



Financial Statements

2022/23

east
end  HOMES



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

CONTENTS

	Page
BOARD MEMBERS	4
EXECUTIVE MANAGEMENT TEAM	4
REGISTERED OFFICE AND ADVISORS	5
STRATEGIC REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 March 2023	6
FINANCIAL PERFORMANCE	9
VALUE FOR MONEY (VFM)	14
FINANCIAL AND BUSINESS PERFORMANCE	14
ANALYSIS OF TURNOVER AND OPERATING COSTS	17
OPERATING COSTS PERFORMANCE AND COMPARISON	18
VALUE FOR MONEY SELF-ASSESSMENT CONCLUSION	19
RISK MANAGEMENT	21
PENSION COMMITMENTS AND ASSOCIATED ISSUES	25
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST END HOMES LIMITED	30
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023	34
ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023	35
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023	36
ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023	37
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES	38
ASSOCIATION STATEMENT OF CHANGES IN RESERVES	38
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023	39
ASSOCIATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023	40
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023	41

BOARD MEMBERS

The Board Members who served from 1 April 2022 up to the date of approval of these financial statements were as follows:

Kevin Moore	Chair
Neil McAree	Vice Chair until resigned 14 June 2023
John Kettlewell	
Forhana Begum	
Helen Goody	
Carol Hinvest	
Emdadul Haque Jahangir Mannan	
Kevin Whittle	
Marek Wiluszynski	
Loula Saragoudas	Resigned 24 June 2022
David Edgar	Resigned 5 August 2022
Cllr Motin Uz-Zaman	Resigned 5 August 2022
Jacqui Bateson	From 14 June 2023
Emma Palmer	From 14 June 2023

EXECUTIVE MANAGEMENT TEAM

John Henderson	Managing Director
Stephen Elliott	Deputy Managing Director
Steven Inkpen	Director of Special Projects and New Business
David Opoku	Head of Finance
Roger Thompson	Head of Asset Management
Stuart Veysey	Head of Housing Services

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

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.

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

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

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

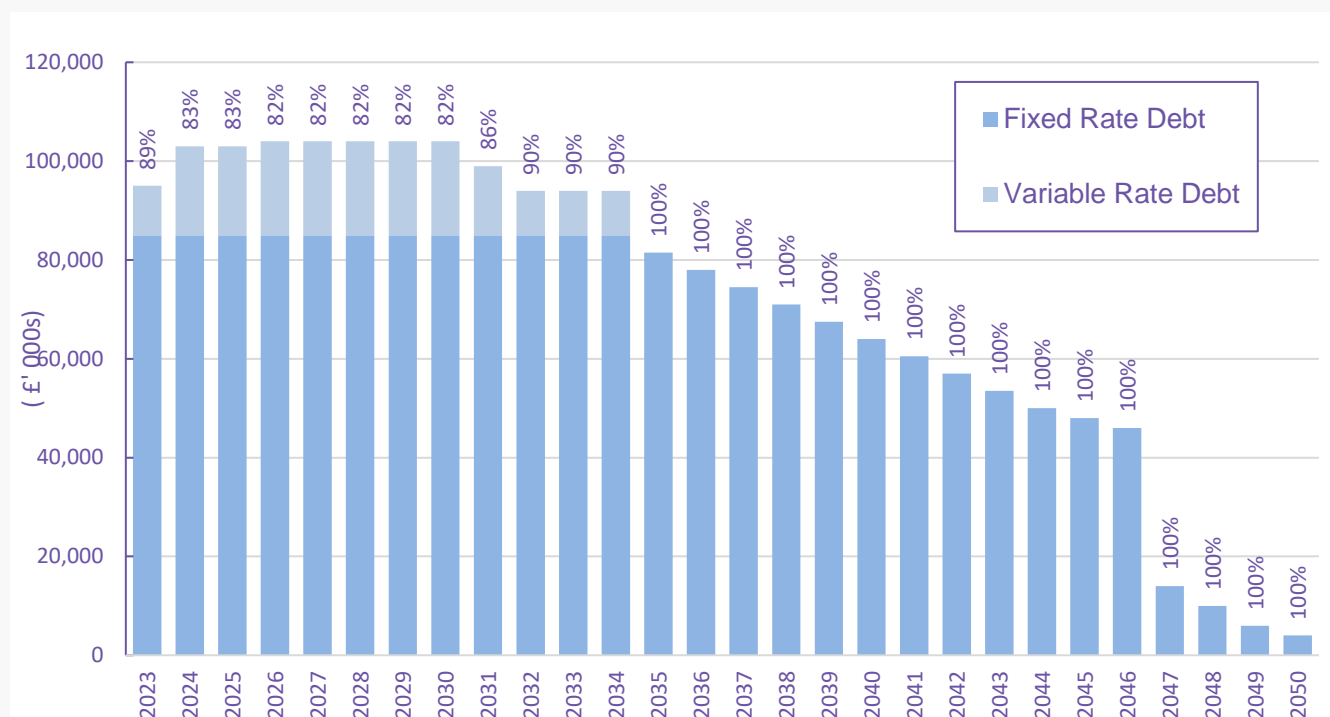
At 31 March 2023, East End Homes had a total loan debt balance of £95.0million comprising £85.0 million on a forward fixed interest rate arrangement and £10.0 million on a variable SONIA-linked rate.

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:

2022/23	No at start (1 April 2022)	Additions	Disposals	No at Year End (31 March 2023)
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
Total	3,803	121	(4)	3,920

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

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
	Homes in management at the year end	2,372	2,372	2,259	837,342	2,810,321
Metric 1	Reinvestment %: (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%
Metric 2a	New supply delivered %: Total social housing units delivered or newly built units acquired/total housing units owned at period end (FVA will show the split between owned and managed)	4.93%	4.93%	0.31%	1.0%	1.26%
Metric 2b	New supply delivered %: Total non-social housing units delivered or newly built units acquired (Total non-social rental units owned, non-social leasehold units owned, new outright sale units developed or acquired)/Total social and non-social housing units owned at period end	0%	0%	0%	0%	0.0%
Metric 3	Gearing %: (LT+ST Loans + Finance Leases - cash and cash equivalents)/Tangible fixed assets: Housing properties at cost	42.17%	42.17%	37.27%	43.10%	43.6%
Metric 4	EBITDA-MRI %: Operating surplus less amortised gov't grant less grant taken to income plus interest receivable less capitalised major repairs plus total depreciation/interest payable and financing costs less capitalised interest in housing properties	100.14%	155.16%	13.25%	92%	146.8%
Metric 5	Headline social housing cost per unit - 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
	Management CPU	£897	£897	£789	£1,290	£1,151
	Service charge CPU	£1,451	£1,451	£1,523	£942	£471
	Maintenance CPU	£1,825	£1,825	£1,595	£1,331	£1,323
	Major repairs CPU	£1,667	£861	£2,801	£943	£920
	Other social housing CPU	£0	£0	£0	£357	£175
Metric 6a	Alternative 6(a) Operating margin %: (Operating surplus from social housing lettings / Turnover from social lettings	18.69%	18.69%	21.66%	20.35%	22.94%
Metric 6b	Alternative 6 (b) Operating margin %: (Operating surplus (overall) / Turnover (overall))	14.28%	14.28%	17.19%	15.05%	20.65%
Metric 7	Return on capital employed %: Operating surplus overall plus gain/loss of disposal of fixed assets plus share of operating surplus from JVs or associates/Total assets less current liabilities	1.87%	1.87%	1.80%	2.15%	3.11%
EEH Strategic Metrics						
EEH 1	(Effectiveness) Tenant satisfaction with overall services: Measured using STAR methodology (every two years)	76.99%		76.99%	73%	84.9%
EEH 2	(Effectiveness) Satisfaction with the quality of a repair: Transactional survey on job completion	94.15%		96.4%	84.2% (2022 LBTH)	85.0%
EEH 3	(Efficiency) Number of repairs completed per property: Both in-dwelling and communal repairs, including repairs reported by leasehold units	4.38		4.38	N/A	3.3
EEH 4a	(Efficiency) Void performance: average re-let time (days)	30.2		27.2	42 (2022 LBTH)	47.0
EEH 4b	(Economy) Void performance: rent loss due to void properties as a percentage of annual rent debit	0.42%		0.57%	1.14%	0.94%
EEH 5a	(Effectiveness) Value for Money Satisfaction: Tenants believing that rents represent value for money (STAR) (every two years)	73.93% (2022)		73.93%	76.0%	84.3%
EEH 5b	(Effectiveness) Value for Money Satisfaction: Leaseholders believing that service charges represent value for money (STAR) (every two years)	29.84%		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%.

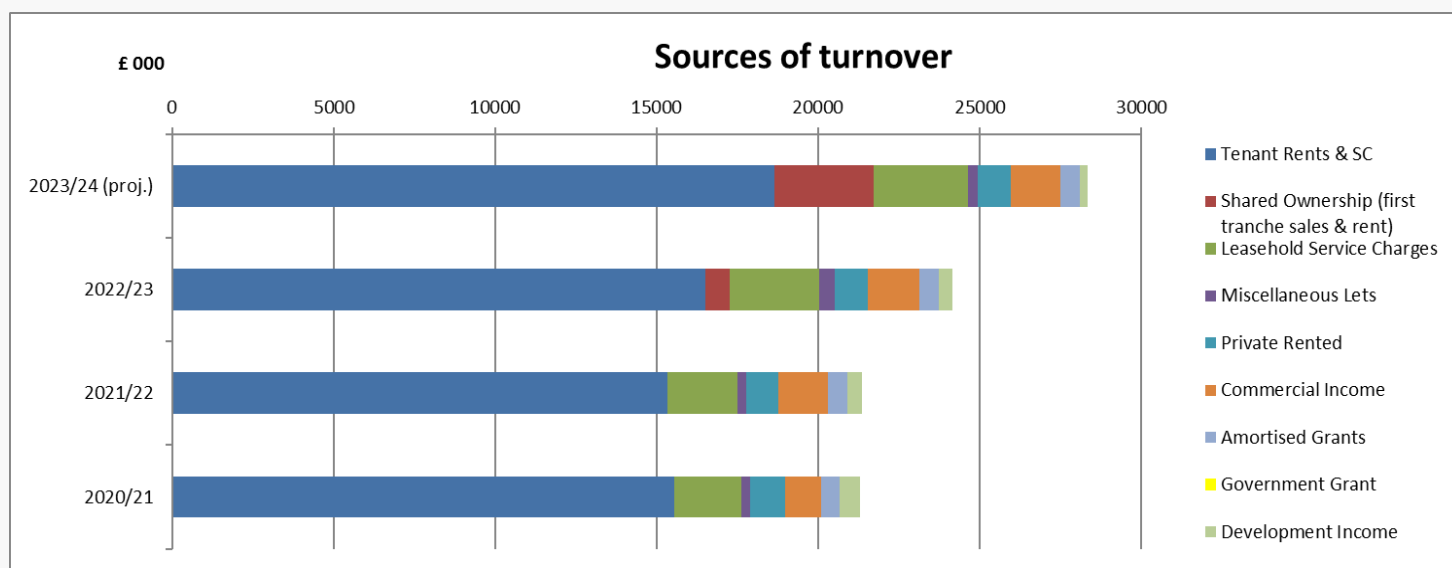
East End Homes' operating expenditure has increased in 2023, fuelled by rising inflation and high energy costs and the impacts on cost-of-living increases and pension contributions. This has led to a reduction in the overall operating margin (a measure of profitability of operating assets) from 17.19% 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.

Analysis of turnover and operating costs

Activity	Turnover and operating costs											
	2023/24 (projected)			2022/23			2021/22			2020/21		
	Units	Turnover	Op. Costs	Units	Turnover	Op. Costs	Units	Turnover	Op. Costs	Units	Turnover	Op. Costs
		£000	£000		£000	£000		£000	£000		£000	£000
GN properties (tenant rents and service charges)	2396	18,638	(15,084)	2327	16,527	(13,716)	2259	15,339	(12,559)	2252	15,550	(11,589)
Shared Ownership (first tranche sales & rent)	28	3,080	(2,154)	6	737	(402)	-	-	-	-	-	-
Leaseholder service Charges	1489	2,913	(3,770)	1488	2,771	(4,608)	1484	2,167	(3,583)	1484	2,070	(3,534)
Miscellaneous Lets	-	296	(202)	-	489	(198)	-	276	(198)	-	288	(204)
Private rented properties	60	1,031	(350)	60	1,018	(342)	60	981	(289)	60	1,064	(286)
Commercial properties	82	1,551	(825)	82	1,606	(863)	82	1,545	(855)	82	1,124	(856)
Amortised grants	-	590	-	-	590	-	-	588	-	-	556	-
Government Grant	-			-	-	-	-	-	-	-	-	-
Overage receipts and other miscellaneous income	-	239	(187)	-	433	(188)	-	451	(193)	-	661	(192)
Total	-	28,338	(22,572)		24,171	(20,317)		21,347	(17,677)		21,313	(16,661)



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.

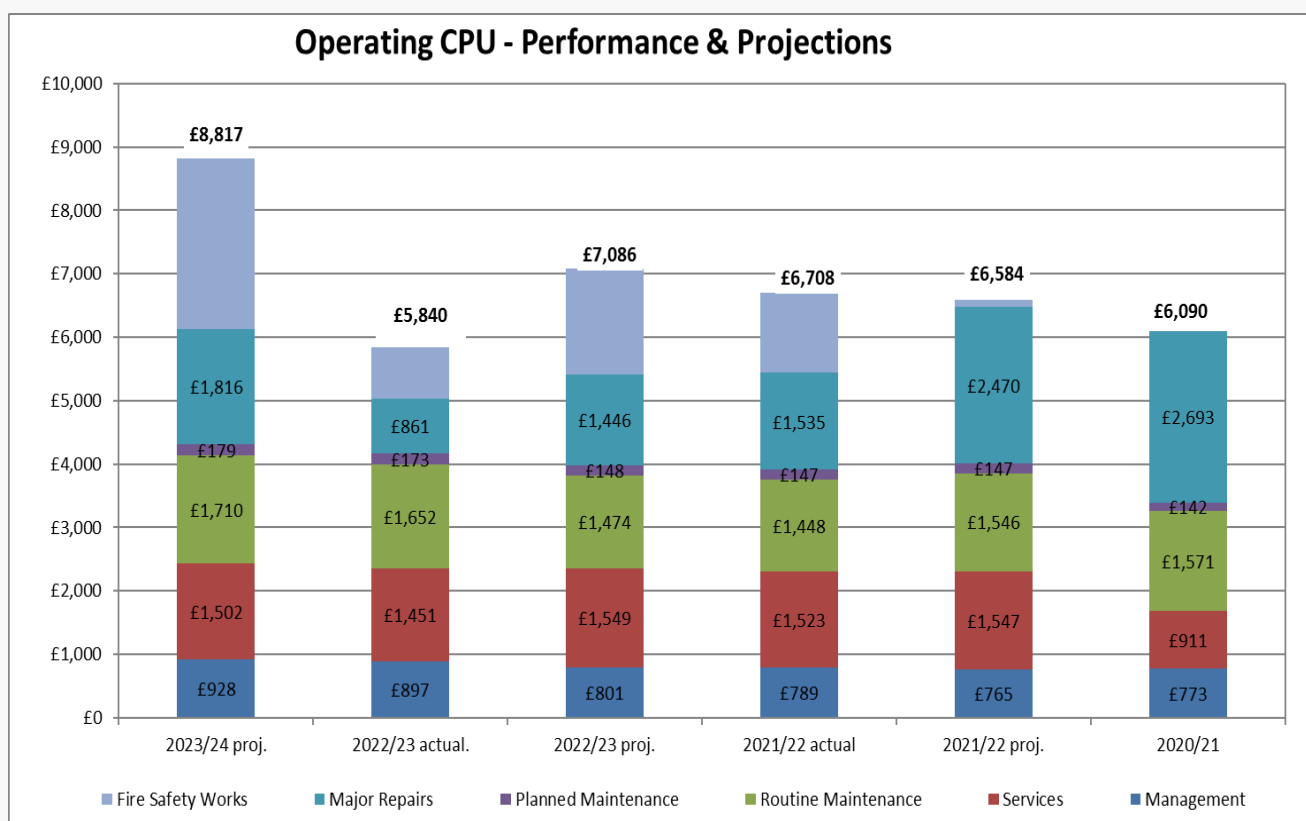
EAST END HOMES LIMITED

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
Operating Costs	4,319	4,173	3,972	3,907	4,005	3,397
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	-
Total Operating Costs per unit	8,817	5,840	7,086	6,708	6,584	6,090
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
Total	10,485	7,528	8,535	8,307	8,201	7,750



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> <ol style="list-style-type: none"> clearly articulate their strategic objectives 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 through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives 	<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>
<i>Registered providers must demonstrate:</i>	
<ol style="list-style-type: none"> 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 	<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>
<ol style="list-style-type: none"> 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 	<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>
<ol style="list-style-type: none"> 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 	<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>
<ol style="list-style-type: none"> 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 	<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>
<i>Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:</i>	
<ol style="list-style-type: none"> performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers 	<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: - not sufficiently comprehensive across all service areas - Poor performance not	<p>Robust Challenge by Board Members</p> <p>Internal and external Audit provide scrutiny of performance and report to F&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 & 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&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.</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>

#	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 & 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 & Treasury Management:</p> <p>- Failure to meet Covenant ratios</p>	<p>Regularly reviewed in all Treasury reports to F&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"> Failure to sell at anticipated levels <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 & 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"> causes death or injury reputational damage 	<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 31st 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	-
Total	99	3,238	98	2,883	98	13
Workforce	108		107		109	

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

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. 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
Total comprehensive income for the year		6,563	1,908

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
Total comprehensive Income for the year		6,557	1,914

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

		2023	2022
	Notes	£'000	£'000
Fixed assets			
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>
Current assets			
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>
Less creditors:			
Amounts falling due within one year	15	<u>(16,713)</u>	<u>(16,269)</u>
Net current assets / (liabilities)		<u>2,785</u>	<u>2,143</u>
Total assets less current liabilities		<u>223,644</u>	<u>203,950</u>
Creditors:			
Amounts falling due after more than one year	16	(142,609)	(126,240)
Provision for liabilities and charges	21	6,121	2,883
Total net assets		<u>87,156</u>	<u>80,593</u>
Capital and reserves			
Revaluation reserve		4,421	1,794
Income and expenditure reserve		82,735	78,799
Total Reserves		<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
Fixed assets			
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>
Current assets			
Stock	13	2,471	3,250
Trade and other debtors			
- due within one year	14	7,533	4,502
- due after one year	14	503	503
Cash and cash equivalents		<u>8,702</u>	<u>9,836</u>
		<u>19,209</u>	<u>18,091</u>
Less creditors:			
Amounts falling due within one year	15	<u>(16,677)</u>	<u>(16,195)</u>
Net current assets / (liabilities)		<u>2,532</u>	<u>1,896</u>
Total assets less current liabilities		<u>223,391</u>	<u>203,703</u>
Creditors:			
Amounts falling due after more than one year	16	(142,609)	(126,240)
Provision for liabilities and charges	21	<u>6,121</u>	<u>2,883</u>
Total net assets		<u>86,903</u>	<u>80,346</u>
Capital and reserves			
Revaluation reserve		4,421	1,794
Income and expenditure reserve		<u>82,482</u>	<u>78,552</u>
Total reserves		<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

	Group Income and expenditure reserve £'000	Group Revaluation reserve £'000	Group Total reserves £'000
Balance at 1 April 2021	76,891	1,794	78,685
Surplus / (deficit) from Statement of Comprehensive Income	1,908	-	1,908
Transfer to/from revaluation reserve	-	-	-
Balance at 31 March 2022	78,799	1,794	80,593
Surplus / (deficit) from Statement of Comprehensive Income	6,563	-	6,563
Transfer to/from revaluation reserve	(2,627)	2,627	-
Balance at 31 March 2023	82,735	4,421	87,156

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2021	76,638	1,794	78,432
Surplus / (deficit) from Statement of Comprehensive Income	1,914	-	1,914
Transfer to/from revaluation reserve	-	-	-
Balance at 31 March 2022	78,552	1,794	80,346
Surplus / (deficit) from Statement of Comprehensive Income	6,557	-	6,557
Transfer to/from revaluation reserve	(2,627)	2,627	-
Balance at 31 March 2023	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
<u>Net cash generated from operating activities (Note i)</u>		4,652		6,370
<u>Cash flow from investing activities</u>				
Purchase of investment properties	-	-	-	-
Purchase of tangible fixed assets	(41)	(10)	(10)	(10)
Acquisition and construction of housing properties	(20,848)	(21,656)	(21,656)	(21,656)
Proceeds from sale of tangible fixed assets	1,121	-	-	-
Interest Received	205	53	53	53
Grant Received	2,185	-	-	-
		(17,378)		(21,613)
<u>Cash flow from financing activities</u>				
Interest Paid	(3,426)	(4,998)	(4,998)	(4,998)
New loans secured	20,000	43,500	43,500	43,500
Repayment of borrowings	(5,000)	(22,000)	(22,000)	(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
Cash and cash equivalents comprise:				
Cash at bank		8,977		10,129
Note i				
<u>Cash flow from operating activities</u>				
Surplus for the year		6,563		1,908
Adjustments for non-cash items:				
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		-
<u>Adjustments for investing or financing activities:</u>				
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)		-
Net cash generated from operating activities		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

	2023	2022
	£'000	£'000
<u>Net cash generated from operating activities (Note i)</u>	4,680	6,394
<u>Cash flow from investing activities</u>		
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)
<u>Cash flow from financing activities</u>		
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	(1,134)	1,283
Cash and cash equivalents at beginning of the year	9,836	8,553
Cash and cash equivalents at end of the year	8,702	9,836
Cash and cash equivalents comprise:		
Cash at bank	8,702	9,836
Note i		
<u>Cash flow from operating activities</u>		
Surplus for the year	6,557	1,914
Adjustments for non-cash items:		
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	-
<u>Adjustments for investing or financing activities:</u>		
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)	-
Net cash generated from operating activities	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.

Turnover

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

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

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

Housing properties

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

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

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

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

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

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

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

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.

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 2023 (continued)

2. GROUP –TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2023				2022		
	Turnover	Cost of Sales	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000		£'000	£'000	£'000	£'000	£'000
Income from social housing lettings							
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	-	-	-
Income from non-social housing activities							
Leasehold	2,771	-	(4,609)	(1,838)	2,167	(3,647)	(1,480)
Commercial lettings	1,606	-	(863)	743	1,545	(855)	690
Overage receipts and other income	433	-	(188)	245	451	(193)	258
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			-
	24,171	(402)	(20,317)	6,807	21,347	(17,677)	3,670

	2023	2022
	Total	Total
	£'000	£'000
Turnover		
Income from social housing lettings		
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
Total turnover from social housing lettings	17,606	16,203
Operating expenditure on social housing lettings		
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)
Total operating expenditure on social housing lettings	(14,315)	(12,693)
Operating surplus on social housing lettings –General Needs	3,291	3,510
Void losses	153	197

2. ASSOCIATION -TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2023				2022		
	Turnover	Cost of Sales	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings							
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	-	-	-
Income from non-social housing activities							
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			-
	23,905	(402)	(20,297)	6,561	21,073	(17,650)	3,423

	2023	2022
	Total	Total
	£'000	£'000
Income from social housing lettings-General needs		
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
Total turnover from social housing lettings	17,606	16,203
Operating expenditure on social housing lettings		
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)
Total operating expenditure on social housing lettings	(14,315)	(12,693)
Operating surplus on social housing lettings –General Needs	3,291	3,510
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:

	2023	2022
Full time	82	86
Part time	11	10
	<u>93</u>	<u>96</u>
Staff costs (for the above persons)		
	GROUP	GROUP
	2023	2022
	£'000	£'000
Wages and salaries	4,141	3,827
Social security costs	462	403
Other pension costs	927	692
	<u>5,530</u>	<u>4,922</u>

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:

	2023	2022
£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)

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Proceeds of sales	1,121	-	1,121	-
Less: Costs of sales	(393)	-	(393)	-
Surplus	728	-	728	-

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
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

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
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	2022	2023	2022
	£'000	£'000	£'000	£'000
Surplus on ordinary activities is stated after charging:				
<u>Auditors remuneration excluding VAT</u>				
- in their capacity as auditors	30	27	28	26
- in respect of other services	3	3	3	3
Operating lease rentals:				
- Land and Building	-	-	-	-
- Office Equipment	24	21	24	21
<u>Depreciation</u>				
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	2022	2023	2022
	£'000	£'000	£'000	£'000
UK corporation tax	-	-	-	-

10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP & 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
Cost						
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	-
At 31 March 2023	193,917	26,770	5,473	1,770	8,359	236,289
Depreciation						
At 1 April 2022	(33,049)	-	-	-	-	(33,049)
Charged in year	(3,624)	-	-	-	(75)	(3,699)
Released on disposals	50	-	-	-	-	50
At 31 March 2023	(36,623)	-	-	-	(75)	(36,698)
Net Book Value						
At 1 April 2022	137,578	25,612	10,162	9,753	-	183,105
At 31 March 2023	157,294	26,770	5,473	1,770	8,284	199,591

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

	2023	2022
	£'000	£'000
Housing properties at cost comprise:		
Freeholds	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

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At start of year	17,577	17,577	17,577	17,577
Additions	-	-	-	-
Gain (Loss) from adjustment in Value	2,627	-	2,627	-
At end of year	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 & GROUP

	Office Buildings £'000	Computer Equipment £'000	Office Furniture & Equipment £'000	Motor Vehicles £'000	Total Association and Group £'000
Cost					
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
Depreciation					
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)
Net book value					
At 1 April 2022	1,010	74	32	9	1,125
At 31 March 2023	983	28	30	23	1,064

13. STOCK

Stock	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Shared Ownership Properties				
- Work in Progress	2,471	3,250	2,471	3,250

14. DEBTORS

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rental debtors	1,040	853	1,040	853
Provision for bad and doubtful debts	(487)	(397)	(487)	(397)
	553	456	553	456
Shop rental debtors	275	626	275	626
Provision for bad and doubtful debts	(80)	(387)	(80)	(387)
	195	239	195	239
Leasehold debtors	2,667	3,037	2,667	3,037
Provision for bad and doubtful debts	(328)	(348)	(328)	(348)
	2,339	2,689	2,339	2,689
Other debtors	3,705	732	3,705	738
Prepayments and accrued income	755	414	707	353
Amounts due from other group entities	-	-	34	27
	4,460	1,146	4,446	1,118
Amounts due within one year	7,547	4,530	7,533	4,502
Amounts falling due after more than one year:				
LBTH pension debtor	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	-	-	-	-
	16,713	16,269	16,677	16,195

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)
	142,609	126,240	142,609	126,240

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

	2023	2022
	£'000	£'000
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	60,052	58,459
Amount due to be released < 1 year (Note 14)	590	587
Amount due to be released > 1 year (Note 15)	59,462	57,872
The total accumulated government grant and financial assistance received or receivable at 31 March including through the transfer of assets:	60,052	58,459

18. HOUSING LOANS

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Repayable;				
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
	95,000	80,000	95,000	80,000
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.

19. CAPITAL COMMITMENTS – GROUP & ASSOCIATION

	2023	2022
	£'000	£'000
Capital expenditure contracted for but not provided in the financial statements	16,245	27,853
Capital expenditure authorised by the Board but not yet contracted for	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.

Assumption as at	31 March 2023 % p.a.	31 March 2022 % p.a.
Pension Increase Rate (CPI)	3.00	3.20
Salary Increases	3.00	3.40
Discount Rate	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:

Assets Main Fund	Value at 31 March 2023 £(000)	Value at 31 March 2022 £(000)
Equities	20,325	21,896
Bonds	1,196	1,303
Property	1,913	2,607
Cash	478	261
Total value of scheme assets	23,912	26,067

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:

Net Pension Liability as at	31 March 2023 £(000)	31 March 2022 £(000)
Fair Value of Employer Assets	23,912	26,067
Present Value of Funded Liabilities	(17,113)	(22,532)
Net Underfunding in Funded Plans	6,799	3,535

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 2023 £(000)	31 March 2022 £(000)
Fair Value of Employer Assets	23,912	26,067
Present Value of Funded Liabilities	(17,113)	(22,532)
Net Liability provided for in the Financial Statements	6,799	3,535

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

	Year to 31 March 2023 £(000)	Year to 31 March 2022 £(000)
Surplus at beginning of the year	3,535	1,894
Actuarial gains\ (Losses) during the year	3,264	1,641
Surplus at end of year	6,799	3,535

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)**

	31 March 2023	31 March 2022
	(£000s)	(£000s)
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

	Year ended	Year ended
	31 March 2023	31 March 2022
	(£000s)	(£000s)
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Year ended 31 March 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

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

	Year ended 31 March 2023 (£000s)
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)

	Period from 31 March 2022 to 31 March 2023 (£000s)
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

	31 March 2023	31 March 2022
	% per annum	% per annum
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:

	Life expectancy at age 65
	(Years)
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:

	At 31 March 2023	At 31 March 2022
Rented general needs accommodation	2,239	2,243
Intermediate Rented Properties	88	16
Leasehold properties	1,488	1,484
Low cost home ownership	45	-
Private rented properties	60	60
	3,920	3,803

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.

26. FINANCIAL INSTRUMENTS – GROUP

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Financial Assets				
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
	17,028	15,161	16,739	14,840
Financial Liabilities				
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:

GROUP	At 31 March 2022	Cashflow	At 31 March 2023
	£000	£000	£000
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)
	(69,871)	(16,152)	(86,023)
ASSOCIATION	At 31 March 2022	Cashflow	At 31 March 2023
	£000	£000	£000
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)
	(70,164)	(16,134)	(86,298)

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.



3 Resolution Plaza
London
E1 6PS

www.eastendhomes.net