NATIONAL HOUSING

FEDERATION LIMITED

FINANCIAL STATEMENTS

For the Year ended

31 March 2021

Company no. 0302132

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

INDEX	**PAGE**

KEY FIGURES – GROUP FIVE YEAR SUMMARY

	2020/21	2019/20	2018/19	2017/18	2016/17
	£k	£k	£k	£k	£k
Turnover	12,668	13,318	13,448	14,852	15,122
Underlying turnover	12,668	13,318	13,448	13,285	13,976
Change %	-4.9%	-1.0%	1.2%	-4.9%	4.4%
(Loss)/Profit after tax (see page 7)	(5,969)	8,121	(9,509)	3,011	2,192
Underlying(loss/)/surplus (see page 7)	893	(53)	288	444	456
Net assets	4,407	10,376	2,255	11,764	8,753
Net assets pre FRS 102					
Net cash at year end	2,768	1,996	1,629	1,070	3,015

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

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

Since 2019 the pension scheme has been treated as a defined benefit scheme resulting in the full net benefit liability being included in the balance sheet. The effect of this causes large changes in comprehensive income , last year was a gain against comprehensive income of £8m and a corresponding increase in net assets. This year the change was a reduction in comprehensive income of £7.1m which has reduced net assets from £10.4m to £4.4m. We will continue to seek ways to improve the reserves position, to provide a buffer against changes in the pension deficit. However, on a day-to-day basis, these large changes in the pension deficit valuation have little impact on the Federation's finances as the debt will not be realised in the foreseeable future. The only direct consequence are the agreed pension deficit payments, which are accounted for within normal trading of the business and reflected in the underlying results.

All figures reported under FRS 102 reflect full provision for deferred tax.

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

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

CHAIR'S STATEMENT

This is a year like no other to look back on. Many of us have been personally impacted by the pandemic – across our sector we have lost residents, colleagues, friends and family. It has been particularly hard for staff and residents in supported and sheltered housing, and care homes, who have had to manage very challenging and stressful situations. My heart goes out to everyone impacted by this terrible year.

Though at times a painful year, there have been moments of hope, inspiration and determination. Our sector has responded to the coronavirus crisis with great care and kindness. From the thousands of phone calls that have been made to check on the wellbeing of older or vulnerable residents, to the extra support that's been given to people facing financial hardship, housing associations have had a huge impact on people's lives and communities across the country.

This has been recognised by politicians and partners, as we learnt through an exceptionally busy year of political engagement. We've met regularly with the ministerial team at the Ministry for Housing, Communities and Local Government, and the shadow housing team, alongside a wide range of individual politicians. A particular highlight of our political work was the Secretary of State for Housing, Communities and Local Government, Robert Jenrick MP, addressing our National Housing Summit. He personally thanked our sector for its work during the pandemic, describing our "historic social mission as a force for public good".

Our mission – delivering positive change for our members by understanding and anticipating the critical issues affecting their businesses and the sector – has never been more critical than over the last year, and Kate's statement highlights some of our key achievements.

These achievements are particularly remarkable given the challenges we've faced this year. Our income was significantly impacted by the pandemic, and we took strategic action to ensure the stability of the organisation, not just for this financial year but for years to come. Our sustainability review, grounded in the feedback of our members, means we now have a smaller team but with a stronger focus on the issues that matter most to housing associations. These are outlined in our refreshed business strategy.

A huge amount of work went into securing income during this difficult year. In particular, our Events team adapted our award-winning national conferences into #NHFVirtual, which are performing brilliantly. In addition, we took the unprecedented step of asking our members to make a one-off financial contribution, which gave us the time and space to undertake our sustainability review in a managed and strategic way. Without this we would have needed to take even harder steps to remain financially viable, mainly by reducing the number of staff even more– we are extremely grateful to our members for their support. All staff agreed to a salary reduction of 5% from April 2021, which is a reflection of an ongoing very prudent management of the financial situation.

We finish the financial year with an operating surplus before taking into account the reduction in the valuation of Lion Court (our London office) and changes to the pension deficit valuation after which we show a loss of £5.9m.

Due to the ongoing impact of the pandemic, we do not know when we will be able to hold in-person events again, but we have carefully budgeted to ensure this won't impact our overall finances. We continue to seek ways to improve our reserve position so that we are better able to adapt to future challenges and provide a buffer against the pension deficit valuation changes.

Thanks to the hard work of our members and our staff, we face a future together that is strong and sustainable, allowing us to support housing associations to deliver on a social purpose that is more vital than ever – providing good quality housing that people can afford. Not just now, in the middle of this crisis, but always.

Finally, I'd like to thank the Board for their continuing commitment to the sector and their consistent support during the year.

Baroness Diana Warwick

CHIEF EXECUTIVE'S REVIEW

When the coronavirus crisis first hit, most of us didn't envisage that it would have such a far-reaching impact over a year later. Like many organisations we've adapted to this impact to secure the sustainability of our organisation, and we've been successful in doing so thanks to the support of our members and the dedication of our staff.

We are fully committed to being here for our housing association members for the long term. Their social purpose – providing good quality housing that people can afford – has never been more vital. It is our mission to support them to deliver that social purpose, with ambitious work that leads to positive change. Even through a tremendously challenging year we have done just that.

Our work on building safety has remained a top priority. Over the last year we ensured that housing associations would be able to access the £1bn Building Safety Fund for their leaseholders' share of remedial works costs, and have continued to shine the spotlight on building safety in the Guardian, Newsnight, Panorama and the Mail Online.

Last year we also created #HomesAtTheHeart, a national campaign and coalition calling for a once-in-a-generation investment in social housing. Alongside our campaign partners and over 60 supporter organisations we reached over seven million people. Our campaign call was backed by politicians from across the political spectrum, from Jeremy Corbyn to Jacob Rees-Mogg.

Following this, we secured a new, larger, £11.5bn Affordable Homes Programme (AHP) stating that 50% of available funds will be used for discounted rent – this is the highest level in a decade.

Alongside this we've been ensuring our sector is best placed to invest in the sustainability and quality of homes. Last year we called for the government to provide policy certainty, set ambitious standards and targets, and deliver funding. So far we have secured £60m of additional funding to support retrofit in our sector, and have ambitious plans ahead through our new decarbonisation project.

Our Together with Tenants initiative, which aims to build stronger relationships between residents and housing association landlords through a four-point plan for change, had its national rollout last year. It has been adopted by 165 housing associations, covering more than two million homes.

We've also been making the case for a fairer and more effective welfare system. As a result of our influencing, the government last year introduced a new system to pay the housing element of Universal Credit directly to landlords at the same time that tenants receive their payment.

I'm particularly proud of the work we've been doing to show leadership and drive action on equality, diversity and inclusion (EDI). We published an EDI report and toolkit on housing association staff, which shows us where we are as a sector, and where we need to get to. And looking internally, we created an ambitious new strategy on EDI within the NHF. This is just the beginning of our journey, but we are making progress alongside our members on this vital topic.

Of course, a major priority for us over the last year has been supporting our members through the coronavirus crisis. This has involved working on a range of urgent issues, from clarifying guidance for supported housing settings, to working with partners to prioritise testing and vaccine rollout. We also adapted quickly and moved all our events online, including our award-winning national conferences which became #NHFVirtual. In 2020 over 13,000 people joined our online events.

It has been a challenging but fulfilling year, and we have been driven by the inspiring actions of our members. Day in day out they've been supporting residents and communities around the country to come through the coronavirus crisis – from personally reassuring their most vulnerable and isolated residents, to helping people with financial concerns. I am prouder than ever to work with this incredible sector, and we are ready for whatever the future holds

Kate Henderson

STRATEGIC REPORT

Overview

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

The Federation's vision is for a country where everyone can live in a good quality home they can afford and its mission is to create the environment for our members to thrive and deliver on their social purpose.

The Federation focuses on what matters most for housing associations, enabling them to prosper, whatever their business model. It aims to be the body to engage with on housing issues and be regarded by its members as a highly effective trade body.

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

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

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

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

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

Risks and uncertainties

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

In line with previous years, as an organisation we face an inherently high risk based on the political, economic and regulatory aspects of our wider operating environment and the linked reputational risks relating to the activities of our members. In addition, at the time of writing, the country is over a year into the coronavirus pandemic. Although restrictions are lifting, the current threat of new variants means that we are still operating under a period of high uncertainty. Therefore, many of the risks and uncertainties detailed below are in relation to coronavirus, or positioned within its context.

STRATEGIC REPORT

Risks and uncertainties (continued)

Key risks and uncertainties for our members include:

- Continuing to respond to the immediate operational and strategic challenges caused by coronavirus, including keeping residents safe, protecting residents' income and livelihoods, and keeping vital services running.
- Financial uncertainty for all housing associations created by additional rent arrears due to residents' livelihoods and income being impacted by coronavirus.
- Ongoing effects from the government's welfare and benefit reform measures, and increased demand on the benefit system caused by coronavirus.
- Managing the transition to a new regulatory system on building safety, whilst remediating existing buildings and acting on learning from the Grenfell Tower Inquiry. Financial challenges for housing associations providing care and support due to the increased costs of these services during the coronavirus crisis.
- Pressure on the availability of housing caused by increased demand, especially in line with housing associations' commitment to housing rough sleepers, and the end of the evictions ban in the private rented sector.
- Fewer new homes being built due to competing costs for safety remedial works, decarbonisation and changes to the planning system.
- The practical and reputational risks associated with not meeting the supply expectations of the government.
- The continued focus from the government on home ownership, rather than affordable housing.
- A new model for shared ownership, which makes it more challenging to provide.
- Continued focus on housing associations' tenant engagement and transparency, and requirements to deliver new work as part of the Social Housing White Paper.
- The impact of Brexit, particularly on the supply of building materials and workforces.
- Low levels of diversity in senior leaders across the sector.
- The continued impact of new entrants to the social housing sector, including for-profit providers.

Key risks and uncertainties for business operations include:

- Continuing to deliver value for money for our members while working with reduced capacity across the organisation.
- Retaining and motivating staff following 2020's restructure.
- Adapting working practices in response to coronavirus to meet both members' needs and support staff health and wellbeing.
- Delivering commercial events in line with coronavirus guidelines that are subject to change at short notice if coronavirus cases increase.
- Reduction in the rents we receive for our London office due to the government's rent holiday policy.
- The impact of the crisis on the valuation of our London office.
- Mergers within the sector, which may increase following the pandemic, potentially reducing the NHF's income from affiliation fees.
- Potential member disaffiliations following the withdrawal of D&O insurance from our membership offer.

STRATEGIC REPORT

Risks and uncertainties (continued)

Financially, the major cost outside the difficulties caused by coronavirus remains the NHF's deficit recovery payments to the Social Housing Pension Scheme (SHPS). These costs relate to historic pension entitlements. They are subject to regular valuations of the fund and ultimately a wide range of valuation assumptions. The NHF has limited its exposure to cost increases in the long term by moving its pensions provision from a defined benefit to a defined contribution basis.

Financial Review

The Federation sets affiliation fees with the aim that members pay each year for the level of services they receive and budgets for an underlying break even position. We aim by operating efficiently to in practice make a small underlying surplus (profit after tax), which unless specifically decided otherwise by the Board, is added to reserves.

The Board regularly reviews its financial objectives and Reserves Policy. Last year the Reserves Policy was amended to state that the Federation should aim to have at least three months operating expenditure covered by cash or cash equivalents and to this end a £3m Revolving Credit Facility was obtained. Previously the policy referred to net assets however because of the changes in accounting treatment of the SHPS pension deficit (see above), net assets fluctuate in accordance with movements in the pension valuation, therefore the policy now refers to cash equivalents.

The underlying surplus for 2020/21 was £893k compared to a loss of £53k for the previous year. The coronavirus pandemic significantly reduced our commercial income especially conference income such that we were forecast to make a substantial underlying loss for the year. However, by taking mitigation actions very quickly including reducing staff salaries, furloughing staff and asking our members for a one off voluntary contribution we were able to reduce the expected deficit. At the same review time, we undertook a full sustainability review in consultation with our members. This has resulted in a smaller team focusing on the things our members have said are most important to them. Under FRS 102 our reported, headline (loss)/profit after tax was £(5,969)k (2020 £8,121k).

The headline figures include unrealised property revaluation losses on investment property. They do not reflect pension deficit recovery payments which are negative cash flows and are reflected in the full net benefit liability on the balance sheet, the movements in the pension benefit liability itself impact on the headline surpluses. All figures reported under FRS 102 reflect full provision for deferred tax.

STRATEGIC REPORT

Financial Review (continued)

A full analysis of the differences between the underlying and headline surpluses for 2020/21 and 2019/20 is as follows:

	2020/21	2019/20
	£k	£k
Headline (loss)/profit after tax under FRS 102	**(5,969)**	8,121
Unrealised property revaluation loss on investment property	**1,236**	686
Pension deficit recovery payments	**(1,379)**	(1,351)
Actuarial gain/(losses) in respect of pension	**7,138**	(8,047)
Pension scheme net finance cost	**107**	312
Deferred tax and other FRS 102 adjustments	**(240)**	226
Underlying surplus/(loss)	**893**	(53)

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

Since 2018/19 net assets reported under FRS 102 include the full pension net benefit liability and unrealised property revaluation gain on investment property. Net assets at the 31 March 2021 were £4.4m (2020 £10.4m) Since this change was introduced it has resulted in big movements in net assets, which are outside our control. Last year we changed our reserve policy to refer to cash and cash equivalents, which are not affected by these movements, to ensure we always have sufficient liquid funds to cover a minimum of three months operating expenditure. During the year as part of the changes to our Reserves Policy we obtained a £3m Revolving Credit Facility. We will continue to seek ways to improve the reserves position, to provide a buffer against these changes.

Total turnover under FRS 102 was down by 4.9% to £12.7m. Gross income from affiliation fees was 0.4% higher than the previous year, reflecting the 1.7% price increase reduced by the impact of mergers amongst members. The price of membership for the upcoming year (2021/22) has been kept the same as 2020/21 to reflect the additional voluntary contribution from members in 2020.

Net income from commercial services fell but contributed £1.56m (2020 £2.29m). The reason for the lower income was the impact of the Coronavirus pandemic which meant we were unable to hold in person conferences. It also affected our tenants at Lion Court and a rent forbearance for part of the year was granted to each.

Four floors of Lion Court, our main office in London continued to be let on ten-year commercial leases. The relevant portion (79.8%) of freehold property is treated as investment property and included at valuation in the accounts. The portion of the property used for operational purposes by NHF staff (20.02%) is held at original cost less depreciation. At 31 March 2021 the whole property was independently valued at £21m (a decrease of £1.5m).

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

STRATEGIC REPORT

Business Review

The coronavirus crisis dominated the 2020/21 business year, for both the work we produced, and the changes we had to make to our business.

Our organisation faced significant disruption due to a loss of income, comprehensive sustainability review and restructure. Despite this disruption, we still delivered a large amount of high-impact work in line with our business strategy themes of quality, trust, delivery and customer service.

In 2020/21 we promoted great quality by working with our members to prioritise the safety of residents. We called for the support our members need to make buildings safe now, pressing the government to fund safety remediation work and address other issues that create challenges for housing associations in carrying out vital remediation works. We ensured that housing associations would be able to access the £1bn Building Safety Fund for their leaseholders' share of remedial works costs.

We also worked with our members to shape the building safety system of the future. We contributed to the pre-legislative scrutiny process for the Building Safety Bill, submitted a sector response to the fire safety consultation, and fed into government guidance on the rollout of the Fire Safety Bill.

In 2020/21 we kick-started a new programme on sustainability. Our first step was calling on the government to provide policy certainty, set ambitious standards and targets, and deliver funding. So far we have secured £60m of additional funding for 2021/22 to support retrofit in the social housing sector. We also published new research on the major barriers and obstacles to retrofit, which has been used to support our calls for a £3.8bn 10-year Social Housing Decarbonisation Fund.

The quality of existing homes has recently become the focus of an ITV News investigation into damp and mould. We support our members to ensure any homes that do not meet our sector's standards are improved, and that residents who report any issues are listened to.

In 2020/21 we built trust and improved the understanding of our sector among politicians and civil servants, strengthening our sector's reputation and shaping a political environment that delivers for our members and their residents. We met regularly with the ministerial team at the Ministry for Housing, Communities and Local Government, including the Secretary of State, Minister for Housing, and the Parliamentary Under-Secretary of State for Housing and Rough Sleeping. And met regularly with the Minister for Welfare Delivery, the Prime Minister's Housing Special Adviser, the Shadow Housing team, members of the House of Lords and regional political figures.

In 2020 we created #HomesAtTheHeart, a national campaign and coalition calling for a once-in-a-generation investment in social housing. Alongside our campaign partners, and over 60 supporter organisations, we reached over seven million people. Our campaign call was backed by politicians from across the political spectrum, from Jeremy Corbyn to Jacob Rees-Mogg. Recent polling has shown that over a quarter of MPs were familiar with the campaign.

STRATEGIC REPORT

Business Review (continued)

Across 2020-21 we also continued to raise the profile of social housing in the press despite it being one of the most crowded and challenging media contexts ever seen. For example, our People in Housing Need report, which showed that the real social housing waiting list reached 3.8 million people, was published as a broadcast exclusive on BBC Radio 4, BBC News at 10 and the Today programme. The accompanying BBC Online article was the most viewed story that day.

And through our Together with Tenants initiative, we worked with our members to build stronger relationships with residents. Following a national rollout in 2021, the Together with Tenants plan has now been formally adopted by 165 housing associations, covering more than two million homes.

We also continued our work showing leadership to drive action on equality, diversity and inclusion. In 2020 we launched a comprehensive report on equality, diversity and inclusion in housing association staff in England. This report will help housing providers understand where we currently are as a sector, and start a conversation on where we'd like to get to.

In 2020-21 we drove delivery by addressing the barriers to building new homes. After years of work, in 2020 we secured a new, larger, £11.5bn Affordable Homes Programme, including funding for social rent, supported housing, and a renewed commitment to delivering modern methods of construction (MMC). The new programme states that 50% of available funds will be used for discounted rent – the highest level in a decade.

In 2020 we had great success with our shared ownership campaign. Supported by almost 50 organisations, we successfully launched a national advertising campaign, including the first ever national shared ownership website and portal. The campaign drove over 300,000 new users to the website, and 51,000 of these users went on to view a shared ownership home. Following this successful start, the campaign is now being delivered by Keaze.

Across 2020-21 we also made the case for a fairer and more effective welfare system by working closely with the Department for Work and Pensions to press for changes to Universal Credit that work for housing associations and residents. As a result of our influencing, the government last year introduced a new system to pay the housing element of Universal Credit directly to landlords at the same time that tenants receive their payment. We also completed the largest survey of social housing residents in receipt of Universal Credit so that we have evidence to show how people have been impacted during the pandemic. We plan to repeat this research as part of our ongoing work to mitigate the impact of welfare reform on residents and our members

Finally, throughout 2020-21 we prioritised our work to ensure that housing associations were supported as through the pandemic. For example, during the first lockdown we ensured that housing association staff were listed as keyworkers so that key services could continue, and we produced a statement to showcase the sector's public commitment to supporting residents affected by the crisis, which was covered in the press. Our 2020 Communities Together campaign showcased housing associations' work responding to the pandemic through a series of case studies from finding homes for rough sleepers, to helping people with financial worries.

STRATEGIC REPORT

Business Review (continued)

In 2020-21 we provided an excellent service to our members and stakeholders. This business strategy theme cuts across all of the work highlighted above – providing tailored support for our diverse membership, keeping our members informed, and securing access to exclusive discounts. A particular focus across 2021-21 was keeping our sector connected during the pandemic – we produced a wide range of resources to support our members through the crisis, including a new weekly coronavirus newsletter that summarised the latest guidance, shared case studies and blogs, and highlighted our key priorities.

We also adapted quickly to the first lockdown and moved all our events online to ensure that our members could still come together to discuss and share experience on key topics. In addition, our award-winning national conferences adapted into #NHFVirtual. These virtual events included our usual high standard of speakers, interactive roundtables and expert case studies, and brought together our members in higher numbers than ever before. In total, in 2020 over 13,000 people joined our events and 92% of delegates said they were satisfied with our events and would recommend them to a colleague.

Future Plans

At the start of 2021 we refreshed our 2019-22 business strategy in response to the significant changes we've experienced over the past year, in particular given the reduction in staff. Our four business strategy themes remain the same, but there has been a shift in focus within each theme to ensure that for the final year of our business strategy we're working on the issues that matter most to our members.

Our plans across 2021-22 include:

- Ensuring all homes are safe – this work will remain a top priority. Our substantial programme of work will continue and will become more focused on securing the right support and funding for members to remediate existing buildings, and to prepare for the new regulatory system. Our ambitions on culture change will be achieved by contributing to a new construction sector initiative called Building a Safer Future.

- Doing considerably more work on the sustainability and quality of existing homes, as this area of work has become increasingly important to our members and to the government. In 2021 we will produce a sector 'net zero roadmap to 2050' which will underpin our lobbying and policy development over the coming years.

- Shifting the focus of our supply work – now the new Affordable Homes Programme is agreed and underway, our emphasis will move towards supporting delivery under the programme, as well as influencing the government's proposed planning changes.

- Working to ensure the voice of our members and their residents is reflected in the implementation of the Social Housing White Paper, alongside the continued rollout of our Together with Tenants initiative.

- Delivering full programme of work that will demonstrate leadership on equality, diversity and inclusion, reflecting the importance we and our colleagues across the sector attach to this agenda.

STRATEGIC REPORT

Business Review (continued)

We will also continue a range of activity on the issues that matter most to our members – from supported housing and helping to reduce homelessness, to responding effectively to the coronavirus pandemic.

Our current business strategy runs until March 2022. Therefore across 2021-22 we will also begin the process of developing a new business strategy.

Unfortunately due to extreme volatility and uncertainty in the insurance market, from 2021-22 we will be unable to continue the provision of D&O insurance as part of NHF membership. We have provided signposting and advice to members on the procurement of D&O insurance and we are holding ongoing discussions with insurance providers to see if we are able to secure cost savings for our members. While we are unable to reduce membership fees in 2021-22 due to the financial pressures we face, we have frozen them at the 2020-21 rate, which translates into a real terms reduction for our members

Our financial objectives will continue to be aligned to our Reserves Policy described above in the Financial Review and performance will be monitored as set out in the Planning and Reporting section of the Report of the Directors.

Going Concern

The continued impact of the Coronavirus crisis on our trading over the next twelve months means that we are unlikely to be able to hold any in person conferences until the later part of the year and potentially then only with controls in place to ensure social distancing. We have therefore made provision for all venue credits held for cancelled events as the continued restrictions means it is unlikely that we will be able to utilise these. The pandemic also has the continued potential to adversely affect the ability of our tenants at Lion Court to pay the rent.

Last year we took swift action to reduced expenditure and we took advantage of Government initiatives including furloughing staff and delaying VAT and business rate payments. In addition, our staff agreed reduced salaries and have all agreed to a 5% pay cut from April 2021.

We launched our new NHFvirtual events program to replace in person events and will continue to offer these until such a time as in person events are once again possible.

We also asked our members for a one off voluntary contribution whilst we undertook a full sustainability review which has resulted in a reduction in headcount and the closure of our Manchester office.

As a result, we are now in a stronger position financially to weather the continued impact of the pandemic. Our budget for the next 12 months based on prudent income forecasts, with only virtual events shows that we will at least break even but more likely produce a small underlying surplus. We will continue to review and revise our business plans, and are continually monitoring, reviewing and updating our forecasts.

STRATEGIC REPORT

Going Concern (continued)

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

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

ON BEHALF OF THE BOARD

J Cunningham
J Cunningham (Jul 8, 2021 15:09 GMT+1)

Jackie Cunningham
Company Secretary
8 July 2021

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2021.

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

Principal activities

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

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

Corporate Governance

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

The Board adopts the Federation's code of governance, updated and republished in February 2015, and carries out an annual compliance review to satisfy itself that it complies with the main principles and provisions in the code. For the year ending 31 March 2022 the Federation will adopt the 2020 code of governance.

Reserves

A (loss)/surplus of £(5,969)k (2020: £8,121k) has been transferred to reserves as described in the Financial Review within the Strategic Report.

Fixed Assets

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

REPORT OF THE DIRECTORS

Directors

The following table shows Directors of the company between 1 April 2020 and 8 July 2021. Details are also shown of membership to Board Committees, and position where applicable, as at 8 July 2021. Attendance at Board meetings is shown as meetings attended out of meetings eligible to attend.

Name / Board Meeting Attendance	**Remuneration & Governance Committee**	**Audit & Risk Management Committee**	**Nominations Committee**
Baroness Diana Warwick (Chair) 6/6	Member		Member
Jane Ashcroft CBE (Vice Chair) 6/6	Chair		Chair
Sean Anstee 5/6			
Elizabeth Austerberry 5/6	Member	Chair	
Waqar Ahmed 4/6		Member	
Sebert Cox OBE 6/6		Member	
Suzanne Fitzpatrick 5/6			
Katharine Henderson (Chief Executive) 6/6	Member		Member
Isobel Leaviss 6/6			
Geeta Nanda OBE 5/6			Member
Gail Teasdale 5/6 (appointed 29 September 2020)			
Bronwen Rapley 6/6		Member	

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

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

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

REPORT OF THE DIRECTORS

Board and Officers' Liability Insurance

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

The Board

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

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

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

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

The Audit and Risk Management Committee continues to provide detailed scrutiny of the Federation's finances. It has focussed on the risks the Federation faces, and continues to oversee further strengthening of the Federation's risk management procedures

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

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

REPORT OF THE DIRECTORS

Responsibilities of the Board

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

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

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

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

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

The directors confirm that:

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

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

REPORT OF THE DIRECTORS

Responsibilities of the Board (continued)

The Board delegates some areas of its work to committees:

- **Remuneration & Governance Committee**

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

- **Audit and Risk Management Committee**

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

- **Nominations Committee**

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

Federation Staff

The Federation employed an average of 102 staff during the year to 31 March 2021. All staff are responsible to and governed by the Board through the Chief Executive. Key management personnel comprises the Chief Executive and other Leadership Team members.

Audit

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

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

REPORT OF THE DIRECTORS

Planning and Reporting

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

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

Risk Management Procedures

The Federation has continued to strengthen its risk management procedures.

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

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

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

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

Auditor

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

ON BEHALF OF THE BOARD

J Cunningham
J Cunningham (Jul 8, 2021 15:09 GMT+1)

Jackie Cunningham
Company Secretary

8 July 2021

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

Opinion

We have audited the financial statements of National Housing Federation Limited (the 'parent company) and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Group and the parent company Statements of Comprehensive Income and Retained Earnings, the Group and the parent company Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's and the parent company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Directors

As explained more fully in the Responsibilities of the Board statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the group and the parent company, and its sector, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, pensions legislation, employment regulation and health and safety regulation, and non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

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

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

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

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

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

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

Use of the audit report

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

Vincent Marke (Jul 9, 2021 13:49 GMT+1)

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

Date: 9 July 2021

PRINCIPAL ACCOUNTING POLICIES

Status

National Housing Federation Limited is a company limited by guarantee incorporated in England and Wales. The liability of members, of whom there are 747 (2020: 784) is limited to £1 per member. The Federation's group comprises two wholly owned subsidiaries, National Housing Federation Investments Limited and NHF Property & Services Limited.

Basis of Preparation

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

The functional currency of the Financial Statements is Pounds Sterling.

The principal accounting policies are set out below.

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

Significant Judgements and estimates

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

- Valuation of Investment Properties -The company has obtained a 3rd party RICS valuation report performed by BNP Paribas Real Estate which has valued the market value of the freehold interest of Lion Court, 25 Proctor Street, at £21,000,000. The valuation report includes commentary in respect of the location and situation of Lion Court, the floor area of useable space, the nature of the leases and sub-leases (full repairing leases), current rental income and "tenant covenant" (Dun and Bradstreet credit rating) of the tenants. The valuation methodology has been based on a yield approach to the income producing accommodation and a similar nominal yield equivalent approach to the space utilised by the National Housing Federation itself. The valuation has included an interpretation of market sentiment and an analysis of "Investment Comparable Information" reflecting a capital value as at the valuation date of 31 March 2021.

PRINCIPAL ACCOUNTING POLICIES

Significant Judgements and estimates (continued)

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

Basis of Consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 March 2021. Acquisition of subsidiaries are dealt with by the acquisition method of accounting.

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

Income

Turnover includes:

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

All income is accounted for on a receivable basis.

Going Concern

As detailed in the Strategic Report on page 11 the Coronavirus crisis had the potential to adversely affect our commercial trading. As a result over the last year we undertook a detailed options analysis which has reduced the size of the organistaion making the business sustainable for the future.

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

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

PRINCIPAL ACCOUNTING POLICIES

Tangible Fixed Assets and Depreciation

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

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

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

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

Investment Properties

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

Goodwill

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

Stock

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

Investments

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

PRINCIPAL ACCOUNTING POLICIES

Pensions

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

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

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

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

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

Operating Leases

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

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

Taxation

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

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

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

PRINCIPAL ACCOUNTING POLICIES

Financial Instruments

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

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

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	**2021 £'000**	2020 £'000
Turnover			
Continuing operations	1	**12,294**	12,457
Other operating income:			
rental income		**374**	861
revaluation gain		**-**	-
Total turnover		**12,668**	13,318
Administrative expenses	1	**(10,385)**	(11,915)
(Deficit) on revaluation of investment property		**(1,236)**	(686)
Group operating profit before share of joint venture		**1,047**	717
Share of operating profit in joint venture	2	**311**	140
Group operating profit		**1,358**	857
Interest payable	3	**(159)**	(449)
Share of interest payable in joint venture	2	**(14)**	(19)
Interest receivable and similar income	3	**1**	4
Share of interest receivable and similar income in joint venture	2	**-**	2
Profit on ordinary activities before taxation		**1,186**	395
Tax on profit on ordinary activities	5	**244**	(206)
Share of tax on profit on ordinary activities in joint venture	2	**(3)**	98
Profit for the year		**1,427**	287
Other Comprehensive Income			
Initial recognition of multi-employer defined benefit scheme			
Share of initial recognition of multi-employer defined benefit scheme in joint venture	2	**-**	(119)
Actuarial (losses)/gains in respect of pension	21	**(7,138)**	8,047
Share of actuarial losses in respect of pension in joint venture	2	**(258)**	(94)
Total Comprehensive (Loss)/Income for The Year		**(5,969)**	8,121
Retained profits at 1 April		**10,376**	2,255
Retained profits at 31 March		**4,407**	10,376

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

The principal accounting policies on pages 23 to 27 and the notes on pages 32 to 55 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	2021 £'000	2020 £'000
Turnover			
Continuing operations	1	**12,294**	12,457
Other operating income:			
Rental income		**374**	861
Total turnover		**12,668**	13,318
Administrative expenses	1	**(10,779)**	(12,540)
Profit on ordinary activities before taxation		**1,889**	778
Interest payable	3	**(107)**	(312)
Interest receivable and similar income		**1**	4
Profit on ordinary activities before taxation		**1,783**	470
Tax on profit on ordinary activities	5	**230**	(275)
Profit for the year		**2,013**	195
Other Comprehensive Income			
Actuarial (losses)/gains in respect of pension	21	**(7,138)**	8,047
Total Comprehensive Income for The Year		**(5,125)**	8,242
Retained profits/(loss) at 1 April		**4,361**	(3,881)
Retained (loss)/profits at 31 March		**(764)**	4,361

All transactions arise from continuing operations.

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

The principal accounting policies on pages 23 to 27 and the notes on pages 32 to 55 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

	Note	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Fixed assets					
Goodwill	8	**40**	**-**	72	-
Investments	7	**-**	**531**	-	531
Tangible fixed assets	6	**19,672**	**295**	21,673	1,019
		19,712	**826**	21,745	1,550
Current assets					
Stocks – publications	9	**8**	**8**	8	8
Debtors	10	**1,762**	**8,901**	2,576	9,564
Cash at bank and in hand		**2,768**	**2,740**	1,996	1,949
		4,538	**11,649**	4,580	11,521
Creditors: amounts falling due within one year	11	**(7,290)**	**(6,369)**	(8,204)	(7,499)
Net current (liabilities) / assets		**(2,752)**	**5,280**	(3,624)	4,022
Debtors: amounts falling due after more than one year	10	**854**	**4,523**	582	4,293
Total assets less current liabilities		**17,814**	**10,629**	18,703	9,865
Creditors: amounts falling due after more than one year	12	**(2,316)**	**(306)**	(3,101)	(319)
SHPS defined benefit liability	21	**(10,975)**	**(10,975)**	(5,091)	(5,091)
Provisions for liabilities	14	**(112)**	**(112)**	(94)	(94)
Share of net assets in joint venture	24	**(4)**	**-**	(41)	-
Net assets/(liabilities)		**4,407**	**(764)**	10,376	4,361
Capital and reserves					
Profit and loss reserve		**4,407**	**(764)**	10,376	4,361
		4,407	**(764)**	10,376	4,361

The financial statements were approved by the Board of Directors on 8 July 2021 and signed on their behalf on 8 July 2021.

Baroness Diana Warwick
Chair

Diana Warwick (Jul 8, 2021 14:52 GMT+1)

Jane Ashcroft CBE
Vice Chair

Jane Ashcroft (Jul 8, 2021 15:04 GMT+1)

Company registration no: 302132

The principal accounting policies on pages 23 to 27 and the notes on pages 32 to 55 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021 £'000	2020 £'000
Cash from operations	17	**1,420**	1,415
Interest received		**1**	4
Interest paid		**(45)**	(143)
Net cash generated from operating activities		**1,376**	1,276
Taxation			
Corporation tax paid	5	**(18)**	-
Cash flows from investing activities			
Payments to acquire fixed assets and investments	6	**(26)**	(225)
Proceeds from sale of fixed assets		**-**	1
Net cash from investing activities		**(26)**	(224)
Repayment of borrowings		**(560)**	(685)
Increase in cash and cash equivalents	18	**772**	367
Cash and cash equivalents at the beginning of the year		**1,996**	1,629
Cash and cash equivalents at the end of year		**2,768**	1,996

The principal accounting policies on pages 23 to 27 and the notes on pages 32 to 57 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Turnover and profit on ordinary activities before taxation

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

	2021	2020
	£'000	£'000
Affiliation fees	**8,456**	8,157
Grants	**805**	736
Conferences, publications and business development	**1,679**	2,837
Other income	**1,354**	727
Company and Group	**12,294**	12,457

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

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

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

	Group	**Company**	Group	Company
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
Staff costs (note 4)	**5,914**	**5,914**	6,079	6,079
Depreciation	**223**	**158**	239	174
Asset impairment	**546**	**546**	-	-
Auditors' remuneration:				
- audit services	**31**	**31**	31	31
- non-audit services	**6**	**6**	6	6
Charges on operating leases	**96**	**1,133**	68	1,105
Other operating charges	**3,569**	**2,991**	5,492	5,145
Company and Group	**10,385**	**10,779**	11,915	12,540

NOTES TO THE FINANCIAL STATEMENTS

2. Share of joint venture's results

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

HouseMark Limited's accounting reference date is 31 December. The most recent audited accounts available are for the period ending 31 December 2020.

The 2019 accounts restated the prior year statement of comprehensive income and deferred income in relation to the treatment of revenue for the year ended 31 December 2018, turnover decreased by £17,797, deferred income increased by £57,182, and the opening reserves have reduced by £39,385. The restatement has decreased profit by £17,797. No prior year adjustment was made in the Federation's group financial statements, instead the adjustments have been taken in the year ended 31 March 2019.

Summary income and expenditure information for HouseMark is:

NOTES TO THE FINANCIAL STATEMENTS

Share of joint venture's results (continued)

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
HouseMark turnover	**5,060**	5,183
HouseMark operating costs	**(4,557)**	(4,845)
Other Operating Income	**119**	-
Operating profit	**622**	338
Interest receivable	**1**	4
Interest Payable	**(29)**	(38)
Profit on ordinary activities before tax	**594**	304
Tax on profit on ordinary activities	**(5)**	197
Net profit	**589**	501
Initial Recognition of multi- employer defined benefit scheme	**-**	(239)
Actuarial losses in respect of the pension scheme	**(517)**	(188)
Total comprehensive income	**72**	74

Group share 50%:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
HouseMark turnover	**2,530**	2,563
HouseMark operating costs	**(2.278)**	(2,423)
Other Operating Income	**59**	-
Operating profit	**311**	140
Interest receivable	**-**	2
Interest Payable	**(14)**	(19)
Profit on ordinary activities before tax	**297**	123
Tax on profit on ordinary activities	**(3)**	98
Net profit	**294**	221
Initial Recognition of multi- employer defined benefit scheme	**-**	(119)
Actuarial losses in respect of the pension scheme	**(258)**	(94)
Total comprehensive income	**36**	8

NOTES TO THE FINANCIAL STATEMENTS

3. Interest payable and similar charges

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Interest payable				
On bank loans and overdrafts	**52**	**-**	137	-
Other operating charges	**107**	**107**	312	312
	159	**107**	449	312
Interest receivable				
Bank	**1**	**1**	4	4

4. Directors and employees

Staff costs during the year were as follows:

	2021 £'000	2020 £'000
Wages and salaries (leadership team)	**761**	696
Wages and salaries (other staff)	**3,965**	4,462
Social security costs (leadership team)	**95**	87
Social security costs (other staff)	**451**	486
Other pension costs (leadership team)	**55**	53
Other pension costs (other staff)	**274**	295
Termination costs	**313**	-
	5,914	6,079

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

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

	2021 Number	2020 Number
Leadership team	**7**	6
Other staff	**95**	110
	102	116

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

NOTES TO THE FINANCIAL STATEMENTS

Directors and employees (continued)

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

	2021	2020
	£'000	£'000
Emoluments	**151**	150
Pension contributions to money purchase pension schemes	**12**	13
	163	163

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

The fee paid for the services of the Chair was £20k (2020: £21k). No remuneration was paid to any other member of the Board other than the Chief Executive.

NOTES TO THE FINANCIAL STATEMENTS

5. Tax on profit on ordinary activities

Analysis of the tax charge / (credit) for the year

The tax charge / (credit) is based on the profit / (loss) for the year and represents:

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
UK Corporation tax	**28**	**-**	17	-
Deferred tax	**(272)**	**(230)**	189	275
Current tax (credit)/ charge for period	**(244)**	**(230)**	206	275
The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 19%. The differences are explained below:				
Profit on ordinary activities before tax	**1,186**	**1,783**	395	470
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax of 19%.	**225**	**339**	75	89
Effect of:				
Expenses not deductible for tax purposes	**1,819**	**1,627**	2,104	1,940
Income not taxable for tax purposes	**(2,083)**	**(2,083)**	(2,026)	(2,026)
Fixed asset timing differences	**105**	**105**	14	14
Chargeable loss	**(40)**	**-**	(179)	-
Adjustment to prior period tax charge	**1**	**-**	-	-
Amounts (charged)/credited directly to STGL or otherwise transferred	**(271)**	**(271)**	305	305
Group relief	**-**	**53**	-	79
Difference in deferred tax	**-**	**-**	(87)	(126)
Current tax (credit)/charge for period	**(244)**	**(230)**	206	275

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible fixed assets
Group

	Investment property £'000	Freehold property £'000	Plant and machinery £'000	*Computer equipment £'000	Office equipment and furniture £'000	Improve-ments to leasehold premises £'000	Total £'000
Cost:							
At 1 April 2020	17,988	3,883	668	1,390	103	52	24,084
Revaluation	(1,236)	-	-	-	-	-	(1,236)
Additions	-	24	-	1	1	-	26
Disposals	-	(8)	-	(32)	(1)	(30)	(71)
At 31 March 2021	**16,752**	**3,899**	**668**	**1,359**	**103**	**22**	**22,803**
Depreciation:							
At 1 April 2020	-	856	477	973	72	33	2,411
Provided in the year	-	34	32	143	11	3	223
Impairment	-	546	-	-	-	-	546
Disposals	-	(6)	-	(28)	(1)	(14)	(49)
At 31 March 2021	**-**	**1,430**	**509**	**1,088**	**82**	**22**	**3,131**
Net book amount at 31 March 2021	**16,752**	**2,469**	**159**	**271**	**21**	**-**	**19,672**
Net book amount at 31 March 2020	17,988	3,027	191	417	31	19	21,673

On 27 February 2014 three floors of the freehold property Lion Court were let on a ten-year commercial lease and the relevant portion of property cost was moved to investment property and included at valuation. A further floor was let in January 2019 on a ten-year commercial lease. Both tenants were affected by the Coronavirus pandemic and were granted 6 and 7 months' rent forbearance respectively in consideration for the lease being extended by the same period the end of the lease.

The remaining floor is used for operational purposes and was refurbished in 2019. The impairment is in relation to the remaining cost of the refurbishment as the office configuration will not be suitable for post Coronavirus working practises and has therefore been written down.

The whole property was independently valued at 31 March 2021 at £21m by BNP Paribas Real Estate, acting as an independent valuer as defined by Professional Standard 2 of the RICS Valuation Global Standards 2017. The basis of valuation was market value of the freehold interest in the property (as defined in the RICS Valuation Professional Standards), subject to any external tenancies. 79.8% of the building is let and is therefore included at a valuation of £16.75m i.e. 79.8% of the whole valuation.

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

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible fixed assets (continued)

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

Company

	*Computer equipment £'000	Office equipment and furniture £'000	Improvements to leasehold premises £'000	Total £'000
Cost				
At 1 April 2020	1,390	103	953	2,446
Additions	1	1	-	2
Disposals	(32)	(1)	(38)	(71)
At 31 March 2021	**1,359**	**103**	**915**	**2,377**
Depreciation				
At 1 April 2020	973	72	382	1,427
Provided in the year	143	11	4	158
Impairment	-	-	546	546
Disposals	(28)	(1)	(20)	(49)
At 31 March 2021	**1,088**	**82**	**912**	**2,082**
Net book amount at 31 March 2021	**271**	**21**	**3**	**295**
Net book amount at 31 March 2020	417	31	571	1,019

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

Improvement to leasehold premises includes the refurbishment of the office in 2019. The impairment is in relation to the remaining cost of the refurbishment as the office configuration will not be suitable for post Coronavirus working practises and has therefore been written down.

NOTES TO THE FINANCIAL STATEMENTS

7. Investments

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

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

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

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

Investments summary:

		2021	2020
National Housing Federation Investments Limited	Investment company	**100%**	100%
NHF Property & Services Limited	Property owning and office space provider	**100%**	100%
The Housing Finance Corporation Limited	Assists in the raising of funds for capital projects	**14%**	14%

	2021 £'000	2020 £'000
NHF Property & Services Ltd	-	-
Other	-	-
Group		
National Housing Federation Investments Limited	**531**	531
Company	**531**	531

In addition to the investments above the group and company have a 49% shareholding with 50% voting rights in HouseMark Limited, which is treated as a joint venture (note 24). Housemark Limited, which is jointly owned with the Chartered Institute of Housing, provides benchmarking and consultancy services to the housing sector.

NOTES TO THE FINANCIAL STATEMENTS

8. Goodwill

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

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

	£'000
Cost	
At 1 April 2020 and at 31 March 2021	**639**
Accumulated amortisation:	
At 1 April 2020	567
Charge for the period	32
At 31 March 2021	**599**
Net book amount at 31 March 2021	**40**
Net book amount at 31 March 2020	**72**

9. Stocks

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Stock for resale	**8**	**8**	8	8

NOTES TO THE FINANCIAL STATEMENTS

10. Debtors

Amounts due in less than one year:

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Trade debtors	**596**	**596**	891	892
Other debtors	**258**	**258**	265	265
Prepayments and accrued income	**908**	**908**	1,420	1,420
Amounts due from group undertakings	**-**	**7,139**	-	6,987
	1,762	**8,901**	2,576	9,564

Amounts due in more than one year:

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Deferred tax (note 15)	**854**	**1,023**	582	793
Amounts due from group undertakings	**-**	**3,500**	-	3,500
	854	**4,523**	582	4,293

A non-interest bearing deferred loan was made to the company's subsidiary undertaking, NHF Property & Services Limited in January 2004 to assist in the financing of the purchase of Lion Court, a property owned by NHF Property & Services Limited. At 31 March 2021 the amount outstanding on the loan was £3.5m (2020: £3.5m), to be repaid 20 years from date of issue.

The company has agreed not to recall the intercompany balance of £7,139k for twelve months from the date of signing these accounts unless NHF Property & Services Limited has the available funds to make the payment.

11. Creditors: amounts falling due within one year

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Bank loan (note 13)	**893**	**-**	681	-
SHPS deficit funding liability (note 21)	**17**	**17**	16	16
Trade creditors	**136**	**136**	290	290
Other tax and social security	**235**	**207**	162	145
Other creditors	**712**	**599**	214	120
Accruals and deferred income	**5,297**	**5,410**	6,841	6,928
	7,290	**6,369**	8,204	7,499

NOTES TO THE FINANCIAL STATEMENTS

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

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Other creditors	**257**	**257**	257	257
Bank loan (note 13)	**2,010**	**-**	2,782	-
SHPS deficit funding liability (note 21)	**49**	**49**	62	62
	2,316	**306**	3,101	319

Other creditors comprises rent deposits held in respect of the lease of floors 1-4 Lion Court and are repayable in more than two years but not more than five years.

13. Creditors: Capital borrowings

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

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Amounts repayable:				
In one year or less or on demand	**893**	**-**	681	-
In more than one year, but not more than two years	**893**	**-**	856	-
In more than two years, but not more than five years	**1,117**	**-**	1,926	-
In more than five years	**-**	**-**	-	-
	2,903	**-**	3,463	-

14. Provisions for liabilities

Group and company

	Leave pay £'000
At 1 April 2020	94
Additions	112
Utilised	(94)
At 31 March 2021	112

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

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred taxation

Group and Company

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

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Property revaluation	**-**	**-**	(41)	-
Short term timing differences	**446**	**446**	223	223
Fixed asset timing differences	**(67)**	**102**	(74)	96
Losses and other deductions	**475**	**475**	474	474
	854	**1,023**	582	793

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

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
Property revaluation	**(40)**	**-**	(112)	-
Short term timing differences	**(223)**	**(223)**	285	285
Fixed asset timing differences	**(9)**	**(7)**	56	30
Losses and other deductions	**-**	**-**	(40)	(40)
	(272)	**(230)**	189	275

Balance at 1 April 2019	**771**	**1,068**
Charge for the year	**(189)**	**(275)**
Balance at 1 April 2020	**582**	**793**
Charge for the year	**272**	**230**
Balance at 31 March 2021 (note 10)	**854**	**1,023**

16. Reserves

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

NOTES TO THE FINANCIAL STATEMENTS

17. Cash from operations

	2021	2020
	£'000	£'000
Operating surplus	**1,051**	717
Depreciation	**223**	239
Impairment of assets	**546**	-
Loss on disposal of tangible fixed assets / investments	**22**	1
Amortisation charges	**32**	32
Revaluation loss	**1,236**	686
Decrease in stock	**-**	2
Increase/(Decrease) in debtors	**814**	(386)
(Decrease)/Increase in creditors	**(2,504)**	124
Net cash inflow from operating activities	**1,420**	1,415

18. Analysis of changes in net debt

	At 1 April 2020	**Cash flow**	**At 31 March 2021**
	£'000	**£'000**	**£'000**
Cash in hand	1,996	772	**2,768**
Liquid resources	(3,463)	560	**(2,903)**
	(1,467)	1,332	**(135)**

19. Capital commitments

The company had no capital commitments at 31 March 2021 or 31 March 2020.

20. Contingent assets / liabilities

The Group incorporates relevant figures from the audited financial statements of the joint venture, Housemark, drawn up to 31 December 2020. Should there be any significant transactions or events relating to Housemark between 31 December 2020 and 31 March 2021, an adjustment is made to reflect this in the Group accounts.

21. Retirement benefit schemes

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

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

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

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

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

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

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

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

For accounting purposes, a valuation for the Scheme were carried out with effective dates of 30 September 2018. The liability figures from this valuation were rolled forward to the 31 March 2019 to 29 February 2020 inclusive.

Similarly an actuarial valuation of the Scheme was carried out at 30 September 19 to inform the liability for 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

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

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

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	44,726	39,961
Present value of defined benefit obligation	55,700	45,052
Surplus (deficit) in plan	(10,974)	(5,091)

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period Ending 31 March 2021 (£000s)
Defined benefit obligation at start of period	45,052
Expenses	28
Interest expense	1,057
Actuarial losses (gains) due to scheme experience	(594)
Actuarial losses (gains) due to changes in demographic assumptions	201
Actuarial losses (gains) due to changes in financial assumptions	10,834
Benefits paid and expenses	(878)
Defined benefit obligation at end of period	55,700

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

	Period Ending 31 March 2021 (£000s)
Fair value of plan assets at start of period	39,961
Interest income	952
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	3,303
Contributions by the employer	1,388
Benefits paid and expenses	(878)
Fair value of plan assets at end of period	44,726

The actual return on plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £4,255k.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

	Period Ending 31 March 2020 (£000s)
Expenses	28
Net interest expense	105
Defined benefit costs recognised in statement of comprehensive income	133

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period Ending 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	3,303
Experience gains and losses arising on the plan liabilities – gain (loss)	594
Effect of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(201)
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(10,834)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(7,138)
Total amount recognised in other comprehensive income - gain (loss)	(7,138)

ASSETS

	31 March 2021 (£000s)	**31 March 2020 (£000s)**
Global equity	7,128	5,845
Absolute return	2,469	2,084
Distressed options	1,292	770
Credit relative value	1,407	1,096
Alternative risk premia	1,685	2,794
Fund of hedge funds	5	23
Emerging markets debt	1,805	1,210
Risk sharing	1,628	1,350
Insurance-linked securities	1,074	1,227
Property	929	880
Infrastructure	2,982	2,974
Private debt	1,067	805
Opportunistic Illiquid Credit	1,137	967
High Yield	1,339	-
Opportunistic Credit	1,226	-
Corporate bond fund	2,643	2,279
Liquid Credit	534	16
Long lease property	877	691
Secured income	1,860	1,516
Liability driven investment	11,367	13,263
Net current assets	272	171
Total assets	44,726	39,961

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

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

KEY ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	2.18	2.37
Inflation (RPI)	3.27	2.60
Inflation (CPI)	2.87	1.60
Salary growth	3.87	2.60
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

Growth Plan

National Housing Federation Limited participates in the Social Housing Pension Scheme Growth plan a multi-employer scheme which provide benefits to some 950 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the schemes as defined benefit schemes. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)

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

Note the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

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

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

PRESENT VALUES OF PROVISION

	31 March 2021 (£000s)	**31 March 2020 (£000s)**	**31 March 2019 (£000s)**
Present value of provision	66	78	95

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2021 (£000s)	**Period Ending** 31 March 2020 (£000s)
Provision at start of period	78	95
Unwinding of the discount factor (interest expense)	2	1
Deficit contribution paid	(16)	(16)
Remeasurements - impact of any change in assumptions	2	(2)
Provision at end of period	66	78

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2021 (£000s)	**Period Ending** 31 March 2020 (£000s)
Interest expense	2	1
Remeasurements – impact of any change in assumptions	2	(2)

ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	0.66	2.53	1.39

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

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

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

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2021 (£000s)	31 March 2020 (£000s)	31 March 2019 (£000s)
Year 1	17	16	16
Year 2	17	17	16
Year 3	18	17	17
Year 4	15	18	17
Year 5	-	15	18
Year 6	-	-	15

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

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

The total pension cost for the Federation for the year including pension deficit contributions was £1,693k (2020: £1,696k).

NOTES TO THE FINANCIAL STATEMENTS

22. Financial commitments

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

As part of the facility agreement with Lloyds, National Housing Federation Limited has a £3m rolling credit facility until 19 February 2024 The amount utilised is £nil at 31 March 2021.

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

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

Amounts repayable:

	Group 2021 £'000	**Company 2021 £'000**	Group 2020 £'000	Company 2020 £'000
In one year or less on demand	**52**	**1,090**	85	1,122
In more than one year, but not more than two years	**43**	**1,080**	77	1,114
In more than two years, but not more than five years	**121**	**985**	196	2,098
In more than five years	**123**	**123**	188	188
	339	**3,278**	546	4,522

NOTES TO THE FINANCIAL STATEMENTS

23. Transactions with directors and other related parties

During the year National Housing Federation Limited paid £nil (2020: £nil) to HouseMark for services and received licence income from HouseMark amounting to £283k (2020: £276k).

National Housing Federation Limited paid rent of £1.553m (2020: £1.709m) to NHF Property & Services Limited. NHF Property & Services Limited paid fees in respect of rents, rates and service charges to National Housing Federation Limited for the 1st, 2nd, 3rd and 4th floors of Lion Court amounting to £1.06m (2020: £989k).

In the normal course of business housing associations to which some directors are connected, pay affiliation fees, acquire publications and attend conferences of National Housing Federation Limited. All of these transactions are at arm's length other than attendance at conferences where the Director's attendance is required by virtue of being a Director. Affiliation fees received from members during the year ended 31 March 2021 were £8.46m (2020: £8.16m).

There are no other related party transactions.

24. Group and joint venture disclosures

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

a) There are no intercompany loans or other balances due between National Housing Federation Limited and HouseMark Limited.
b) HouseMark Limited's accounting reference date is 31 December. The most recent audited accounts available are for the period ending 31 December 2020. These have been used in compiling the Federation's group financial statements.

The results for Housemark in 2019 restated the prior year statement of comprehensive income and deferred income in relation to the treatment of revenue for the year ended 31 December 2018. Turnover decreased by £17,797, deferred income increased by £57,182, and the opening reserves were reduced by £39,385. The restatement decreased profit by £17,797.

No prior year adjustment was made in the Federation's group financial statements, instead the adjustments were taken in the year ended 21 March 2020.

.

NOTES TO THE FINANCIAL STATEMENTS

24. Group and joint venture disclosures (continued)

	2020	2019
	£	£
Profit and loss account		
Turnover	**5,060,302**	5,183,143
(Loss)/profit after tax	**72,409**	73,792
Balance sheet		
Fixed assets	**607,248**	603,868
Current assets	**2,817,106**	2,232,627
Creditors: amounts falling due within one year	**(1,560,788)**	(1,437,338)
Pension liability and deferred tax	**(1,872,000)**	(1,480,000)
Net assets	**(8,434)**	(80,843)
Called-up share capital	**100**	100
Profit and loss account	**(8,534)**	(80,943)
	(8,434)	(80,843)

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

25. Financial risk management

The company has exposure to three main areas of risk:

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

Customer credit exposure
The company has leased three floors of its freehold property to a serviced office provider for ten years with no break clause. In January 2019, another floor was let commercially for ten years with a tenant break after 5 years. There is a risk that either tenant may default on the rent however, this is mitigated by holding rent deposits totalling £257k.

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