFM through its Value for Money Strategy 2020/25, which includes a focus on considering and assessing options for service delivery. All Board reports contain a standard section assessing VFM implications of the report and the recommended decision, and the Board appoints a VFM champion from among its membership to provide focussed challenge.</p>
<ul style="list-style-type: none"> <li>b. regular and appropriate consideration by the Board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures</li> </ul>	<p>The Board commissioned a review of its delivery structure by the LSE as part of its commitment to regular reviewing models for outcomes including Value for Money. The Board reviews such independent assurance against its short- and long-term strategic objectives when taking significant decisions.</p>
<ul style="list-style-type: none"> <li>c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case</li> </ul>	<p>The Board receives disaggregated performance information analysing the different components of the group’s activities, as part of the ongoing monitoring of performance against the Business Plan. This feeds into the updates to the strategic Risk Register and the Board’s appetite or decisions to take actions to mitigate risks. Non-core activities remain a relatively small proportion of the business but contribute notable sums to turnover and are thus carefully monitored.</p>
<ul style="list-style-type: none"> <li>d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets</li> </ul>	<p>The Board sets an annual target for achieving efficiency savings, expressed as a proportion of overall operating expenditure. Performance against the delivery of strategic objectives is reviewed annually, in addition to the monitoring of key performance information.</p>
<p><i>Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider’s:</i></p>	
<ul style="list-style-type: none"> <li>a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers</li> </ul>	<p>The Board benchmarks performance against several key metrics including those gleaned from the global accounts, and monitors performance against a select group of performance metrics which complement the financial indicators. There is ongoing monitoring of performance</p>

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

**Risk Management**

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

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

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

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

#	Risk	Mitigating Controls
6	<p>Pensions:</p> <ul style="list-style-type: none"> <li>- Increased employer contributions</li> <li>- Increased scheme deficit</li> </ul>	<p>Cost increases on pension contributions included in revised business plan and budgets.</p> <p>Annual provision for pension scheme deficits made against reserves within Financial Statements.</p> <p>Business Plan takes into account anticipated increased level of employee participation in pension schemes brought about through automatic enrolment.</p> <p>EEH Board has chosen to close access to existing Defined Benefit schemes for new staff members and introduce a Defined Contribution scheme with lower employer costs.</p>
7	<p>Funding &amp; Treasury Management:</p> <ul style="list-style-type: none"> <li>- Failure to meet Covenant ratios</li> </ul>	<p>Regularly reviewed in all Treasury reports to F&amp;A</p> <p>Regularly reviewed through updates and stress testing of the business plan.</p> <p>Annual certification of covenant compliance by external auditors</p> <p>NatWest have agreed to 'carve-out' of covenants to support funding of fire safety works.</p>
8	<p>Inflation:</p> <ul style="list-style-type: none"> <li>- Headline inflation rate</li> <li>- Build cost inflation</li> </ul>	<p>Ongoing monitoring to decide on whether changes to assumptions required.</p> <p>Stress testing of Business Plan with different inflation rates.</p> <p>Introduce fixed price contracts; and ongoing monitoring of contractor performance and viability.</p> <p>Deliver efficiency savings.</p> <p>Board decision in 2022/23 budget to increase provision for maintenance budget in anticipation of higher inflation.</p> <p>Used sector benchmarking for short-term inflation expectations within business plan.</p>
9	<p>Eric Estate Developer/contractor financial failure.</p> <p>Delays in scheme completion result in delayed income while loan interest payments are still payable.</p> <p>Unable to let properties at rents proposed within the Business Plan modelling.</p>	<p>Board has considered stress tests involving delays and how these affect the Business Plan.</p> <p>Parent company guarantees sought to minimise consequences of contractor/developer failure.</p> <p>LADs (Liquidated and Ascertained Damages) to include rent loss calculation included within appropriate contractual documentation</p> <p>Third party review of rent level assumptions and shared ownership valuations undertaken.</p> <p>Renegotiation of scheme terms during 2020 to create three stages of the scheme and a break clause at the end of stage 2 if EEH does not wish to proceed.</p>
10	<p>Shared Ownership Units</p> <ul style="list-style-type: none"> <li>• Failure to sell at anticipated levels</li> <li>• Skillset to manage shared ownership units not necessarily within existing structure</li> </ul>	<p>Pricing of units for shared ownership assessed to promote affordability of units using independent expertise to advise on demand and affordability.</p> <p>Prudent assumptions for scheme dates allowing for slippage.</p> <p>Independent consultant appointed to manage sales process.</p> <p>New Project Officer being appointed via internal secondment to oversee development schemes and handover including shared ownership units.</p> <p>Advice obtained from consultants on our units</p>

#	Risk	Mitigating Controls
		compared to other shared ownership schemes in the vicinity.
11	Corporate Manslaughter and Corporate Homicide Act – failure to comply with responsibilities relating to fire safety, gas safety, asbestos, electrical safety, water safety and / or any other aspect of health and safety including staff safety.	<p>Programme of Fire Risk Assessments in place and monitoring processes for actions arising from these. Gas Servicing arrangements closely monitored, included within KPIs along with other Health and Safety KPIs and maintained at 100% on a continuous basis.</p> <p>Health and Safety Policy in place, working group established and meeting regularly and Policy reviewed and agreed every two years by the Board.</p> <p>Health and Safety responsibilities outlined at Board Training.</p> <p>Internal Audit compliance reviews.</p> <p>Provision made in capital works programme for identified remedial works at 7 blocks.</p> <p>3rd party assurance obtained on gas servicing completed</p>
12	Failure to comply with new responsibilities arising from the Building Safety Act and Fire Safety Act	<p>Keeping abreast of the work to implement Hackitt findings.</p> <p>Fire suppressant systems introduced to all high-risk refuse areas.</p> <p>Fire Safety Reports presented to the Board</p> <p>45 intrusive surveys completed for the blocks identified. (22 high rise and 23 low rise) i.e., all those requiring an EWS1 under the RICS criteria. Additional 43 blocks identified with inspections commissioned and included in remediation programme.</p> <p>Additional budgetary provision of £15million allocated for capital expenditure following refinancing with priority to fire safety works.</p> <p>H&amp;S Consultant has regular meetings with Managing Director and Head of Asset Management on fire safety issues.</p>
13	<p>A Management Company associated with an EeH estate fails to meet its legal or health and safety responsibilities.</p> <ul style="list-style-type: none"> <li>- causes death or injury</li> <li>- reputational damage</li> </ul>	<p>Introduction of EeH Managing Agent Policy and Procedure.</p> <p>An expanded performance return identifying health and safety – 6 monthly report to SRC and annual review meeting.</p> <p>Internal audit completed in January 2020 finding adequate assurance, agreed recommendations are being implemented.</p> <p>Allocation of additional resource to support engagement with management companies.</p>
14	Safety risk associated with Community Buildings – not directly managed	<p>Included within Fire Risk Assessment Plan and health and safety audits</p> <p>Health &amp; Safety consultant inspects buildings for safety issues.</p> <p>Support provided in terms of criminal activity</p>

### Pension commitments and associated issues

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

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

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

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

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

## **Directors**

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

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

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

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

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

## **Internal controls**

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

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

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

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

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

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

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

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

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

### **Fraud**

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

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

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

### **Statement of the Board's responsibilities**

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

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

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

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

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

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

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

### **Going concern**

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

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

**Annual general meeting**

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

**Auditors**

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

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



**Kevin Moore**  
**Chair**



**John Kettlewell**  
**Member**



**Jahangir Mannan**  
**Member**

**EAST END HOMES LIMITED**  
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST END HOMES LIMITED**

**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

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

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

### **Responsibilities of the Board**

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

In preparing the financial statements, the Board is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

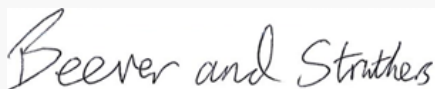
**Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

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

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



**Michael Tourville ACA  
(Senior Statutory Auditor)**

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

Date: 30 September 2022

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

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

The results relate wholly to continuing activities.

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

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



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2022**

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

The results relate wholly to continuing activities

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

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



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

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

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

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

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



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

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

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

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



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

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

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**

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

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

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

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
<b><u>Net cash generated from operating activities</u></b>	i		6,370		6,271
<b><u>Cash flow from investing activities</u></b>					
Purchase of investment properties		-		-	
Purchase of tangible fixed assets		(10)		(104)	
Acquisition and construction of housing properties		(21,656)		(16,931)	
Proceeds from sale of tangible fixed assets		0		5	
Interest Received		53		26	
Grant Received		-		3,491	
			(21,613)		(13,513)
<b><u>Cash flow from financing activities</u></b>					
Interest Paid		(4,998)		(2,320)	
New loans secured		43,500		20,000	
Repayment of borrowings		(22,000)		(5,000)	
			16,502		12,680
Net change in cash and cash equivalents			1,259		5,438
Cash and cash equivalents at beginning of the year			8,870		3,432
Cash and cash equivalents at end of the year			<u>10,129</u>		<u>8,870</u>
<b>Cash and cash equivalents comprise:</b>					
Cash at bank			<u>10,129</u>		<u>8,870</u>
<b>Note i</b>					
<b><u>Cash flow from operating activities</u></b>					
Surplus for the year			1,908		2,538
<b>Adjustments for non-cash items:</b>					
Depreciation of tangible fixed assets			3,575		3,447
(Increase)/ decrease in trade and other debtors			482		510
(Decrease)/ increase in trade and other creditors			(911)		(1,803)
Increase/ (decrease) in provisions			(2,870)		279
Carrying amount of tangible fixed asset disposals			-		-
Revaluation of investment properties			-		(371)
<b><u>Adjustments for investing or financing activities:</u></b>					
Proceeds from the sale of tangible fixed assets			-		(5)
Interest payable			4,829		2,256
Interest received			(55)		(24)
Government grants amortised			(588)		(556)
Net cash generated from operating activities			<u>6,370</u>		<u>6,271</u>

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

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

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

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

## EAST END HOMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022

#### 1. PRINCIPAL ACCOUNTING POLICIES

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

The group comprises the following entities:

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

#### Basis of Accounting

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

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

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

#### Parent company disclosure exemptions

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

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole
- The accounting relating to the Social Housing Pension Fund has not been consistently applied. The accounting policy is set out on page 40. The consolidated financial statements have applied Financial Reporting Exposure Draft 71 'Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.

#### Basis of Consolidation

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)****Turnover**

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

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

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

**Housing properties**

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

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

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

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

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

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

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

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

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

#### **Sales of housing properties**

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

#### **Other tangible fixed assets**

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

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

#### **Stock and properties held for sale**

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

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

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

#### **Low cost home ownership properties**

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

#### **Loan interest costs**

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

#### **Loan finance issue costs**

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)****VAT**

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

**Taxation**

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

**Operating leases**

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

**Provisions**

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

**Treasury management**

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

**Rent Setting**

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

**Going Concern**

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

**Judgements and key sources of estimation uncertainty**

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

**a. Development expenditure**

The Group capitalises development expenditure in accordance with the accounting policy described on page 50. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

**b. Categorisation of housing properties**

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

**c. Impairment**

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

**Other key sources of estimation and assumptions:**

**a. Tangible fixed assets**

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

**b. Revaluation of investment properties**

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

**c. Pension and other post-employment benefits**

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

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

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

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

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

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

**Impairment of non-financial assets**

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

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

**Impairment of non-financial assets (continued)**

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

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

**Non exchange transactions**

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

**Service Charge**

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

**Capitalisation of interest and administration costs**

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

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

**Investment properties**

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

**Short-term debtors and creditors**

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

**Social Housing and other government grants**

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

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

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

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

**Other grants**

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

**Financial Instruments**

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

Financial instruments held by the Group are classified as follows:

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

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

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

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

EAST END HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)

2. GROUP –TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

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

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

EAST END HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)

2. ASSOCIATION -TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

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

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

**3. DIRECTORS' EMOLUMENTS – GROUP AND ASSOCIATION**

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

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

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

**4. EMPLOYEE INFORMATION**

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

	<b>2022</b>	<b>2021</b>
Full time	86	88
Part time	10	12
	<hr/> 96	<hr/> 100

Staff costs (for the above persons)

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:

	<b>2022</b>	<b>2021</b>
£60,000 - £69,999	8	3
£70,000 - £79,999	1	-
£80,000 - £89,999	4	4
£90,000 - £99,999	-	-
£100,000 - £109,999	1	1
£110,000 - £119,999	-	1
£140,000 - £149,999	1	-
£150,000 - £159,999	-	1
£160,000- £169,000	1	-

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

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Proceeds of sales	-	5	-	5
Less: Costs of sales	-	-	-	-
<b>Surplus</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

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

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

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

## 8. SURPLUS ON ORDINARY ACTIVITIES

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

## 9. TAXATION

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

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

## 10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP &amp; ASSOCIATION

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

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

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

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

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

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

**11. INVESTMENT PROPERTIES**

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

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

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

## 12. OTHER TANGIBLE FIXED ASSETS – ASSOCIATION &amp; GROUP

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

**EAST END HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

**13. STOCK**

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

**14. DEBTORS**

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

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

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

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

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

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

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

**18. HOUSING LOANS**

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

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)****19. CAPITAL COMMITMENTS – GROUP & ASSOCIATION**

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

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

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

**20. OTHER FINANCIAL COMMITMENTS – GROUP & ASSOCIATION**

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)****21. PENSION OBLIGATIONS – GROUP & ASSOCIATION**

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

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

***London Borough of Tower Hamlets Pension Scheme (LGPS)***

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

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

***Financial Assumptions***

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

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

***Expected Return on Assets***

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2021 for the year to 31 March 2022).

The assets of the scheme as a whole and the expected returns as at 31 March 2022 and 31 March 2021 are shown in the table below:

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

There is no provision for unitising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

The present value of the above assets and liabilities attributable to East End Homes at 31 March 2022 and 31 March 2021 was:

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

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

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

***Impact on Statement of Financial Position***

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

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

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

***Pensions Obligations Note - Social Housing Pension Scheme (SHPS)***

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

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

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

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

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

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

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

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

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

## RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

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

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)****RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS**

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

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

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)**

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME**

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

**ASSETS**

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

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

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

**KEY ASSUMPTIONS**

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

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

	<b>Life expectancy at age 65</b>
	<b>(Years)</b>
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

**22. NUMBER OF HOMES IN MANAGEMENT – GROUP & ASSOCIATION**

The number of homes in management at the yearend was:

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

**23. RELATED PARTY TRANSACTIONS – GROUP & ASSOCIATION**

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

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

**24. SUBSIDIARY UNDERTAKING**

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

**Transactions with registered and non-registered elements of the business**

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

**Transactions with non-registered entities**

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

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

**25. CONTROLLING PARTY**

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

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2022 (continued)**

**26. FINANCIAL INSTRUMENTS – GROUP**

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

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

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

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

**27. NET DEBT**

Analysis of changes in net debt:

<b>GROUP</b>	<b>At 31 March 2021</b>	<b>Cashflow</b>	<b>At 31 March 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	8,870	1,259	10,129
Housing loans due in one year	-	-	-
Housing loans due after one year	(57,500)	(21,500)	(79,000)
	<u>(48,630)</u>	<u>(20,241)</u>	<u>(68,871)</u>
<b>ASSOCIATION</b>	<b>At 31 March 2021</b>	<b>Cashflow</b>	<b>At 31 March 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	8,533	1,303	9,836
Housing loans due in one year	1,000	-	1,000
Housing loans due after one year	(57,500)	(21,500)	(79,000)
	<u>(47,967)</u>	<u>(20,197)</u>	<u>(68,164)</u>

**28. CONTINGENT LIABILITY – SOCIAL HOUSING PENSION SCHEME**

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



east  
end **HOMES**

3 Resolution Plaza  
London  
E1 6PS

[www.eastendhomes.net](http://www.eastendhomes.net)

**EAST END HOMES LIMITED**

England & Wales - Charity number 1107691

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# Accounts

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# Financial Statements

2020-21



east  
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[www.eastendhomes.net](http://www.eastendhomes.net)



Registered Company number 4516155

**EAST END HOMES LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

**EAST END HOMES LIMITED**

**Financial Statements for the Year ended 31 March 2021**

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## **BOARD MEMBERS**

The Board Members who served from 1 April 2020 up to the date of approval of these financial statements were as follows:

<b>Maureen McElenev</b>	<b>Chair until resigned 23 September 2020</b>
<b>Kevin Moore</b>	<b>Chair since 23 September 2020</b>
<b>John Kettlewell</b>	<b>Vice Chair until 23 September 2020</b>
<b>Neil McAree</b>	<b>Vice Chair; appointed 23 September 2020</b>
<b>Forhana Begum</b>	
<b>Helen Goody</b>	
<b>Margaret Higgins</b>	
<b>Carol Hinvest</b>	
<b>Emdadul Haque Jahangir Mannan</b>	
<b>ClIr John Pierce</b>	<b>resigned 28 February 2021</b>
<b>ClIr Motin Uz-Zaman</b>	
<b>Kevin Whittle</b>	
<b>Marek Wiluszynski</b>	

## **EXECUTIVE MANAGEMENT TEAM**

<b>Paul Bloss</b>	<b>Chief Executive</b>
<b>John Henderson</b>	<b>Managing Director</b>
<b>Steven Inkpen</b>	<b>Director of Special Projects and New Business</b>
<b>David Opoku</b>	<b>Head of Finance</b>

## **SECRETARY**

**Alexander Bailey**

**EAST END HOMES LTD  
REGISTERED OFFICE AND ADVISORS**

**Registered office**

3 Resolution Plaza  
London E1 6PS

**Auditors**

Beever and Struthers  
15 Bunhill Row  
London EC1Y 8LP

**Solicitors**

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

**Bankers**

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

**Legal status**

Registered Company number 4516155

Registered Charity number 1107691

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

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021**

The Board is pleased to present its report and the audited financial statements for East End Homes Limited (East End Homes) for the year ended 31 March 2021.

#### **The Association**

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

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

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

#### **Structure, governance, and management**

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

East End Homes has adopted the National Housing Federation's (NHF) Code of Governance (2015) and carried out a self-assessment review of compliance during the year which did not reveal any areas of non-compliance with the Code.

The Board of Management comprised 11 non-executive directors at the year end who are listed on page 4: currently comprising 4 resident members; 1 local authority member nominated by the London Borough of Tower Hamlets; and 6 independent members. The non-executive directors are responsible for the overall strategic direction of East End Homes.

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

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

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

## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

#### Principal activities

East End Homes is in business to provide local people with quality and affordable homes, sustainable estates, and effective and efficient local housing services. East End Homes' principal activities are to effectively manage, maintain, and develop homes, and to improve and regenerate its estates. Currently it manages 3,788 homes within the London Borough of Tower Hamlets and 8 homes within the London Borough of Newham.

As at 31 March 2021, East End Homes held a 100% share (1 share of £1) in East End Homes (Community Development) Limited. The principal activity of this subsidiary is to generate funds from non-social housing activities to support East End Homes' core activities.

#### Public Benefit

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

#### Our Mission

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

#### Our Vision

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

#### Investment Programme

In 2020/21 East End Homes continued to work on improving the quality of its housing properties and estates, and the acquisition of new homes, spending £17.2 million (2019/20: £16.4million) on new build properties and refurbishment works to existing stock. To date East End Homes has invested £199.2 million into our Major Works and New Build programme analysed in the table below.

	2020/21	2019/20	2018/19	2017/18
Capital Investment (Major works and New properties) (cumulative)	£199.2m	£182.0m	£165.6m	£159.5m
Investment in refurbishment to existing properties	£124.9m	£121.8m	£115.9m	£111.4m
Social rented homes meeting the Decent Homes Standard (%)	95.07	100	100	100
Investment in new build properties	£74.3m	£60.2m	£49.7m	£48.1m
New homes added (rented, gross)	-	12	3	5
New homes added (rented, net of property sales)	0	0	(0)	(3)
Value of stock (EUV-SH)	£133.01	£133.01m	£132.26m	£132.98m
Indicative Aggregate Market value	£709.98m	£709.8m	£579.6m	£539.2m

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021**

As set out in the Corporate Plan 2019 -2024, East End Homes' vision is to achieve the comprehensive regeneration of our estates. East End Homes total capital investment since 2005 to date is £199.2 million. The investment has been funded through £70.7 million of overage and land sale receipts, generated through East End Homes' development partnership with Telford Homes; £64.5 million in loans; £16.5 million of DCLG gap funding; and £47.5 million, through the group's internally generated surpluses.

To date £124.9 million has been invested in the refurbishment of our existing properties, ensuring that the majority of East End Homes' social rented units are up to at least the Decent Homes Standard. East End Homes has developed a rolling programme of inspection and planned maintenance to ensure that the homes we manage continue to meet the standard, and provide a warm and comfortable home for our residents. In June 2021, as part of the business plan update process, the Board agreed an updated 5-year capital investment programme of £38.3 million running from 2021 to 2026. The investment programme includes a £15.25 million provision for fire safety works following recommendations made by the Hackett review and Grenfell (Phase 1) enquiry and subsequent consolidated advice and legislation on fire safety by the Government. The extent of the works to be carried out and associated costs are being ascertained through an ongoing programme of survey of East End Homes' blocks.

A number of purpose-built community facilities have been created or refurbished as part of the regeneration works to the estates. East End Homes aims to facilitate the availability of a wide range of activities for our communities from these facilities, with some remaining directly managed and others operated in partnership with local organisations. The Board has set a KPI target to drive strong use of our facilities under direct management. During 2020/21, these facilities have unfortunately largely needed to be closed in accordance with Government guidelines, significantly restricting their use. Appropriate adjustments have been made and new Covid -19 safety measures introduced to support the safe reopening of our facilities from the summer of 2021.

In 2020/21, East End Homes invested a further £14.1 million in new homes for renting, bringing the total investment to date to £74.3 million. This investment has already brought into management a total of 313 brand new homes for rent under our capital investment programme, including a number of large family-sized homes and adapted properties. Our partnership working with developers has also led to the creation of around 820 homes for private sales on estates managed by East End Homes, supporting the overall availability of housing within Tower Hamlets. The private properties on East End Homes estates contribute around £198,000 annually in ground rents to the East End Homes business plan.

East End Homes owns a small portfolio of 60 privately rented residential units, including 8 units in LB Newham. The private rented properties generated £1,064,000 of income in 2020/21, and produced a surplus of £778,000.

East End Homes has continued to invest in the acquisition of new homes. The new homes are being built through planning agreements as part of new housing developments at Orchard Wharf E14 and Eric Street and Violet Road E3, with delivery of the new homes expected between 2021 and 2024. East End Homes' financial investment in these schemes has been supported by the £45 million funding facility provided by M&G Investments.

East End Homes inherited a portfolio of commercial units as part of the stock transfers from LB Tower Hamlets and this portfolio has been increased and enhanced as part of the estate-wide regeneration programme. In 2019/20 East End Homes had 82 commercial units in management which generated £1.403 million income and contributed around £512,000 to the group surplus. In 2020/21, the income from this area of activity dropped to £1.124m and contributed £286,000 to the group surplus. The significant drop in income in 2020/21, is mainly due to the Government lockdown in March 2020 as a result of the ongoing Covid-19 pandemic. The Board has maintained regular oversight of the performance of the commercial portfolio through updates provided by officers, and has agreed rent relief or similar mitigations to support the ongoing viability of our commercial tenants, where a need for

## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

such support could be demonstrated. The Board has decided to set up a working group in 2021/22 to review the prospects and opportunities for our commercial portfolio in the context of the pandemic and other challenges the commercial retail sector faces in the immediate future.

## Financial Performance

### Statement of Comprehensive Income

East End Homes (including all group activities) achieved an overall surplus of £2.8 million in the year to 31 March 2021. The surplus achieved will enable the group to continue to reinvest in improving existing homes and building new affordable homes.

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

**Turnover:** £21.3 million, down up £1.6 million from £22.9million in 2019/20. The change is primarily due to the following:

- £1.7 million was included within the turnover for 2019/20, being Greater London Authority (GLA) grant recognised as income, to match the costs incurred in removing the old defective cladding system at Denning Point and ongoing works to install a new cladding system.
- £0.850 million relating EeH contract with Thames Water regarding collection of water rates from tenants on behalf of Thames Water ceased on 31 March 2020 i.e. 2019/20. From 1 April 2020, Thames Water bill residents directly for providing this service.
- £0.300 million reduction in Commercial shop income, a direct impact of the ongoing Covid 19 pandemic and the resulting Government lockdown for the greater part of 2020/21.

Offset by:

- £0.950 million increase in rental income receivable from General Needs in line with the Rent Standard 2020 recently issued by the RSH, new additional rental income from intermediate rent and private rented properties and related service charges income from the provision of services to residents on East End Homes' estates.
- £0.300 million furlough support grant received to mitigate the impact of the ongoing pandemic and the Government lock down.

**Operating costs:** £16.6 million, down £2.7 million from £19.6 million in 2019/20. The reduction in operating costs are mainly due to the following:

- 2019/20 operating costs included £1.7 million expenditure incurred in the removal of the old defective cladding and installation a new cladding system at Denning Point. The costs of these works were recognised as major repairs within operating expenditure, funded by a matching GLA grant which was recognised as 'government grant taken to income'.
- £0.850 million charge from Thames Water regarding collection of water rates from tenants on ceased on 31 March 2020. From 1 April 2020 (2020/21), Thames Water bill residents directly for providing this service.
- £0.200 million savings in operating expenditure including depreciation of housing properties during the year 2020/21.

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021**

**Loan interest costs:** Reduced from £2.459 million in 2019/20 to £2.256 million, mainly as a result of the expiry of a long standing fixed rate loan, which has now converted to a quarterly low rate variable basis. East End Homes' total loan debt at the yearend was £58.5 million (2019/20: £43.5 million). The full year impact of the additional £15.0 million loans drawn during the year is expected in next financial year 2021/22.

**Disposals of Property:** During the year a strip of land was disposed of which generated net proceeds of £5,000. There were no disposals of property under the preserved Right to Buy scheme, compared to one (1) in 2019/20 which yielded net proceeds of £0.150 million.

**Movement in valuation Pension Schemes:** In 2020/21 the net deficit in East End Homes' pension schemes recognised in the statement of comprehensive income was £0.474 million.

#### **Statement of Financial Position**

East End Homes' reserves have increased by £2.371 million to £78.685 million; arising from £2.845 million Statement of Comprehensive Income surplus generated in 2020/21, offset by a £0.474 million net deficit recognised on the Local Government Pension Scheme and Social Housing Pension Scheme .

#### **Cash Flow**

East End Homes' cash balance at 31 March 2021 was £8.870 million (2019/20: £3.432 million), a cash increase of £5.438 million from 1 April 2020. The cash increase is the result of £6.276 million cash inflow from operating revenue activities, £15.0 million net loans drawn, £3.491 million government grant received , offset by £16.931 million cash spend on refurbishment works to existing housing properties and acquisition of new homes, £2.294 million net interest costs and £0.104 million spend on other fixed assets (mainly IT infrastructure costs ).

#### **Treasury Management**

At 31 March 2021 East End Homes had an agreed £94.0 million loan facility, £49.0 million with Barclays Bank plc and £45 million with M&G Investments, of which £38.50 million was drawn down from the Barclays facility and £20.0 million from the M&G facility. These loans are secured against the group's assets.

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

#### **Borrowings and Loan Profile**

At 31 March 2021, East End Homes had total loan debt balance of £58.5 million comprising £42.0 million on a forward fixed interest rate arrangement and £16.5 million on a variable Libor-linked rate.

East End Homes continues to manage its interest rate exposure by having a significant proportion of its loan debt at fixed rates of interest, reducing exposure to interest rate fluctuations due to wider macro-economic factors.

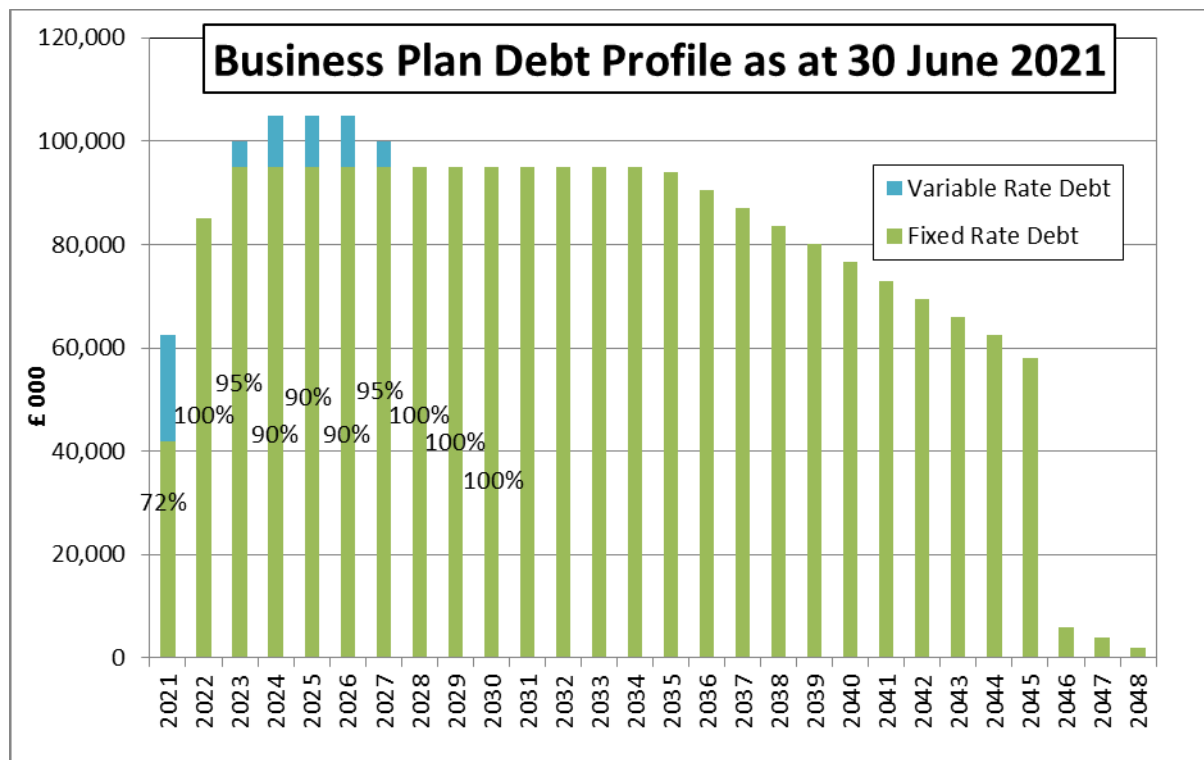
The Board has an agreed Treasury Management Strategy which underpins how East End Homes supports its Business Plan, and a Risk Appetite Statement which summarises the strategic appetite and approach to risk, setting 'golden rules' for the Board to assess performance. In keeping with the Board's approach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

## EAST END HOMES LIMITED

### STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

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



### Homes in Management

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

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

2020/21	No at Year End (31 March 2021)
Social Rented	2,243
Intermediate Rent	9
Private Rented	60
Leasehold	1,484
<b>Total</b>	<b>3,796</b>

There were no additions to or disposals from East End Homes' stock during 2021/22.

### Strategic Asset Management

East End Homes has since the first stock transfer in 2005, undertaken an extensive stock refurbishment programme which has included internal and external regeneration works to improve all properties to the Decent Homes Standard. An Asset Management Strategy was adopted by the Board in 2018, setting out the strategic plan to maintain properties in management to a high standard. The Board agrees a rolling 5 year capital investment programme to support delivery of the identified maintenance work, informed by stock condition data. In June 2021 the Board agreed an updated investment programme to existing stock

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021**

of £38.3 million running from 2021 to 2026. This includes the £15.25 million allocated to works to improve the fire safety of blocks based on an ongoing programme of the extensive surveys. The Finance & Audit Committee of the Board monitors all ongoing capital works schemes at each quarterly meeting to ensure that expenditure is controlled.

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

The Board's Development and Asset Growth Strategy sets out the key principles upon which East End Homes will pursue new business opportunities and the delivery of new affordable housing. A key element of this strategy is to reconfirm that while there is a focus on maximising the potential of our existing assets, East End Homes will only seek to progress potential regeneration schemes on our estates where it can be shown that the scheme will viably deliver an increase in the overall level of social rented homes. The Board's attitude towards growth is also influenced by the adopted Risk Appetite Statement, which includes ten golden rules summarising the corporate approach to risk. The Board has agreed that East End Homes will continue to focus on activities within Tower Hamlets but that opportunities outside the borough may be considered on their merits and compatibility with the organisation. An example of this is the acquisition in January 2020 of 8 residential units at Barking Road in the London Borough of Newham, our first scheme specifically targeted at key workers.

All prospective new business or regeneration schemes go through a process of option appraisals to identify whether the key requirements of this strategy are delivered by the scheme, with the Board able to review this information in forming decisions on whether to progress. The current updated East End Homes' Business Plan includes the Board approved acquisition of 257 new affordable housing units, including the Orchard Wharf and Eric Street development schemes which in total will provide up to 223 new affordable homes in Tower Hamlets. East End Homes' financial investment in these schemes is supported by the existing £94 million funding facilities provided by Barclays and M&G Investments. Completion of these new homes is expected by 2024.

The decision to progress these development schemes, followed rigorous financial viability assessments, including stress testing of the Business Plan to provide assurance to the Board on the ability of the plan to withstand a range of adverse scenarios. In all, 17 separate scenarios covering a range of possible risks and combinations of risks identified by our Risk Register and/or associated with the scheme were considered by the Board, along with mitigation actions to be undertaken should any of these scenarios crystallise. The business plan which supports these developments is updated annually and approved by the board, including a review the results of stress scenarios and mitigation strategies.

#### **Value for Money (VFM)**

##### ***Defining and Delivering VFM***

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

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

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

## **EAST END HOMES LIMITED**

### **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021**

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

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

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

In addition, a revised Value for Money Register is being compiled, seeking to identify within each financial year both the cashable and non-cashable gains delivered within a year, achieved through a combination of cost savings and additional income, and seeking to capture any wider social value generated through initiatives undertaken.

#### **Financial and Business Performance**

The Board has reviewed the organisation’s performance against the key metrics identified by the regulator. In addition, the Board has identified its own key metrics for assessing its attainment of Value for Money, corresponding to key strategic objectives which for 2020/21 included the ongoing monitoring of Tenant satisfaction with overall services, value for money satisfaction and the Integrated Asset Management Contract covering responsive repairs and void works. The table on the next page summarises East End Homes’ performance against these metrics and compares this performance against other landlords mainly operating in London, and to the national median. The cost metrics are calculated using the number of affordable rented homes (but excluding the leasehold and market rented properties in management).

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		East End Homes	East End Homes	London	All
	YEAR	2021	2020	2020	2020
	Homes in management at the year end	2,252	2,252	313,348	2,768,098
<b>Metric 1</b>	<b>Reinvestment %:</b> (Properties acquired + development of new homes + work to existing homes + capitalised interest + schemes completed)/GBV (Cost)	10.23%	10.65%	7.3%	7.2%
<b>Metric 2a</b>	<b>New supply delivered %:</b> Total social housing units delivered or newly built units acquired/total housing units owned at period end (2019 FVA will show the split between owned and managed)	0%	0.18%	1.9%	1.5%
<b>Metric 2b</b>	<b>New supply delivered %:</b> Total non-social housing units delivered or newly built units acquired (Total non-social rental units owned, non-social leasehold units owned, new outright sale units developed or acquired)/Total social and non-social housing units owned at period end	0%	0.21%	0.74%	0.0%
<b>Metric 3</b>	<b>Gearing %:</b> (LT+ST Loans + Finance Leases - cash and cash equivalents)/Tangible fixed assets: Housing properties at cost	28.99%	25.46%	46.9%	44%
<b>Metric 4</b>	<b>EBITDA-MRI %:</b> Operating surplus less amortised gov't grant less grant taken to income plus interest receivable less capitalised major repairs plus total depreciation/interest payable and financing costs less capitalised interest in housing properties	84.53%	66.53%	118.9%	170%
<b>Metric 5</b>	<b>Headline social housing cost per unit - Inc. owned and managed but exc. leasehold and fully staircased shared ownership homes</b>	£6,090	£6,816	£6,107	£3,835
	<b>Management CPU</b>	£773	£876	£1,293	£1,062
	<b>Service charge CPU</b>	£911	£1,354	£999	£441
	<b>Maintenance CPU</b>	£1,713	£1,647	£1,579	£1,107
	<b>Major repairs CPU</b>	£2,693	£2,939	£1,047	£813
	<b>Other social housing CPU</b>	£0	£0	£1,189	£412
<b>Metric 6a</b>	<b>Alternative 6(a) Operating margin %:</b> (Operating surplus from social housing lettings / Turnover from social lettings)	28.37%	24.41%	27.8%	25.7%
<b>Metric 6b</b>	<b>Alternative 6 (b) Operating margin %:</b> (Operating surplus (overall) / Turnover (overall))	22.06%	15.85%	20.3%	23.1%
<b>Metric 7</b>	<b>Return on capital employed %:</b> Operating surplus overall plus gain/loss of disposal of fixed assets plus share of operating surplus from JVs or associates/Total assets less current liabilities	2.44%	2.18%	2.5%	3.4%
<b>EEH Strategic Metrics</b>					
<b>EEH 1</b>	<b>(Effectiveness) Tenant satisfaction with overall services:</b> Measured using STAR methodology (every two years)	76.99%	79.20% (2019)	74.0% (2019)	86%
<b>EEH 2</b>	<b>(Effectiveness) Satisfaction with the quality of a repair:</b> Transactional survey on job completion	93.9%	97.4%	89% (2019 LBTH)	-
<b>EEH 3</b>	<b>(Efficiency) Number of repairs completed per property:</b> Both in-dwelling and communal repairs, including repairs reported by leasehold units	3.69	5.06	-	-
<b>EEH 4a</b>	<b>(Efficiency) Void performance:</b> average re-let time (days)	30.5	19.9	21 (2019 LBTH)	25.06
<b>EEH 4b</b>	<b>(Economy) Void performance:</b> rent loss due to void properties as a percentage of annual rent debit	0.30%	0.21%	0.74%	0.9%
<b>EEH 5a</b>	<b>(Effectiveness) Value for Money Satisfaction:</b> Tenants believing that rents represent value for money (STAR) (every two years)	73.93%	75.41% (2019)	78.1% (2019)	85.02%
<b>EEH 5b</b>	<b>(Effectiveness) Value for Money Satisfaction:</b> Leaseholders believing that service charges represent value for money (STAR) (every two years)	31.22% (2020)	31.22%	33% (2019)	43.90%

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East End Homes' investment in the existing housing stock and acquisition of new homes in relation to the value of the asset base was significant at 10.23% (2020: 10.65%) compared to the 2020 median for London (7.3%) and National (7.2%). This is a direct result of £17.2 million investment (2019/20: £16.4 million) made during the year in the refurbishment of the existing stock and acquisition of new homes. The investments in new homes in 2020/21 includes payments made towards the acquisition of new homes currently being built through planning agreements as part of new housing developments at Orchard Wharf, Violet Road, Eric Street, Corbridge Crescent and also the Roslin and Gordon House infill schemes. These schemes will deliver 257 new homes, with completion expected between 2021 and 2024 respectively.

East End Homes' gearing ratio (which measures the proportion of its borrowing in relation to the value of the asset base) remains comparatively low relative to those of other Registered Providers. The additional £15 million net loan borrowings to support increased investment in existing and new homes during 2020/21 has resulted in a marginal increase in the ratio from 25.46% to 28.99%, but still low compared to the median ratio for UK wide Registered Providers of 44% and London of 46.9%.

The group achieved an overall operating margin (a measure of profitability of operating assets) of 22.06% in 2020/21 compared to 15.85% recorded in 2019/20. This compares favourably to that of UK wide Registered Providers of 23.1% and London of 20.3%. It is worth noting that the margin in 2019/20 was impacted by a £1.5 million reduction in operating surplus, mainly the result of an additional £1.2 million depreciation charge, of which £0.938 million is attributable to the residual cost of the previously capitalised cladding system at Denning Point, which has now been removed.

East End Homes' interest cover ratio increased from 66.53% in 2019/20 to 84.53% in 2020/21. This is as a result of the increase in the group's operating surplus and margin in the year, coupled with the reduction in the interest payments on borrowings during the year. The interest cover ratio is achieved is below the London and UK wide median of 118.9% and 170% respectively, but will improve in the coming years as new acquisitions are completed.

The headline social housing cost per unit has reduced from £6,816 in 2019/20 to £6,090 in 2020/21. The headline cost per unit in 2020/21 was affected by significant capital investments in the refurbishment of stock and estate wide regeneration in accordance with the Board's identified objectives. The cost per unit compares favourably with the median cost of £6,107 per unit for London-based Registered Providers in 2020.

East End Homes operating expenditure during the year, under the Management and Service costs per unit headings has reduced. The comparison of the groups' cost per unit under the headings of Management, Services and Maintenance to the median cost for London-based and National Registered Providers is distorted by the methodology for applied for costs allocation. In particular, a significant amount of expenditure for London-based Registered Providers has been allocated under the heading of Other social housing. East End Homes has allocated all costs to the relevant headings under Management, Services and Maintenance. Nevertheless the groups' overall operating cost per unit (excluding major works investment) of £3,397 compares very favourably to the median cost of £5,060 per unit (excluding major repairs) for London-based Registered Providers in 2020. We will continue to explore new avenues to reduce operating costs whilst maintaining a quality of service in line with the adopted corporate objectives.

In addition to reporting against the nationwide sector metrics, the Board of East End Homes has identified a suite of performance measures to capture resident satisfaction and broader indicators of performance. A census survey of all tenants is conducted every two years and was carried out in the autumn/winter of 2020/21. This survey found that overall satisfaction had declined slightly from the previous response in 2018/19. This is in keeping with a broader pattern of slightly falling satisfaction as identified by our benchmarking and may also have been influenced by the impacts on service delivery

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during 2020/21 arising from the Covid-19 pandemic. Satisfaction with the quality of repairs had also fallen slightly and this is likely due to some issues only being addressed as emergency 'make safe' works during the peak of the restrictions, with follow-on works to complete the repair issued thereafter.

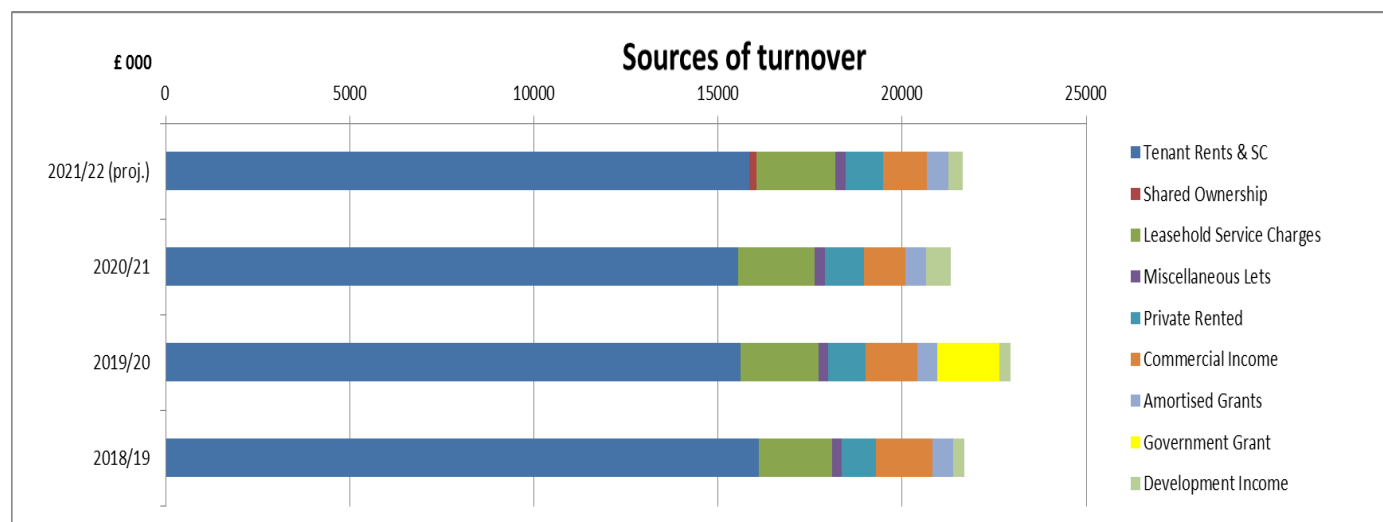
Predictably, the time taken to re-let empty properties also increased during the year due to a period in which new lettings were suspended and the process of viewing becoming more difficult due to Covid-19 restrictions, and this is a pattern discernible across the sector. Rent loss associated with void properties increased slightly although remains below the average level for other landlords against whom we compare our performance.

There was a small decrease in the proportion of tenants surveyed who believed that their rent represented value for money, although this was within the margin of error to the result reported in 2018/19. Given the biennial surveying, leaseholders were not surveyed during 2020/21 and thus the figure given in the performance table above represents the performance recorded in 2019/20.

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**Analysis of turnover and operating costs**

Activity	Turnover and operating costs											
	2021/22(projected)			2020/21			2019/20			2018/19		
	Units	Turnover	Op. Costs	Units	Turnover	Op. Costs	Units	Turnover	Op. Costs	Units	Turnover	Op. Costs
		£000	£000		£000	£000		£000	£000		£000	£000
<b>GN properties (tenant rents and service charges)</b>	2283	15,848	(12,980)	2252	15,550	(11,589)	2252	15,610	(11,835)	2249	16,110	(11,403)
<b>Shared Ownership</b>	2	200	(151)	-	-	-	-	-	-	-	-	-
<b>Leaseholder service charges</b>	1487	2,137	(3,807)	1484	2,070	(3,534)	1484	2,130	(4,330)	1484	1,998	(4,089)
<b>Miscellaneous Lets</b>	-	290	(202)	-	288	(204)	-	260	(185)	-	257	(183)
<b>Private rented properties</b>	60	1,014	(231)	60	1,064	(286)	60	1,003	(195)	50	926	(195)
<b>Commercial properties</b>	82	1,176	(785)	82	1,124	(856)	77	1,403	(891)	77	1,532	(767)
<b>Amortised grants</b>	-	589	-	-	556	-	-	556	-	-	556	-
<b>Government Grant</b>	-	-	-	-	-	-	-	1,672	(1,672)	-	-	-
<b>Overage receipts and other miscellaneous income</b>	-	390	(187)	-	661	(192)	-	309	(198)	-	303	(188)
<b>Total</b>	-	<b>21,644</b>	<b>(18,343)</b>	-	<b>21,313</b>	<b>(16,661)</b>	-	<b>22,943</b>	<b>(19,306)</b>	-	<b>21,682</b>	<b>(16,825)</b>



The above analysis of turnover and operating costs shows the turnover in 2020/21 reduced from £22.943 million to £21.313 million, whilst operating costs reduced from £19.306 million to £16.661 million. The significant change in income and costs is affected mainly by the recognition of the costs incurred in 2019/20 (£1.672 million) on the de-cladding and re-cladding of the Denning Point block. Although this work is covered by a GLA grant, the accounting treatment was to recognise the costs within major repairs under operating cost and the matching grant taken as income and recognised within the Turnover for the year.

The income from general needs properties (tenant rents and service charges) was £60k lower in 2020/21 than in 2019/20. Although rents generally increased by 2.7% in line with the Rent Standard 2020 issued by the RSH, the impact is not obvious due to the cessation on 31 March 2020 (2019/20) of East End Homes' contract with Thames Water regarding collection of water rates from tenants on their behalf. From 1 April

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2020, Thames Water billed residents directly for providing this service.

Operating costs for the social rented properties were £246k lower in 2020/21 than in 2019/20, affected by the cost drivers identified above, but are forecast to increase in 2021/22 due to the recent significant increase in the insurance premium relating to EEH housing properties.

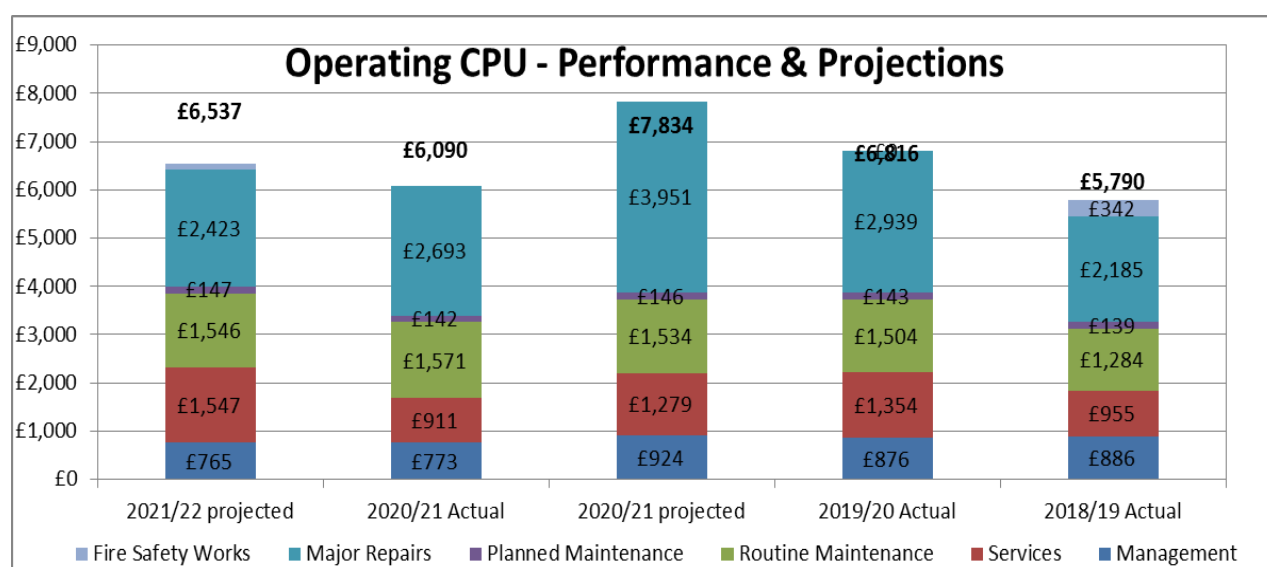
The Board recently approved a shared ownership sales programme for 48 of the new build units due to be completed at the Orchard Wharf and Violet Road schemes. The net income from this area of activity is forecast at £49k in 2021/22 and circa £6 million over the next three years.

Income from commercial properties is projected at £ 1.176 million in 2021/22 a reduction of £356k from the high level of £1.532 million in 2018/19. The current ongoing COVID- 19 pandemic presents a very challenging operating environment for our shop owners and will undoubtedly impact on this area of income for East End Homes.

East End Homes’ portfolio of 60 private rented properties contributed £1,014k to the group’s turnover, with a surplus of £783k. Given the uncertainties around the London housing market and the impact of the Covid-19 pandemic, conservative assumptions have been made for rental income for these properties with marginal reduction in turnover forecast for 2021/22.

**Operating Costs Performance and Comparison**

Cost per unit	2021/22 projected	2020/21 Actual	2020/21 projected	2019/20 Actual	2018/19 Actual
Management	765.0	773.0	924.0	876.0	885.73
Services	1,547.0	911.0	1,279.0	1,354.0	954.74
Routine maintenance	1,546.0	1,571.0	1,534.0	1,504.0	1,284.13
Planned maintenance	147.0	142.0	146.0	143.0	138.73
<b>Operating Costs</b>	<b>4,005.0</b>	<b>3,397.00</b>	<b>3,883.0</b>	<b>3,877.00</b>	<b>3,263.33</b>
Major repairs	156.0	157.0	167.0	337.0	169.85
Capitalised Major Works expenditure	2,313.75	2,536.0	3,784.0	2,602.0	2,015.12
Exceptional Fire Safety Works	109.5	-	-	-	341.84
<b>Total Operating Costs</b>	<b>6,537.25</b>	<b>6,090.0</b>	<b>7,834.0</b>	<b>6,816.0</b>	<b>5,790.14</b>
Bad debts	18.4	212.3	81.0	11.1	55.14
Depreciation of costs of Housing properties	1,645.0	1,448.0	1,466.0	1,849.02	1,321.92
<b>Total</b>	<b>8,200.65</b>	<b>7,750.30</b>	<b>9,381.0</b>	<b>8,676.12</b>	<b>7,167.19</b>



Sources: East End Homes Financial Statements / Budget. Consolidated (group) figures

The data above relates to East End Homes' operating costs in relation to its affordable rented properties only.

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

### **Value for Money Gains**

The East End Homes Board sets an annual target for Value for Money gains, and through its Committee structures monitors the delivery of this target. In addition to an overall financial target for each financial year, there is second headline target which is monitored through the Value for Money Register, relating to the satisfaction of tenants and leaseholders with the value for money of their rents or service charges.

For several years up to and including 2019/20 the Board set a target with a view to delivering cost savings counteracting the impact on cost per unit of inflationary pressures. During 2019/20 it became apparent that it was no longer possible to continue to drive cost savings without making alterations to the service delivery model to which the Board has reaffirmed its commitment in agreeing the Corporate Plan for 2019-24.

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

		VFM Gains		
<b>2020/21</b>	<b>Target</b>	<b>Achieved</b>	<b>Variance</b>	
	£254,000	£205,000	(£49,000)	
<b>2021/22</b>	<b>Target</b>	<b>Current Forecast</b>	<b>Variance</b>	
	£249,000	£150,000	(£99,000)	

The £205,000 gains achieved in 2020/21 were largely from cumulative vacancy saving in budgeted staffing costs and from the renewal on insurances. The target of £249,000 in 2021/22 is expected to be achieved through a combination of cost savings and additional income. This would include items such as voids and new properties being brought into charge earlier than budgeted for.

### **Value for Money Self-Assessment Conclusion**

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

The following table summarises our actions against the specific expectations of the RSH:

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
<p>Registered providers must:</p> <ul style="list-style-type: none"> <li>a. clearly articulate their strategic objectives</li> <li>b. have an approach agreed by their Board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders</li> <li>c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs</li> <li>d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives</li> </ul>	<p>In September 2019 the Board agreed its updated Corporate Plan for the period 2019-24, which elucidates the strategic objectives for this period. During 2020 the Board and its committees reviewed and updated the Value for Money Strategy to support the revised Corporate Plan and its objectives. The revised VFM Strategy was signed off by Board in December 2020.</p>
<p><i>Registered providers must demonstrate:</i></p>	
<ul style="list-style-type: none"> <li>a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance</li> </ul>	<p>The Board has agreed an approach to achieving VFM through its Value for Money Strategy 2020/25, which includes a focus on considering and assessing options for service delivery. All Board reports contain a standard section assessing VFM implications of the report and the recommended decision.</p>
<ul style="list-style-type: none"> <li>b. regular and appropriate consideration by the Board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures</li> </ul>	<p>This report includes a summary of the Value for Money gains as delivered in the previous year and the plans for the current financial year. Identification of gains, in keeping with the VFM Strategy and the Board’s strategic approach, covers both the delivery of cost savings and the potential identification of additional income streams.</p>
<ul style="list-style-type: none"> <li>c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case</li> </ul>	<p>Performance information for non-core business activity is specifically disaggregated, for example rent collection on non-social units and commercial tenancies. Where appropriate the Board takes a close interest for example in consideration of challenges facing commercial tenancies during the pandemic. The financial implications of such activities are kept under review to ensure that any potential risks to the underlying viability of the group is understood and mitigated, and specific stress tests cover impacts on non-core activities to support this.</p>
<ul style="list-style-type: none"> <li>d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets</li> </ul>	<p>The Board has agreed targets in relation to Value for Money performance monitoring which include financial data and qualitative metrics relating to stakeholder satisfaction. Performance against targets is included within this report.</p>
<p><i>Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider’s:</i></p>	
<ul style="list-style-type: none"> <li>a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers</li> </ul>	<p>As part of determining its strategic approach to Value for Money, the Board has agreed to report performance (including in this document) covering the standard sector metrics and additional areas specifically selected to reflect the Board’s objectives and the particular nature of the</p>

Specific expectations of the RSH	Summary of how East End Homes is meeting these expectations
	organisation. This includes reporting comparative performance to an appropriate peer group.
b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this	Further to the ongoing quarterly performance monitoring processes, the Board reviews performance specifically against Value for Money metrics and considers its response where targets have not been met, with reference to wider socio-economic factors. For the avoidance of doubt, the fact of being more expensive on a cost per unit basis would not necessarily be the cause for remedial action, if the Board considered that this was the demonstrable outcome of decisions taken which reflected the Corporate Plan and its objectives, for example the ongoing delivery of services through a localised office structure.

## Risk Management

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

The 10 risks in the table below are these which currently have a ‘red’ assessment at the residual risk stage (as at August 2021). For each of these, further to the mitigating controls cited in the table below, the Board has been agreed an assurance plan which sets out the measures being taken by the organisation with a view to further mitigating or reducing the risk, seeking either to reduce the potential impact of the risk on EEH’s ongoing viability or the likelihood of the risk scenario occurring. The issues identified the Risk Register influence the scenarios modelled in stress-testing exercises, and the Board’s mitigation planning as a result of these stress tests.

#	Risk	Mitigating Controls
1	Rent / service charge collection (from social housing tenants) below business plan assumptions including impact of welfare reforms and recession arising from Covid-19 pandemic	<p>Ongoing tracking of collection against projected income by Finance team.</p> <p>Collection reviewed quarterly within Board KPI report.</p> <p>Staff receive training on HB changes, debt and welfare advice</p> <p>Partnership with Bromley by Bow Centre to provide Financial Inclusion support to both tenants and leaseholders</p> <p>Impacts of welfare reform under review and impacts incorporated into business plan assumptions including collection rates, void losses, bad debt provision and ancillary costs.</p> <p>Welfare Reform Action Plan in place to optimise payment collection and sustain tenancies.</p> <p>Annual stress-testing of forecast assumptions within Business Plan, plus ad hoc stress-testing in response to events and new identified risk factors.</p> <p>Internal audit completed during 2020/21 showing substantial assurance.</p>

#	Risk	Mitigating Controls
2	Reduction in Commercial Income	<p>Ongoing monitoring of KPI and impact on future budgetary assumptions, adopting a cautious approach on recovery and income projections, and bad debt provisions</p> <p>Proactive promotion of retail opportunities seeking to maintain high levels of occupancy, including temporary alternate uses if applicable (Avoid taking on responsibility for business rates liabilities on empty commercial properties where possible).</p> <p>Flexible payment policies introduced to seek to allow commercial tenants to recover from a short-term cashflow issues. All tenants were contacted during pandemic-related lockdown regarding first two quarters of 2020/21.</p> <p>Board setting up working group focused on commercial portfolio and monitoring of arrears cases.</p>
3	Pensions: - Increased employer contributions - Increased scheme deficit	<p>Cost increases on pension contributions included in revised business plan and budgets.</p> <p>Annual provision for pension scheme deficits made against reserves within Financial Statements.</p> <p>Business Plan takes into account anticipated increased level of employee participation in pension schemes brought about through automatic enrolment.</p> <p>EEH Board has chosen to close access to existing Defined Benefit schemes for new staff members and introduce a Defined Contribution scheme with lower employer costs.</p>
4	Inflation: - Headline inflation rate - Build cost inflation	<p>Ongoing monitoring</p> <p>Stress testing of Business Plan with different inflation rates.</p> <p>Introduce fixed price contracts</p> <p>Deliver efficiency savings.</p> <p>Key areas of potential inflation – IT, Repairs and Staffing Costs have all had contractual arrangements which seek to mitigate inflationary pressures.</p>
5	Funding & Development Costs: Insufficient funding availability to support major works and new business schemes	<p>Adequate financial appraisal of new schemes to ensure financial viability</p> <p>Ensure funding is in place to support agreed programme.</p> <p>Ensure sufficient scrutiny by Board.</p> <p>Regular review of scheme progress to ensure costs stay within budget.</p> <p>Regular updates to EMT and F&amp;A of 24 month cash flow to ensure sufficient funding.</p> <p>Market conditions kept under review.</p> <p>Explore grant funding opportunities wherever possible.</p>
6	Corporate Manslaughter and Corporate Homicide Act – failure to comply with responsibilities relating to fire safety, gas safety, asbestos, electrical safety, water safety and / or any other aspect of health and safety including staff safety.	<p>Programme of Fire Risk Assessments in place and monitoring processes for actions arising from these. Gas Servicing arrangements closely monitored, included within KPIs along with other Health and Safety KPIs and maintained at 100% on a continuous basis.</p> <p>Complete regulatory return on health &amp; safety issues</p> <p>Health and Safety Policy in place, working group established and meeting regularly and Policy reviewed and agreed annually by the Board.</p> <p>Health and Safety responsibilities outlined at Board Training Day.</p> <p>Internal Audit compliance reviews.</p>

#	Risk	Mitigating Controls
		Provision made in capital works programme for potential installation of sprinklers into EEH tower blocks.
7	ACM Cladding has potential to lead to serious safety issues as well as unforeseen costs and reputational damage.	<p>Non-compliant cladding on Denning Point has been replaced.</p> <p>Managing Agent for St Georges Private Sale blocks confirms cladding has been removed from the 5 blocks which were eligible for grant funding. Preparations underway for the 2 further blocks not deemed eligible i.e. requires collection of contributions.</p>
8	Introduction of new responsibilities under the Building Safety Bill and Fire Safety Act	<p>Keeping abreast of the work to implement Hackitt findings. Fire suppressant systems introduced to all high-risk refuse areas.</p> <p>Reviewing MHCLG issued guidance, including on Fire Doors and Spandrel Panels and High Pressure Laminate.</p> <p>Fire Safety Reports presented to the Board.</p> <p>Action Plan arising from the above report to be regularly presented to the Board, including reference to the consolidated advice note, which requires the review of all blocks 6 storeys and above with external cladding with a view to determining the level of risk.</p> <p>Initial stage of External Wall System (EWS) review now completed. Intrusive reports being obtained for all applicable blocks.</p> <p>Additional budgetary provision of £15million to be allocated for capital expenditure following refinancing with priority to fire safety works.</p>
9	<p>A Management Company associated with an EeH estate fails to meet its legal or health and safety responsibilities.</p> <ul style="list-style-type: none"> <li>- causes death or injury</li> <li>- reputational damage</li> </ul>	<p>Introduction of EeH Managing Agent Policy and Procedure.</p> <p>An expanded performance return identifying health and safety – 6 monthly report to SRC and annual review meeting.</p> <p>Internal audit completed in January 2020 finding adequate assurance, agreed recommendations are being implemented.</p> <p>Allocation of additional resource to support engagement with management companies.</p>
10	Safety risk associated with Community Buildings – not directly managed	<p>Included within Fire Risk Assessment Plan and health and safety audits</p> <p>Support provided in terms of criminal activity.</p> <p>Emphasis on safety issues rather than financial issues in any discussions with the groups</p> <p>Continue to include premises in EeH FRA and work with groups to identify responsible parties who will implement recommendations.</p>

**Pension commitments and associated issues**

East End Homes participates in two defined benefit (DB) final salary schemes, the Local Government Pension Scheme through the London Borough of Tower Hamlets, and the Social Housing Pension Scheme (SHPS). Entry to both of these schemes is now closed. East End Homes also participates in a defined contribution (DC) scheme under the SHPS. Since the introduction of auto enrolment in May 2014, all new entrants are now automatically enrolled into the SHPS (DC) scheme unless they specifically opt out. From 2012 to date, the number of East End Homes staff enrolled in a pension scheme has grown from 62 to 98 (90% of staff). The deficits in the defined benefit schemes in previous years have meant that East End Homes has to set aside a significant provision to cover the pension liabilities.

Since 2018/19 information became available to enable the Group to account for the Social Housing Pension Scheme as a defined benefit scheme. At 31 March 2021 £1.881 million (2020: £0.590 million) has been provided or recognised through the statement of comprehensive income and Provision for liabilities and Charges as the Groups share of deficit on the Social Housing Pension Scheme.

At 31<sup>st</sup> March 2021 East End Homes were notified of a pension scheme surplus of £1.894 million on the LGPS scheme, compared to the 2019/20 surplus of £1.048 million. The changes in the fair values of plan assets, defined benefit obligation and Net Liability in the LGP scheme for year end has been fully provided against the income and expenditure reserves under the heading of Provision for liabilities and Charges.

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

	2020/21		2019/20		2018/19	
	No of members	Deficit/ (Surplus) £'000	No of members	Deficit/ (Surplus) £'000	No of members	Deficit £'000
LGPS	18	(1,894)	20	(1,048)	22	1,412
SHPS (DB)	37	1,881	38	590	41	1,168
SHPS (DC)	43	-	41	-	37	-
<b>Total</b>	<b>98</b>	<b>(13)</b>	<b>99</b>	<b>(458)</b>	<b>100</b>	<b>2,580</b>
<b>Workforce</b>	<b>109</b>		<b>111</b>		<b>110</b>	

## **Directors**

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

## **Internal controls**

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

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

The Board of East End Homes annually reviews compliance with the Regulatory Standards published by the Regulator of Social Housing. The self-assessment was reported and agreed by the East End Homes Board on 16 June 2021. On completion of this self-assessment the Board agreed that East End Homes was fully compliant with the Regulatory Standards, including the Governance & Financial Viability Standard.

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

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

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

- sound corporate governance arrangements including the adoption of the National Housing Federation's Code of Governance,
- long term strategic plans with specific targets and objectives;
- a system of controls over financial operations and budgetary control;
- policies and procedures that are commensurate with East End Homes' standing orders and
- contingency planning arrangements to ensure the security of data, the ability to recover computer systems and maintain services in the event of major interruption.

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

## **Fraud**

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

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

In the year to 31 March 2021, there were no actual or attempted fraud cases.

### **Statement of the Board's responsibilities**

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

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

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

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

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

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

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

### **Going concern**

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

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

**Annual general meeting**

The annual general meeting will be held on 22 September 2021.

**Auditors**

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

Approved by the Board on 22 September 2021 and signed on its behalf by:



**Kevin Moore  
Chair**



**John Kettlewell  
Member**



**Jahangir Mannan  
Member**

## **EAST END HOMES LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST END HOMES LIMITED**

#### **Opinion**

We have audited the financial statements of East End Homes Limited “the parent Company” and its subsidiary (“the Group”) for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows, the Association Statement of Cash Flows and the related notes, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and the Company’s affairs as at 31 March 2021 and of the Group’s and Company’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

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

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

### **Responsibilities of the Board**

As explained more fully in the Statement of the Board's responsibilities set out on page 26, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the trustees Board about any incidences of fraud that had taken place during the accounting period.

**EAST END HOMES LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST END HOMES LIMITED (continued)**

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



**Michael Tourville ACA**

**Date: 30 September 2021**

**(Senior Statutory Auditor)**

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

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £'000	2020 £'000
Turnover	2	21,313	22,943
Operating expenditure	2	(16,611)	(19,306)
Gain / (loss) on disposal of property, plant and equipment (fixed assets)	5	5	150
<b>Operating surplus / (deficit)</b>	2	4,707	3,787
Interest receivable and similar income	6	24	57
Interest and financing costs	7	(2,256)	(2,459)
Increase / (decrease) in valuation of investment properties		370	-
<b>Surplus / (deficit) for the year before taxation</b>	8	2,845	1,385
Taxation	9	-	-
<b>Surplus / (deficit) for the year</b>		2,845	1,385
Initial recognition of multi-employer defined benefit scheme			-
Actuarial loss/gain in respect of pension schemes		(474)	3,387
<b>Total comprehensive income for the year</b>		2,371	4,772

The results relate wholly to continuing activities.

The financial statements on pages 32 to 67 were approved and authorised for issue by the Board on 22 September 2021 and were signed on its behalf by:

The notes on pages 39 to 67 form an integral part of these financial statements.



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £'000	2020 £'000
<b>Turnover</b>	2	21,035	22,668
<b>Operating expenditure</b>	2	(16,586)	(19,275)
<b>Gain / (loss) on disposal of property, plant and equipment (fixed assets)</b>	5	5	150
<b>Operating surplus / (deficit)</b>	2	4,454	3,543
<b>Gift aid received from subsidiary</b>		245	235
<b>Interest receivable and similar income</b>	6	24	56
<b>Interest and financing costs</b>	7	(2,256)	(2,459)
<b>Increase / (decrease) in valuation of investment properties</b>		370	-
<b>Surplus / (deficit) for the year before taxation</b>	8	2,837	1,375
<b>Taxation</b>	9	-	-
<b>Surplus / (deficit) for the year after taxation</b>		2,837	1,375
<b>Initial recognition of multi-employer defined benefit scheme</b>			-
<b>Actuarial (loss) / gain in respect of pension schemes</b>		(474)	3,387
<b>Total comprehensive Income for the year</b>		2,363	4,762

The results relate wholly to continuing activities

The financial statements on pages 32 to 67 were approved and authorised for issue by the Board on 22 September 2021 and were signed on its behalf by:

The notes on pages 39 to 67 form an integral part of these financial statements



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**  
 Company number 4516155

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets: housing properties	10	168,057	154,130
Investment properties	11	17,577	17,207
Tangible fixed assets: other fixed assets	12	1,304	1,386
		<hr/>	<hr/>
		186,938	172,723
<b>Current assets</b>			
<b>Trade and other debtors</b>			
- due within one year	13	5,009	5,520
- due after one year	13	503	503
Cash and cash equivalents		8,870	3,432
		<hr/>	<hr/>
		14,382	9,455
<b>Less creditors:</b>			
Amounts falling due within one year	14	(8,185)	(8,707)
		<hr/>	<hr/>
<b>Net current assets / (liabilities)</b>		6,197	748
<b>Total assets less current liabilities</b>		<hr/>	<hr/>
		193,135	173,471
<b>Creditors:</b>			
Amounts falling due after more than one year	15	(114,463)	(97,615)
Provision for liabilities and charges	20	13	458
<b>Total net assets</b>		<hr/>	<hr/>
		78,685	76,314
<b>Capital and reserves</b>			
Revaluation reserve		1,794	1,424
Income and expenditure reserve		76,891	74,890
<b>Total Reserves</b>		<hr/>	<hr/>
		78,685	76,314

The notes on pages 39 to 67 form an integral part of these financial statements

The financial statements on pages 32 to 67 were approved and authorised for issue by the Board on 22 September 2021 and signed on its behalf by:



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**  
 Company number 4516155

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets: housing properties	10	168,057	154,130
Investment properties	11	17,577	17,207
Tangible fixed assets: other fixed assets	12	1,304	1,386
		<hr/>	<hr/>
		186,938	172,723
<b>Current assets</b>			
<b>Trade and other debtors</b>			
- due within one year	13	5,001	5,564
- due after one year	13	503	503
Cash and cash equivalents		8,553	3,060
		<hr/>	<hr/>
		14,057	9,127
<b>Less creditors:</b>			
Amounts falling due within one year	14	(8,113)	(8,624)
		<hr/>	<hr/>
<b>Net current assets / (liabilities)</b>		5,944	503
<b>Total assets less current liabilities</b>		<hr/>	<hr/>
		192,882	173,226
<b>Creditors:</b>			
Amounts falling due after more than one year	15	(114,463)	(97,615)
Provision for liabilities and charges	20	13	458
		<hr/>	<hr/>
<b>Total net assets</b>		78,432	76,069
<b>Capital and reserves</b>			
Revaluation reserve		1,794	1,424
Income and expenditure reserve		76,638	74,645
		<hr/>	<hr/>
<b>Total reserves</b>		78,432	76,069

The notes on pages 39 to 67 form an integral part of these financial statements

The financial statements on pages 32 to 67 were approved and authorised for issue by the Board on 22 September 2021 and signed on its behalf by:



**Kevin Moore**  
Chair



**John Kettlewell**  
Member



**Jahangir Mannan**  
Member

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

	<b>Group Income and expenditure reserve £'000</b>	<b>Group Revaluation reserve £'000</b>	<b>Group Total reserves £'000</b>
<b>Balance at 1 April 2019</b>	70,118	1,424	71,542
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	4,772	-	4,772
<b>Transfer to/from revaluation reserve</b>	-	-	-
<b>Balance at 31 March 2020</b>	74,890	1,424	76,314
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	2,371	-	2,371
<b>Transfer to/from revaluation reserve</b>	(370)	370	-
<b>Balance at 31 March 2021</b>	76,891	1,794	78,685

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**

	<b>Association Income and expenditure reserve £'000</b>	<b>Association Revaluation reserve £'000</b>	<b>Association Total reserves £'000</b>
<b>Balance at 1 April 2019</b>	69,883	1,424	71,307
<b>Surplus / (deficit) from Statement of Comprehensive Income (Restated)</b>	4,762	-	4,762
<b>Transfer to/from revaluation reserve</b>	-	-	-
<b>Balance at 31 March 2020</b>	74,645	1,424	76,069
<b>Surplus / (deficit) from Statement of Comprehensive Income</b>	2,363	-	2,363
<b>Transfer to/from revaluation reserve</b>	(370)	370	-
<b>Balance at 31 March 2021</b>	76,638	1,794	78,432

The notes on pages 39 to 67 form an integral part of these financial statements.

**EAST END HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
<b><u>Net cash generated from operating activities</u></b>	i		6,271		9,760
<b><u>Cash flow from investing activities</u></b>					
Purchase of investment properties		-		(3,602)	
Purchase of tangible fixed assets		(104)		(143)	
Acquisition and construction of housing properties		(16,931)		(16,272)	
Proceeds from sale of tangible fixed assets		5		292	
Interest Received		26		73	
Grant Received		3,491		3,177	
			(13,513)		(16,475)
<b><u>Cash flow from financing activities</u></b>					
Interest Paid		(2,320)		(2,424)	
New loans secured		20,000		10,000	
Repayment of borrowings		(5,000)		(5,000)	
			12,680		2,576
<b>Net change in cash and cash equivalents</b>			5,438		(4,139)
<b>Cash and cash equivalents at beginning of the year</b>			3,432		7,571
<b>Cash and cash equivalents at end of the year</b>			8,870		3,432
<b>Cash and cash equivalents comprise:</b>					
Cash at bank			8,870		3,432
<b>Note i</b>					
<b><u>Cash flow from operating activities</u></b>					
Surplus for the year			2,538		4,772
<b>Adjustments for non-cash items:</b>					
Depreciation of tangible fixed assets			3,447		4,357
(Increase)/ decrease in trade and other debtors			510		10,690
(Decrease)/ increase in trade and other creditors			(1,803)		(13,448)
Increase/ (decrease) in provisions			279		(3,038)
Carrying amount of tangible fixed asset disposals			-		22
Revaluation of investment properties			(371)		-
<b><u>Adjustments for investing or financing activities:</u></b>					
Proceeds from the sale of tangible fixed assets			(5)		(292)
Interest payable			2,256		2,459
Interest received			(24)		(57)
Government grants amortised			(556)		(556)
<b>Net cash generated from operating activities</b>			6,271		9,760

The notes on pages 39 to 67 form an integral part of these financial statements.

**EAST END HOMES LIMITED**  
**ASSOCIATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
<b><u>Net cash generated from operating activities</u></b>	i		6,326		9,772
<b><u>Cash flow from investing activities</u></b>					
Purchase of investment properties		-		(3,602)	
Purchase of tangible fixed assets		(104)		(143)	
Acquisition and construction of housing properties		(16,931)		(16,272)	
Proceeds from sale of tangible fixed assets		5		292	
Interest Received		26		72	
Grant Received		3,491		3,177	
			(13,513)		(16,476)
<b><u>Cash flow from financing activities</u></b>					
Interest Paid		(2,320)		(2,424)	
New loans secured		20,000		10,000	
Repayment of borrowings		(5,000)		(5,000)	
			12,680		2,576
<b>Net change in cash and cash equivalents</b>			5,493		(4,128)
<b>Cash and cash equivalents at beginning of the year</b>			3,060		7,188
<b>Cash and cash equivalents at end of the year</b>			8,553		3,060
<b>Cash and cash equivalents comprise:</b>					
Cash at bank			8,553		3,060
<b>Note i</b>					
<b><u>Cash flow from operating activities</u></b>					
Surplus for the year			2,530		4,762
<b>Adjustments for non-cash items:</b>					
Depreciation of tangible fixed assets			3,447		4,357
(Increase)/ decrease in trade and other debtors			562		10,715
(Decrease)/ increase in trade and other creditors			(1,792)		(8,601)
Increase/ (decrease) in provisions			279		(3,038)
Carrying amount of tangible fixed asset disposals			-		22
Revaluation of investment properties			(371)		-
<b><u>Adjustments for investing or financing activities:</u></b>					
Proceeds from the sale of tangible fixed assets			(5)		(292)
Interest payable			2,256		2,459
Interest received			(24)		(56)
Government grants amortised			(556)		(556)
<b>Net cash generated from operating activities</b>			6,326		9,772

The notes on pages 39 to 67 form an integral part of these financial statements.

**EAST END HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**1. PRINCIPAL ACCOUNTING POLICIES**

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

The group comprises the following entities:

<b>Name</b>	<b>Incorporation</b>	<b>Registered/Non-registered</b>
East End Homes Limited	Companies Act 2006	Registered
East End Homes (Community Development) Limited	Companies Act 2006	Non-registered

**Basis of Accounting**

The Group and Association's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are prepared on the historical cost basis of accounting as modified by investment properties and pension fund assets and liabilities held at fair value and are presented in sterling £'000.

The Group and Association's financial statements have been prepared in compliance with FRS 102. As a public benefit entity, East End Homes Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

*Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole
- The accounting relating to the Social Housing Pension Fund has not been consistently applied. The accounting policy is set out on page 40. The consolidated financial statements have applied Financial Reporting Exposure Draft 71 'Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.

**Basis of Consolidation**

The consolidated financial statements incorporate the results of East End Homes Limited and its subsidiary undertaking East End Homes (Community Development) Limited, registered company number 05838745, as at 31 March 2020 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control. Intra-group transactions are eliminated on consolidation.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)****Turnover**

Turnover represents rental income receivable, amortised capital grant, service charges, revenue grants from local authorities, the Greater London Authority and Homes England, management fees receivable and other income and are recognised in relation to the period when the goods and services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. All income is recognised on a receivable basis and sales of property are recognised at completion. Income is recognised on delivery of service. Intra-group charges are on an arm's length basis and are eliminated on consolidation.

Sale of properties developed for outright sale are included in Turnover and Cost of Sales

**Housing properties**

Housing properties are properties used in the provision of social benefit purposes or for wider community benefits. They include socially rented units.

East End Homes account for housing properties using the historical cost model. Housing properties are initially recognised at the cost of bringing them to their present condition. Such costs include the cost of acquiring land and the buildings, cost of construction, directly attributable administration costs and expenditure incurred in improving or reinvesting in existing properties.

Social housing properties in the course of development are carried at their development costs to date less impairment.

Housing properties are stated in the Statement of Financial Position at cost less depreciation less impairment. Depreciation is charged on completed social housing properties, excluding freehold land on a straight line basis over the useful economic life of the component from the date of practical completion.

Under SORP 2018, the costs of housing properties is split between their land and structure costs and a specific set of major components which require periodic refurbishment or replacement. The costs of refurbishment of or replacement of such components is capitalised and depreciated over the expected useful economic lives of the components as follows:

<b>Component</b>	<b>Useful economic life (years)</b>
<b>Land</b>	Not depreciated
<b>Structure</b>	100
<b>Roof</b>	30
<b>Lift</b>	50
<b>Bathroom</b>	30
<b>Kitchen</b>	25
<b>Electrical</b>	30
<b>Heating Systems</b>	20
<b>Windows</b>	30
<b>Doors</b>	30

Major repairs expenditure is capitalised where the works undertaken increase the future economic benefit to be derived from the property. An increase in the future economic benefit can arise through either an increase in the rental income or a reduction in future maintenance costs or a significant extension in the life of the property. Where the works are either routine repairs or replacements with no incremental benefit then the costs are charged to the statement of comprehensive income in the period in which they are incurred.

## **EAST END HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

Land and properties that are donated from local authorities or acquired at a discount to their fair values as a result of planning requirement under Section 106 Town and Country Planning Act 1990 are carried in the Statement of Financial Position at their fair value subject to the restrictions attached to those assets and not at the consideration paid by East End Homes. Donated land is also carried at the fair value at the time of the donation rather than at £nil value.

#### **Sales of housing properties**

Property sales are attributable to preserved Right to Buy or Right to Acquire sales. The gain or loss on disposal of housing properties is recognised in the Statement of Comprehensive Income at the date of transfer of title.

#### **Other tangible fixed assets**

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write the assets down to their residual values over their estimated useful economic lives, which are as follows:

Motor vehicles	-	3 years
Office furniture and equipment	-	5 years
Computer equipment	-	3 years
Office buildings	-	50 years

#### **Loan interest costs**

Loan interest costs are calculated using the effective interest method of the difference between the loan amounts at initial recognition and amount of maturity of the related loan.

#### **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

#### **VAT**

East End Homes Limited and East End Homes (Community Development) Limited are registered as a VAT group. A large proportion of East End Homes' income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the Statement of Comprehensive Income.

#### **Taxation**

The Association has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities.

#### **Operating leases**

Rental paid under operating leases is charged to the Statement of Comprehensive Income as incurred.

#### **Provisions**

East End Homes only provides for contractual liabilities and pension commitments which exist at the Statement of Financial Position date.

**Treasury management**

East End Homes has adopted CIPFA's Code of Practice for Treasury Management in the Public Services (2017) and the accompanying Guidance Notes for Registered Providers.

**Rent Setting**

East End Homes complies with the Regulator of Social Housing's Rent Standard as a key component of the Regulatory Framework.

**Going Concern**

The Board have considered the impact of COVID19 on its operations and have concluded that there is a reasonable expectation that the Group and Association have adequate resources to continue in operational existence for the foreseeable future. No other significant concerns have been noted in the business plan updated for 2019/20. Therefore, the Group and Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

**a. Development expenditure**

The Group capitalises development expenditure in accordance with the accounting policy described on page 50. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

**b. Categorisation of housing properties**

The Group has undertaken a detailed review of the intending use of all housing properties. In determining the intending use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that commercial properties are investment properties.

**c. Impairment**

The Group has undertaken an Impairment Review of non-financial assets.

**Other key sources of estimation and assumptions:**

**a. Tangible fixed assets**

Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

**b. Revaluation of investment properties**

The Group and Association carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group and Association engaged independent valuation specialists to determine fair value at 31 March 2020 and 31 March 2021. The valuer used a fair value technique as an estimate for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction. The key assumptions used to determine the fair value of investment property are further explained in note 11.

**c. Pension and other post-employment benefits**

East End Homes participates in two pension schemes namely; Social Housing Pension Scheme (SHPS) and LGPS with London Borough of Tower Hamlets (LBTH).

The full pension deficit liability for the Social Housing Pension Scheme (SHPS) is disclosed as a liability. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise.

The full pension deficit liability for the London Borough of Tower Hamlets (LBTH) LGPS is disclosed as a liability. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise.

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the financial statements follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

**Impairment of non-financial assets**

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

**Impairment of non-financial assets (continued)**

Following a trigger for impairment, the Group and Association perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Following the assessment of impairment, no impairment losses were identified in the reporting period.

**Non exchange transactions**

Non exchange transactions such as donations, grants from non-government sources and legacies are recognised in the comprehensive income statement when received or receivable and do not impose future performance related conditions. Where there are performance conditions the non-exchange transactions are recognised as liabilities until the performed conditions have been discharged.

**Service Charge**

Service charges are set at a level which should recover the cost of providing services at the schemes. Where costs have either been under or over recovered, the resulting surplus or deficit is recovered or repaid in future years. The Group operates variable service charges on a scheme by scheme basis in full consultation with the residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

**Capitalisation of interest and administration costs**

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

**Investment properties**

Investment property includes commercial and other properties not held for the social benefit of the Group and are measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure. Investment properties are included in the Statement of Financial Position at their fair value; where, fair value is the amount that willing and informed parties are able to transact. The fair value is determined in accordance with the guidance notes on the valuation of assets issued by the Royal Institute of Chartered Surveyors. Movements in the fair values of investment properties are recognised in the Statement of Comprehensive Income. No depreciation is provided.

**Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

### **Social Housing and other government grants**

Government grants are grants from government sources such as local authorities and Homes England and they are accounted for under the accruals model. Government grants relating to assets are amortised over 100 years, or if the grant is allocated to a component or a building with a lease then it is amortised over the corresponding life. The unamortised element is treated in the Statement of Financial Position as deferred income.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Grants relating to revenue are recognised in income on a systematic basis over the period in which the social landlord recognises the related costs for which the grant is intended to compensate. Grants that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised as revenue in the period in which they become receivable.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

### **Other grants**

Other grants are any grants other than government grants. They are held as deferred income and released to the Statement of Comprehensive Income in line with the revenue recognition criteria using the performance model. Revenue is recognised when the performance conditions attached to the other grants have been fully met.

### **Financial Instruments**

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through the Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial instruments held by the Group are classified as follows:

- Financial assets such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method. Cash is held at cost.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.

All loans held by the Group are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

### **Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:**

- The best evidence of fair value is a quoted price in an active market.
- When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations

EAST END HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. GROUP –TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2021			2020		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income from social housing lettings</b>						
<b>General Needs &amp; Intermediate Rent</b>	16,394	(11,743)	4,651	18,098	(13,680)	4,418
<b>Income from non-social housing activities</b>						
<b>Leasehold</b>	2,070	(3,534)	(1,464)	2,130	(4,330)	(2,200)
<b>Commercial lettings</b>	1,124	(856)	268	1,403	(891)	512
<b>Overage receipts and other income</b>	661	(192)	469	309	(198)	111
<b>Private rented properties</b>	1,064	(286)	778	1,003	(207)	796
<b>Surplus on disposal of fixed assets</b>			5	-	-	150
	<u>21,313</u>	<u>(16,611)</u>	<u>4,707</u>	<u>22,943</u>	<u>(19,306)</u>	<u>3,787</u>

	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>		
<b>Income from social housing Lettings</b>		
<b>Rent receivable net of identifiable service charge</b>	14,470	14,053
<b>Service charge income</b>	1,253	1,665
<b>Other income from social housing lettings</b>	115	152
<b>Government grants taken to income</b>	0	1,672
<b>Amortised government grants</b>	556	556
<b>Total turnover from social housing lettings</b>	<u>16,394</u>	<u>18,098</u>
<b>Operating expenditure on social housing lettings</b>		
<b>Management</b>	(1,740)	(1,972)
<b>Service charge costs</b>	(2,052)	(3,050)
<b>Routine maintenance</b>	(3,538)	(3,387)
<b>Planned maintenance</b>	(320)	(322)
<b>Major repairs expenditure</b>	(354)	(760)
<b>Bad debts</b>	(478)	(25)
<b>Depreciation of housing properties</b>	(3,261)	(4,164)
<b>Total operating expenditure on social housing lettings</b>	<u>(11,743)</u>	<u>(13,680)</u>
<b>Operating surplus on social housing lettings –General Needs</b>	<u>4,651</u>	<u>4,418</u>
<b>Void losses</b>	113	89

## 2. ASSOCIATION -TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover £'000	2021 Operating Costs £'000	Operating Surplus £'000	Turnover £'000	2020 Operating Costs £'000	Operating Surplus £'000
<b>Income from social housing lettings</b>						
General Needs & Intermediate Rent	16,394	(11,743)	4,651	18,098	(13,680)	4,418
<b>Income from non-social housing activities</b>						
Leaseholders	2,070	(3,534)	(1,464)	2,131	(4,332)	(2,201)
Commercial lettings	1,011	(855)	156	1,291	(888)	403
Overage receipts and other income	496	(168)	328	145	(168)	(23)
Private rented properties	1,064	(286)	778	1,003	(207)	796
Surplus on disposal of fixed assets			5	-	-	150
	21,035	(16,586)	4,454	22,668	(19,275)	3,543
			<b>Total £'000</b>			<b>Total £'000</b>
<b>Income from social housing lettings - General needs</b>						
Rent receivable net of identifiable service charge			14,470			14,053
Service charge income			1,253			1,665
Other income from social housing lettings			115			152
Government grants taken to income			-			1,672
Amortised government grants			556			556
<b>Total turnover from social housing lettings</b>			16,394			18,098
<b>Operating expenditure on social housing lettings</b>						
Management			(1,740)			(1,972)
Service charge costs			(2,052)			(3,050)
Routine maintenance			(3,538)			(3,387)
Planned maintenance			(320)			(322)
Major repairs expenditure			(354)			(760)
Bad debts			(478)			(25)
Depreciation of housing properties			(3,261)			(4,164)
<b>Total operating expenditure on social housing lettings</b>			(11,743)			(13,680)
<b>Operating surplus on social housing lettings – General Needs</b>			4,651			4,418
Void losses			113			89

**3. DIRECTORS' EMOLUMENTS – GROUP AND ASSOCIATION**

The emoluments of the Chief Executive, Managing Director and Executive Management Team were £464,176 (2020: £413,822) of which the emoluments (excluding pension contributions) of the Managing Director was £120,316 (2020: £115,701). The emoluments of the Chief Executive were £101,829 (2020: £97,064).

The Managing Director is an ordinary member of London Borough of Tower Hamlets pension scheme. No enhanced or special terms apply.

None of the Members of the Board received any emoluments during the year and reimbursed expenses during the year amounted to £474 (2020: £1,792).

**4. EMPLOYEE INFORMATION**

The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:

	<b>2021</b>	<b>2020</b>
Full time	88	86
Part time	12	13
	<hr/> 100	<hr/> 99
Staff costs (for the above persons)		
	<b>GROUP 2021 £'000</b>	<b>GROUP 2020 £'000</b>
Wages and salaries	4,046	3,801
Social security costs	403	395
Other pension costs	759	727
	<hr/> 5,208	<hr/> 4,923

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:	2021	2020
£60,000 - £69,999	2	1
£70,000 - £79,999	2	2
£80,000 - £89,999	-	1
£90,000 - £99,999	1	1
£100,000 - £109,999	1	-
£110,000 - £119,999	-	1
£120,000- £129,000	1	-

**5. GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT (FIXED ASSETS)**

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Proceeds of sales	5	292	5	292
Less: Costs of sales	-	(142)	-	(142)
<b>Surplus</b>	5	150	5	150

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
On loan to subsidiary company – East End Homes (Community Development) Ltd	-	-	-	-
Deposit interest receivable from short-term investment of surplus cash balances	24	57	24	56
	24	57	24	56

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
On bank loans, overdrafts and other loans	(2,256)	(2,459)	(2,256)	(2,459)

**8. SURPLUS ON ORDINARY ACTIVITIES**

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Surplus on ordinary activities is stated after charging:</b>				
<b><u>Auditors remuneration excluding VAT</u></b>				
- in their capacity as auditors	32	27	30	25
- in respect of other services	2	2	1	1
<b>Operating lease rentals:</b>				
- Land and Building	-	-	-	-
- Office Equipment	15	22	15	22
<b><u>Depreciation</u></b>				
Depreciation of housing properties	3,261	4,164	3,261	4,164
Depreciation of other tangible fixed assets	186	193	186	193

**9. TAXATION**

The Association has charitable status on income and gains falling within section 478 of the Corporation Tax Act 2010 to the extent that these are applied to its charitable objects and therefore has no liability to corporation tax for the year. Taxable profits of the subsidiary company are gift aided to the charitable parent to minimise the corporation tax liability for the group.

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>UK corporation tax</b>	-	-	-	-

## 10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP &amp; ASSOCIATION

	Housing properties completed	Housing properties Under development	Housing properties refurbishment programme Completed	Housing properties refurbishment programme uncompleted	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2020	57,340	11,453	108,138	3,601	180,532
Additions – Refurbishment	-	-	-	5,710	5,710
Additions – New Build	-	11,478	-	-	11,478
Disposals	-	-	-	-	-
Transfer to I & E	-	-	-	-	-
Completions in year	-	-	1,526	(1,526)	-
<b>At 31 March 2021</b>	<b>57,340</b>	<b>22,931</b>	<b>109,664</b>	<b>7,785</b>	<b>197,720</b>
<b>Depreciation</b>					
At 1 April 2020	(4,200)	-	(22,202)	-	(26,402)
Charged in year	-	-	(3,261)	-	(3,261)
Released on disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>(4,200)</b>	<b>-</b>	<b>(25,463)</b>	<b>-</b>	<b>(29,663)</b>
<b>Net Book Value</b>					
At 1 April 2020	53,140	11,453	85,936	3,601	154,130
At 31 March 2021	53,140	25,528	84,201	5,188	168,057

**10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP & ASSOCIATION (CONTD)**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Housing properties at cost comprise:</b>		
<b>Freeholds</b>	197,720	180,532

The cost of housing properties completed includes £2.8 million transfer value of properties on the Island Gardens estate

Additions to housing properties during the year of £17.2 million (2020: £16.4 million) relate to the capitalised costs towards acquisition of new affordable social housing units, and refurbishment works on existing stock including fees, capitalised salaries and incremental overheads

At 31 March 2021 the Board estimated the vacant possession open market value of East End Homes housing properties to be £709.8 million (2020: £709.8 million).

**11. INVESTMENT PROPERTIES**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At start of year</b>	17,207	13,605	17,207	13,605
<b>Additions</b>		3,602		3,602
<b>Gain (Loss) from adjustment in Value</b>	370		370	
<b>At end of year</b>	17,577	17,207	17,577	17,207

East End Homes has to date invested in 60 (2020: 60) properties for private rent, which generate additional surpluses for reinvestment into the core business activities. These properties are treated as investment properties and recognised at their current market values. Investment properties were valued at 31 March 2021 by HCH Surveyors Ltd, a firm of professionally qualified surveyors. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

At 31 March 2021 there were no contractual obligations in respect of the investment properties (2020: none).

## 12. OTHER TANGIBLE FIXED ASSETS – ASSOCIATION &amp; GROUP

	Office Buildings	Computer Equipment	Office Furniture & Equipment	Motor Vehicles	Total Association and Group
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2020	1,367	1,142	694	154	3,357
Additions	-	90	14	-	104
Disposals	-	-	-	-	-
At 31 March 2021	1,367	1,232	708	154	3,461
<b>Depreciation</b>					
At 1 April 2020	(303)	(954)	(588)	(126)	(1,971)
Charge for the year	(27)	(94)	(54)	(11)	(186)
Disposals	-	-	-	-	-
At 31 March 2021	(330)	(1,048)	(642)	(137)	(2,157)
<b>Net book value</b>					
At 1 April 2020	1,064	188	106	28	1,386
At 31 March 2021	1,037	184	66	17	1,304

## 13. DEBTORS

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
<b>Rental debtors</b>	933	858	933	858
<b>Provision for bad and doubtful debts</b>	(485)	(442)	(485)	(442)
	448	416	448	416
<b>Shop rental debtors</b>	405	87	405	87
<b>Provision for bad and doubtful debts</b>	(101)	(23)	(101)	(23)
	304	64	304	64
<b>Leasehold debtors</b>	3,749	3,587	3,749	3,587
<b>Provision for bad and doubtful debts</b>	(400)	(393)	(400)	(393)
	3,349	3,194	3,349	3,194
<b>Other debtors</b>	573	1,313	579	1,317
<b>Prepayments and accrued income</b>	335	533	293	504
<b>Amounts due from other group entities</b>	-	-	28	69
	908	1,846	900	1,890
<b>Amounts due within one year</b>	5,009	5,520	5,001	5,564
<b>Amounts falling due after more than one year:</b>				
<b>LBTH pension debtor</b>	503	503	503	503
	5,512	6,023	5,504	6,067

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing Loans	1,000	-	1,000	-
Trade creditors	-	-	-	-
Other creditors including other taxes social security and pensions	2,257	2,312	2,257	2,312
Rents and service charges received in advance	1,073	932	1,073	932
Accruals and deferred income	3,268	4,876	3,196	4,793
Deferred capital grant	587	587	587	587
Amount owed to group entity	-	-	-	-
	<u>8,185</u>	<u>8,707</u>	<u>8,113</u>	<u>8,624</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pension creditor	-	-	-	-
Deferred Capital Grant	57,874	54,939	57,874	54,939
Housing Loans	57,500	43,500	57,500	43,500
Loan Arrangement Fees	(911)	(824)	(911)	(824)
	<u>114,463</u>	<u>97,615</u>	<u>114,463</u>	<u>97,615</u>

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

To date East End Homes has received £13.0 million DCLG gap funding to finance refurbishment works to the Glamis stock (£2.1 million), Holland & Denning stock (£1.2 million), and the St George's stock (£9.7 million). All gap funding received are recognised under deferred capital grant and released as income over the lives of the housing properties structures that the funds were used to refurbish.

**16. DEFERRED CAPITAL GRANT AND FINANCIAL ASSISTANCE – GROUP & ASSOCIATION**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	55,526	52,905
<b>Grant received in the year</b>	3,491	3,177
<b>Released to income in the year</b>	(556)	(556)
<b>Disposals</b>		
<b>Balance at 31 March</b>	58,461	55,526
<b>Amount due to be released &lt; 1 year (Note 14)</b>	587	587
<b>Amount due to be released &gt; 1 year (Note 15)</b>	57,874	54,939
<b>The total accumulated government grant and financial assistance received or receivable at 31 March including through the transfer of assets:</b>	63,683	63,396

**17. HOUSING LOANS**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Repayable;</b>				
<b>Within one year or on demand</b>	1,000	-	1,000	-
<b>Between one and two years</b>	8,500	1,000	8,500	1,000
<b>Between two and three years</b>	3,500	3,500	3,500	3,500
<b>Between three and four years</b>	4,000	3,500	4,000	3,500
<b>Between four and five years</b>	4,000	4,000	4,000	4,000
<b>After more than five years</b>	37,500	31,500	37,500	31,500
	58,500	43,500	58,500	43,500
<b>Loan Arrangement Fees</b>	(911)	(824)	(991)	(824)

The Association has an existing £94.0 million loan facility, comprising £49.0 million with Barclays Bank plc and £45.0 million with M&G Investments. At 31 March 2021, £58.5 million loans has been drawn down at an average rate of interest (plus margin) of 3.87%. The facility includes a revolving credit facility for £15.5 million. All loans are secured against the group's assets.

**18. CAPITAL COMMITMENTS – GROUP & ASSOCIATION**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital expenditure contracted for but not provided in the financial statements</b>	57,119	1,973
<b>Capital expenditure authorised by the Board but not yet contracted for</b>	39,869	27,090

Capital expenditure authorised by the Board relates to the acquisition of new build properties and the 5 year capital investment programme (2021-2026) including fire safety works and development agreements with London Borough of Tower Hamlets for refurbishment works to be carried out on properties transferred to East End Homes.

Capital commitments are projected to be funded from mainly from loan borrowings and internally generated resources.

**19. OTHER FINANCIAL COMMITMENTS – GROUP & ASSOCIATION**

At 31 March 2021 the group and association had an annual commitment under the lease of office equipment of £14,863(2020: £22,039) expiring within the next 12 months.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)****20. PENSION OBLIGATIONS – GROUP & ASSOCIATION**

East End Homes participates in two defined benefit final salary schemes, the London Borough of Tower Hamlets Pension Scheme and the Social Housing Pension Scheme (SHPS) and a defined contribution scheme within the Social Housing Pension Scheme. The pension contributions, as shown in note 4, represent contributions payable by East End Homes to these schemes.

The disclosures required by the accounting requirements of FRS 102 relating to retirement benefits are as follows:

***London Borough of Tower Hamlets Pension Scheme (LGPS)***

The LGPS is a defined benefit statutory scheme, administered by the London Borough of Tower Hamlets in accordance with the Local Government Pension Scheme regulations 1997, as amended. It is contracted out of the state second pension.

Valuation Method Contributions to the scheme are determined by a qualified actuary on the basis of valuations, using the projected unit credit method. The last formal valuation of the Fund for the purpose of setting employers' actual contributions was at 31 March 2019.

***Financial Assumptions***

The financial assumptions used for the purposes of the FRS 102 calculations as at 31 March 2021 and 31 March 2020 are shown in the table below.

<b>Assumption as at</b>	<b>31 March 2021 % p.a.</b>	<b>31 March 2020 % p.a.</b>
<b>Pension Increase Rate</b>	2.90	1.90
<b>Salary Increases</b>	3.05	2.10
<b>Discount Rate</b>	2.00	2.30

***Expected Return on Assets***

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2020 for the year to 31 March 2021).

The assets of the scheme as a whole and the expected returns as at 31 March 2021 and 31 March 2020 are shown in the table below:

<b>Assets Main Fund</b>	<b>Value at 31 March 2021 £(000)</b>	<b>Value at 31 March 2020 £(000)</b>
<b>Equities</b>	20,141	12,081
<b>Bonds</b>	2,804	5,839
<b>Property</b>	2,040	2,014
<b>Cash</b>	510	201
<b>Total value of scheme assets</b>	<b>25,495</b>	<b>20,135</b>

There is no provision for unitising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

The present value of the above assets and liabilities attributable to East End Homes at 31 March 2021 and 31 March 2020 was:

**EAST END HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

<b>Net Pension Liability as at</b>	<b>31 March 2021 £(000)</b>	<b>31 March 2020 £(000)</b>
<b>Fair Value of Employer Assets</b>	25,495	20,135
<b>Present Value of Funded Liabilities</b>	(23,601)	(19,254)
<b>Net Underfunding in Funded Plans</b>	<b>1,894</b>	<b>881</b>

In accordance with the accounting requirements of FRS 102 relating to retirement benefits, the following items have been recognised in the financial statements of East End Homes:

***Impact on Statement of Financial Position***

	<b>31 March 2021 £(000)</b>	<b>31 March 2020 £(000)</b>
<b>Fair Value of Employer Assets</b>	25,495	20,135
<b>Present Value of Funded Liabilities</b>	(23,601)	(19,254)
<b>Net Liability provided for in the Financial Statements</b>	<b>1,894</b>	<b>881</b>

The movement in the deficit in the scheme during the year is as follows:

	<b>Year to 31 March 2021 £(000)</b>	<b>Year to 31 March 2020 £(000)</b>
<b>Deficit at beginning of the year</b>	881	(1,412)
<b>Actuarial gains\ (Losses) during the year</b>	1,013	2,293
<b>Surplus/ (Deficit) at end of year</b>	<b>1,894</b>	<b>881</b>

***Pensions Obligations Note - Social Housing Pension Scheme (SHPS)***

East End Homes participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Fair value of plan assets	4,685	3,646
Present value of defined benefit obligation	6,566	4,236
Surplus (deficit) in plan	(1,881)	(590)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,881)	(590)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(1,881)	(590)

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

## RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Year ended 31 March 2021 (£000s)
Defined benefit obligation at start of period	4,236
Current service cost	323
Expenses	6
Interest expense	102
Contributions by plan participants	81
Actuarial losses (gains) due to scheme experience	41
Actuarial losses (gains) due to changes in demographic assumptions	20
Actuarial losses (gains) due to changes in financial assumptions	1,804
Benefits paid and expenses	(47)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	6,566

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)****RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS**

	<b>Year ended 31 March 2021 (£000s)</b>
Fair value of plan assets at start of period	3,646
Interest income	89
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	528
Contributions by the employer	388
Contributions by plan participants	81
Benefits paid and expenses	(47)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	4,685

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £617,000.

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)**

	<b>Period from 31 March 2020 to 31 March 2021 (£000s)</b>
Current service cost	323
Expenses	6
Net interest expense	13
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	342

## DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Year ended 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	528
Experience gains and losses arising on the plan liabilities - gain (loss)	(41)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(20)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,804)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(1,337)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(1,337)

## ASSETS

	31 March 2021 (£000s)	31 March 2020 (£000s)
Global Equity	747	534
Absolute Return	259	190
Distressed Opportunities	135	70
Credit Relative Value	147	100
Alternative Risk Premia	176	255
Fund of Hedge Funds	1	2
Emerging Markets Debt	189	110
Risk Sharing	171	123
Insurance-Linked Securities	113	112
Property	97	80
Infrastructure	312	271
Private Debt	112	74
Opportunistic Illiquid Credit	119	88
High Yield	140	-
Opportunistic Credit	128	-
Cash	-	-
Corporate Bond Fund	277	208
Liquid Credit	56	1
Long Lease Property	92	63

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

Secured Income	195	138
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,191	1,211
Net Current Assets	28	16
Total assets	4,685	3,646

**EAST END HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

**KEY ASSUMPTIONS**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount Rate	2.22%	2.32%
Inflation (RPI)	3.18%	2.48%
Inflation (CPI)	2.88%	1.48%
Salary Growth	3.88%	2.48%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	<b>Life expectancy at age 65</b>
	<b>(Years)</b>
Male retiring in 2019	21.6
Female retiring in 2019	23.5
Male retiring in 2039	22.9
Female retiring in 2039	25.1

**21. NUMBER OF HOMES IN MANAGEMENT – GROUP & ASSOCIATION**

The number of homes in management at the year end was:

	At 31 March 2021	At 31 March 2020
<b>Rented general needs accommodation</b>	2,243	2,243
<b>Intermediate Rented Properties</b>	9	9
<b>Leasehold properties</b>	1,484	1,484
<b>Private rented properties</b>	60	60
	<b>3,796</b>	<b>3,796</b>

**22. RELATED PARTY TRANSACTIONS – GROUP & ASSOCIATION**

As at 31 March 2021, four Board members were tenants or leaseholders of the association. Their tenancy agreements or leases have been granted on the same terms as for all other tenants and housing management procedures, including those relating to management of arrears, have been applied consistently to these tenants and leaseholders Board members. Rents, Service Charges and Major Works charged to the tenant or leasehold Board members was £30,680 (2020: £17,995). There were arrears on the charges raised at 31 March 2021 of £840 (2020: £400). The level of tenant or leaseholder Board member arrears is not materially different from other tenants and leaseholders.

As at 31 March 2021 one Board director was nominated by the London Borough of Tower Hamlets and a serving Councillor. Some services were purchased from LBTH during the period. All agency services are covered by an arm's length contract, which was negotiated to ensure neither party subordinated its own separate interests; the Board members concerned are not able to use their position to their advantage. LBTH pays tenant Housing Benefit under the terms of current legislation and this is generally paid directly to East End Homes. There are no other related party transactions requiring disclosure.

**23. SUBSIDIARY UNDERTAKING**

As at 31 March 2021 East End Homes held 100% share (1 share of £1) in East End Homes (Community Development) Limited. Its principal activity is to generate funds from development opportunities in order to support East End Homes' core activities of regenerating neighbourhoods.

**Transactions with registered and non-registered elements of the business**

The Association provides management services and other services to its subsidiary. There is a cost sharing agreement between East End Homes Limited and East End Homes (Community Development) Limited.

**Transactions with non-registered entities**

During the year East End Homes Limited had intra-group transactions with East End Homes (Community Development) Limited, a non-regulated entity, of £0.1 million (2020: £0.1 million) relating to management services on behalf of East End Homes (Community Development) Limited.

The balance outstanding at 31 March 2021 was £0.1 million. This balance was unsecured. During the year East End Homes (Community Development) Limited gifted £245k (2020: £235k).

#### 24. CONTROLLING PARTY

East End Homes is controlled by members in general meeting who elect the Board of Management.

#### 25. FINANCIAL INSTRUMENTS – GROUP

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Financial assets at cost of transaction amount	8,870	3,432	8,553	3,060
Financial assets at amortised cost of transaction Amount	6,348	6,348	6,420	6,420
	9,780	9,780	9,480	9,480
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	64,041	51,620	63,969	51,537

Financial assets measured at cost comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by the association's undertakings, and the LBTH pension debtor.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, and other creditors.

#### 26. NET DEBT

Analysis of changes in net debt:

GROUP	At 31 March	Cashflow	At 31 March
	2020		2021
	£000	£000	£000
Cash and cash equivalents	3,432	5,438	8,870
Housing loans due in one year	-	(1,000)	(1,000)
Housing loans due after one year	(43,500)	(14,000)	(57,500)
	(40,068)	(9,562)	(49,630)
<b>ASSOCIATION</b>	<b>At 31 March</b>	<b>Cashflow</b>	<b>At 31 March</b>
	<b>2020</b>		<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	3,060	5,493	8,553
Housing loans due in one year	-	(1,000)	(1,000)
Housing loans due after one year	(43,500)	(14,000)	(57,500)
	(40,440)	(9,507)	(49,947)

east  
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