NATIONAL HOUSING

FEDERATION LIMITED

FINANCIAL STATEMENTS

For the Year ended

31 March 2020

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 Banking services also provided by: Bank of Scotland 2nd Floor, James's Gate 14-165 Cockspur Street London SW1Y 5BL
Auditor:	Mazars LLP Registered Auditor Chartered Accountants 45 Church Street Birmingham B3 2RT

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KEY FIGURES – GROUP FIVE YEAR SUMMARY

	2019/20	2018/19	2017/18	2016/17	2015/16
	£k	£k	£k	£k	£k
Turnover	13,318	13,448	14,852	15,122	16,653
Underlying turnover	13,318	13,448	13,285	13,976	13,893
Change %	-1.0%	1.2%	-4.9%	n/c	-4.4%
(Loss)/Profit after tax (see page 7)	8,121	(9,509)	3,011	2,192	751
Underlying(loss/)/surplus (see page 7)	(53)	288	444	456	382
Net assets	10,376	2,255	11,764	8,753	6,561
Net assets pre FRS 102					
Net cash at year end	1,996	1,629	1,070	3,015	2,712

The Financial Statements for 2015/16 were prepared for the first time under Financial Reporting Statement 102 (FRS 102).

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.

Last year for the first time it was possible to obtain sufficient information to account for the pension scheme as a defined benefit scheme resulting in the full net benefit liability being included in the balance sheet. The effect of this change, last year was a charge against comprehensive income of £8m and a corresponding reduction in net assets. This year the change was a gain in comprehensive income of £8m which has increased net assets from £2.3m to £10.4m. 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

Since the coronavirus outbreak took hold earlier this year, we've been living through truly unprecedented times. This has affected all of us in so many ways, with our relationships with our homes being completely transformed as we learn to live, care, work and rest under one roof. Many of us grieve for those who have lost their lives and we are all uncertain about what the future holds.

In the midst of the crisis, the housing sector has faced its own unique challenges – and has shone through as an example of the care, courage and kindness that has characterised Britain's response to the pandemic. Our key workers have worked tirelessly at the frontline in supported housing, homelessness services, essential repairs and other vital services. Housing associations have supported their communities, contacted people who are isolating or vulnerable, supported local charities and helped residents whose income has been affected. Together we will form a central part of the nation's recovery from the crisis as we see ever clearer through the crisis how important it is to have a safe, secure and affordable home and support to live well. I am immensely proud to be associated with this wonderful sector.

Before the coronavirus crisis hit, we were entering what we expected to be a period of relative political stability following a year of rapid change. The sector had worked hard over the course of last year to build a strong consensus around the need to invest in housing and communities, and we built on this positive approach during the short general election campaign. When the government was elected with a strong majority, we quickly began work to build relationships with ministers and establish the sector as a vital partner for the years ahead.

That work has not stopped – and indeed has become even more vital – during the current crisis. The Federation has worked closely with the government, officials and partners to ensure the sector has the information and support it needs to continue its essential work with residents and partners around the country. We now begin a vital piece of work to position social housing as central to the nation's recovery and ensure that your residents and communities can come back even stronger than they were before.

The challenging circumstances in February and March also had an impact on the NHF's finances in 2019/20. We ended the year with an underlying loss of £53k compared to a surplus of £288k in the previous year, following the postponement of our Housing Finance Conference in March due to the coronavirus outbreak. Once again, the accounting treatment of pensions and the volatility in the markets and other measures that affect the valuation has changed our net assets under FRS102. This year they have increased from £2.3m to £10.4m, virtually wiping out the previous year's reduction. We are continuing to seek ways to improve the reserves position, to provide a buffer against changes in the pension deficit.

We believe our work to support the sector to deliver its social purpose has never been so important, and we continue to work hard to deliver the impact and value that members need. Due to the impact of coronavirus on the Federation's commercial income, we do not expect to be able to hold in person events until later in the year which will reduce our income significantly and we are putting in place robust measures to address this.

Looking forward, it's clear that the impact of the coronavirus outbreak will mean that as businesses and as a sector we will be moving through a period of sustained change. Housing associations have already shown that they are playing a crucial role in helping the country to recover and will continue to be central in that process. We will face the future together as a strong and resourceful sector.

Finally, I'd like to thank the Board for their continuing commitment to the sector and their consistent support during the year and the staff at the Federation who continue to do fantastic work in helping our members provide great service.

Baroness Diana Warwick

CHIEF EXECUTIVE'S REVIEW

Since joining the Federation in the autumn of 2018, just over 18 months ago, so much has happened and the last six months have brought more changes than any of us had anticipated. A new government and the ongoing coronavirus crisis have changed the landscape completely and we have all been working hard to adjust to a new environment. I have been so impressed by housing associations' work to support people through this incredibly difficult time, and I feel proud and privileged to represent you.

This new environment brings with it obvious obstacles to overcome, but it also presents our sector with the chance to place ourselves at the heart of the nation's recovery. Housing associations have consistently proven the impact they have for the residents and communities they serve, and, as Diana writes above, they will be needed more than ever in the months to come.

We may be facing continued change and uncertainty, but I am confident that the Federation's 2019-2022 business strategy gives us the strongest possible basis to support this sector in this unprecedented time. Its central themes of trust, quality and delivery feel as central now as they were before the crisis, and they will guide our work for the future as they guided us through 2019-20.

Over the past year, we've worked closely with the government on building safety and remediation, submitting a sector response to the Building a Safer Future consultation, and we've also set up a national member group to help move this work forward.

Our Together with Tenants initiative, geared towards improving levels of trust and transparency in the way we work in partnership with residents, has been widely supported by residents, politicians, and stakeholders. Guided by a member steering group, we published a Together with Tenants plan and charter, which was referenced in the government's Social Housing Green Paper, and the government has now committed to delivering a White Paper.

We commissioned modelling to help us understand, for the first time, how much investment is really needed to end the housing crisis. This resulted in our call for £12.8bn a year over 10 years – which received backing from key partners such as Crisis and Shelter, as well as from MPs from across party lines.

We've been pressing for changes to Universal Credit that will work for housing associations and residents, and as a result, the government is testing a new system to pay the housing element of Universal Credit directly to landlords.

We've also been building on the success of our Commitment to Refer initiative, to showcase the vital role that housing associations can play in ending homelessness. This has never been clearer than in the first few months of 2020, as housing associations have been key in helping to rehouse people sleeping rough.

We've strived to put all our members at the heart of everything we do, building upon our offer to our smaller members, specialist housing associations, rural associations and to board members around the country. And our members have shown in recent weeks the value they bring to our society, the difference they make to people's lives, and the potential we have as a sector to help us emerge from this crisis. The amazing response we've seen from housing associations across the country has made me even prouder to work with this incredible sector.

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 & Uncertainties

As a trade body the Federation is impacted by the risks and uncertainties applying to its members and those applying to its own business operations.

The Federation 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. At the time of writing, the country is a little over three months into dealing with the coronavirus pandemic. These are extraordinary and unpredictable times and nearly all the risks and uncertainties detailed below are positioned in the context of the sector response to the immediate crisis and how it will manage through the economic and social shockwaves caused by the virus. Additional to that, the Bank of England has warned of the very real possibility that the country is facing a no-deal exit from the EU in December 2020.

STRATEGIC REPORT

Risks & Uncertainties (continued)

Key risks and uncertainties for our members include:

- Continuing to respond to the immediate operational and strategic challenges caused by the coronavirus, including managing staff and residents safety and wellbeing; delivering key services in new ways to accommodate social distancing; and rapidly adapting as lockdown conditions change.
- Financial uncertainty created by additional rent arrears caused by residents livelihoods being impacted by coronavirus
- Financial uncertainty for care and support providers due to the increase costs of meeting their residents' needs during the coronavirus crisis and the funding of supported housing remaining within the benefits system
- Increased pressure on the availability caused by individuals' finances and livelihoods being impacted by the pandemic, family breakdowns and the housing associations commitment to the Government's rough sleeper ambitions
- The practical and reputational risks associated with meeting the supply expectations of the Government as the country emerges from lockdown and the continued focus from the Government on home ownership.
- Ensuring buildings are safe for all residents is our top priority. The consequences of the Grenfell fire tragedy and the responses to it, from housing associations themselves, government and other parties continue to play out through new legislation in currently before Parliament. Members' efforts to improve and remediate buildings have also been hampered by lockdown measures.
- New building safety legislation will create the need for extensive enhanced data sets which housing associations do not currently compile or have access to. A new regulator could require members' business practices to change presenting a challenge for some members to implement in a timely manner. As well as the significant resource implications associated with obtaining and managing the data, there could also be increased reliance on the quality of the data, with increased risk impact associated with poor quality data.
- Alongside responding to a new building safety system, housing associations will also have to manage to cost of the meeting decarbonisation ambitions. Both will come with necessary financial implications.
- The broader intensified focus on housing association transparency and tenant scrutiny remains pertinent to the sector. Members will need to continue to dedicate resources towards engagement with a diverse range of stakeholders which will be made more challenging by lockdown measures.
- The impact of new entrants to the social housing sector, including for-profit providers. The Federation welcomes changes that can contribute to the very necessary increase in supply of good quality, affordable housing, but the overall impact of these structural changes remains unclear.
- Leased based providers present concern to the regulator and represent a wider risk to the sector's reputation, due to their lack of asset base and inability to respond to certain potential changes in government policy or the financial operating environment. Many of these providers provide housing for some of the sectors most vulnerable client groups increasing the potential impact should there be failure in this part of the sector.
- Ongoing effects from government's welfare and benefit reform measures. Universal Credit and the increased demand on the benefit system caused by the coronavirus will continue to present challenges for both tenants and housing associations.

STRATEGIC REPORT

Risks & Uncertainties (continued)

- There is a growing interest from pension funds and other for-profit investors in affordable housing and the housing association sector. These investors see the long-term value in affordable housing - both in terms of its potential to deliver a stable profit, and as an ethical place to invest given our social purpose and drive to be more energy efficient. While this may bring welcome additional funding into the sector, there are potential associated reputational risks and a question about whether this could change the business model of the sector over the long-term. We are monitoring this closely and talking to the regulator and the government as the situation develops.

In any given year, the Federation's own risks and uncertainties derive from our ability to respond swiftly, demonstrate leadership and value, and engage effectively with stakeholders and decision-makers on the challenges our members face. Our members also expect us to be delivering a sufficiently attractive commercial services and to operate efficiently to provide them with a value for money service.

The coronavirus crisis has raised some very specific and particular risks and uncertainties for the Federation to navigate so that we can continue to deliver for our members.

- Like our members, we are having to constantly to respond to the operational and strategic challenges created by coronavirus and the resulting national lockdown. This means adapting using working practices and strategic priorities to meet both members need and support staff health and wellbeing
- Continuing to respond to the short and longer term financial challenges created by the coronavirus crisis because of a ban on in-person events; a reduction of wider commercial activity; a reduction in the rents we receive for at Lion Court due to the Government's rent holiday policy; and the impact of the crisis on the valuation of our head office.
- Continuing to deliver value for money for our members based on their needs during the coronavirus crisis while working with reduce capacity across the organisation
- Retaining and motivating our staff, who successfully implement our strategy and business plans, both as regards to outward facing and internal support services.

Mergers within the sector have increased in the last few years. We could see more of this activity as a direct result of the pandemic. This could reduce the Federation's income from affiliation fees.

Financially, the major cost outside the difficulties caused by coronavirus remains the Federation'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 Federation 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.

STRATEGIC REPORT

Risks & Uncertainties (continued)

If any combination of the above risks for our members and the Federation were to negatively materialise on a significant scale, then members may become unable or unwilling to pay their affiliation fees or for commercial services. This could then result in there being insufficient funding for the Federation to operate in its current manner. We closely monitor member sentiment and could respond quickly to any indication of fee non-payment.

The Federation leads the sector in anticipating and analysing different scenarios and how to deal with them. There are operating policies, procedures and protocols in place controlling all public and private Federation pronouncements. Positioning is determined by the Board informed by widespread consultation with members.

Regarding commercial services, more so this year than ever, strong market intelligence means event programmes, now largely delivered virtually, are constantly adjusted in line with market demands. Sophisticated and targeted marketing strategies are employed.

The Federation’s Risk Management Procedures are detailed in the Report of the Directors. Extensive risk mitigation actions are taken, reviewed and further developed.

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. During the 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. 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 deficit valuation, therefore the policy now refers to cash equivalents.

The underlying loss for 2019/20 was £53k compared to surplus of £288k for the previous year. The underlying loss was a result of the postponement of the Housing Finance Conference due to the coronavirus crisis. Under FRS 102 our reported, headline profit/(loss) after tax was £8,121k (2019 £(9,509k).

The headline figures include unrealised property revaluation gains 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 2019/20 and 2018/19 is as follows:

	2019/20	2018/19
	£k	£k
Headline profit/(loss) after tax under FRS 102	**8,121**	(9,509)
Unrealised property revaluation loss /(gain) on investment property	**686**	2,321
Pension deficit recovery payments	**(1,351)**	(1,085)
Initial recognition of multi-employer defined benefit scheme	**-**	4,830
Actuarial gain/(losses) in respect of pension	**(8,047)**	3,199
Pension scheme net finance cost	**312**	288
Deferred tax and other FRS 102 adjustments	**226**	244
Underlying surplus	**(53)**	288

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

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 2020 were £10.4m (2019 £2.3m) Since this change was introduced it has resulted in big movements in net assets, which are outside our control. We have 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 and 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 1.0% to £13.3m. Gross income from affiliation fees was 0.5% higher than the previous year, reflecting the 2% price increase reduced by the impact of mergers amongst members. The price of membership for the upcoming year (2020/21) has been increased by 1.7%. In addition, the calculation for our very largest members has been amended to reduce the impact of mergers. All individual members affected by this change were contacted separately to explain the change.

Net income from commercial services fell but contributed £2.81m (2020 £3.01m). The main reason for the lower contribution was the postponement of our Housing Finance Conference & Exhibition in March due to the Coronavirus crisis.

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 by for operational purposes (20.02%) is held at original cost less depreciation. At 31 March 2020 the whole property was independently valued at £22.55m (a decrease of £860k). The impact of COVID -19 has produced additional estimation uncertainty over and above that which already exists for the Investment property valuation as a result of a lack of contemporary and relevant market data upon which the valuer has formed the valuation such that they attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global.

STRATEGIC REPORT

Financial Review (continued)

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 a Financial Review for the year. This will be available to all members as a hard copy and on our website.

Business Review

Political uncertainty and a focus on Brexit continued for the 2019/20 business year, which then culminated in the coronavirus pandemic. However, housing policy still progressed under both the pre and post general election governments with a continued focus on building safety and homelessness.

During this time the Federation launched its new business strategy and we are proud to have already delivered so much under each theme.

We have been **promoting great quality** by calling for the support our members need to make buildings safe, pressing the government to fund safety remediation work and sharing the challenges our members face in carrying out vital remediation works.

We worked closely with the government and industry to address concerns around fire doors, cladding, and mortgage valuations in high-rise blocks. We also highlighted the scale and complexity of remediation needed, and urging the government to coordinate and fund vital work to remove cladding and replace fire doors

We submitted a sector response to the Building a Safer Future consultation and shared members views on issues such as sprinkler provision. As part of our wider work on culture change, we worked with cross-industry groups to design a new competency framework.

To ensure homes good quality as well as safe, we worked with the government to promote the importance of good design in mixed-tenure schemes in response to concerns about segregation – and this was reflected in the new national design guide, published in October.

We also supported the Town and Country Planning Association's Healthy Homes Act, and began work with our members on a sector response to the Future Homes Standard.

Alongside this, more than 450 people from 250 housing associations participated in our award-winning innovation programme, Creating our Future. The programme generated five ideas to help address big challenges, including improving the quality of homes, tackling poverty, ending homelessness and adapting homes as people get older.

In 2019/20, the Federation has been **building trust** and improving 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.

Through our high-profile general election campaign, #FixTheHousingCrisis, we supported members to engage with more than 50 parliamentary candidates across the political spectrum, and we reached 2.4 million people on social media

STRATGIC REPORT

Business Review (continued)

And through our Together with Tenants initiative, we worked with members to build stronger relationships with residents. Our 132 early adopter organisations are testing out the Together with Tenants plan and charter, ahead of a full sector rollout

The Great Places Commission presented its recommendations in July 2019, setting out practical ways housing associations can work in partnership to make sustainable, inclusive and vibrant places

We also established our first ever diversity, equality and inclusion member group. The group will work with the Federation to take forward our diversity agenda, including promoting a shift in culture and delivering more inclusive workplaces. Our second Diversity, Equality and Inclusion in Housing Conference was a great success, bringing together housing professionals for honest conversations on how we can create a more inclusive sector.

Additionally, we worked with BME National, a collective of BME housing associations in England, to develop a mission statement, highlighting how the government can work with the housing sector to improve housing for BME communities.

We have been **driving delivery** by commissioning cutting-edge modelling to tell us, for the first time, how much investment is needed to fix the housing crisis for good. We also continued to call for certainty in our submission to the Spring budget and were pleased to welcome the announcement of a new £12.2bn five year AHP from 2021/22.

We continued to collaborate with Homes England on strategic partnerships and the future of affordable housing funding, while ensuring that some of the benefits of strategic partnerships are extended into the main Affordable Homes Programme.

We also built on the success of our Commitment to Refer, a voluntary offer for housing associations to implement the referral duties of the Homelessness Reduction Act. There are now more than 200 housing associations signed up, and we’re exploring how the sector can work in partnership with local authorities to end homelessness.

We remained committed to raising the profile of supported housing and the vital services it provides, through our media work and our annual Starts at Home campaign.

And over the past year, we’ve been working with our members, stakeholders and the government to develop our shared ownership campaign that will boost the profile of this great product on a scale that’s never been done before.

The Federation delivered an **excellent service** by developing our board member offer with a new quarterly newsletter, online forum and programme of conferences, free events and webinars. For smaller housing associations, we published a new development guide and convened our national group to explore new ways we can provide support

At our national conferences, housing association professionals networked and gained insight from speakers within and beyond the sector. We also provided digital tools to support networking, including online discussion forums, and our new website, launched in January 2020.

STRATEGIC REPORT

Business Review (continued)

And our commercial team continued to secure the best prices on products and services that benefit our members and their residents. We have carefully selected suppliers that offer special rates to our members, from legal and financial advice to IT and recruitment support – this includes Guardian Jobs, Phoenix Software and My Home Contents Insurance

Future Plans

In 2020/21 we remain committed to delivery against our four clear business strategy themes.

Work on Together with Tenants, Shared Ownership, Great Places and Housing Futures remain a priority, but will be paused for the first half of the year as we adapt quickly to refocus our capacity and resources on the issues and challenges members are experiencing as a result of the coronavirus crisis.

We will help members navigate the immediate operational and strategic hurdles they face because of the pandemic by calling for the policy clarity and practical interventions they need to deliver a high quality service for their residents.

We will also position social housing and housing associations at the heart of the country's economic and social recovery from the coronavirus crisis by pressing for five key policy goals:

1. No return to rough sleeping
2. A new generation of affordable homes
3. Help people to thrive at home
4. A new drive to decarbonise social housing
5. Change for communities across the country

To amplify this work we will develop a coalition of partners to make the case publicly for the economic and societal good social housing brings through a targeted campaign.

Alongside this we will carry out an extensive scenario planning exercise that will help us understand the long term risks facing the sector and the Federation to help inform our future business planning.

In response to the conditions created by the lockdown we will also revise the way we deliver our commercial and non-commercial events by launching a programme of virtual conferences and meetings with the hope to be back delivering in-person events in early 2021. We will also review how we work with our commercial partners to ensure these services deliver for our members in the current climate.

We continued to develop our business strategy for 2019 to 2022 through extensive engagement with our members, key partners and staff. As a result, we have launched our well-grounded plans for the coming period.

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.

STRATEGIC REPORT

Going Concern

As well as the postponement of our Housing Finance conference in March the impact of the Coronavirus crisis on our trading over the next twelve months means that we are unlikely to be able to hold any person conferences until the later part of the year and potentially then only with controls in place to ensure social distancing. The pandemic also has the potential to adversely affect the ability of our tenants at Lion Court to pay the rent.

The potential impact may be as high as a £3m drop in income in the coming year assuming no in person conferences take place in 2020 and a 50% drop in all other income except affiliation fees, 96% of which have already been received.

As a result we have undertaken a detailed options analysis, reviewed and revised our business plans, and are continually monitoring, reviewing and updating our forecasts.

We took swift action in April to reduced expenditure in line with our current working arrangements and taken advantage of Government initiatives including furloughing staff and delaying VAT and business rate payments. In addition, our staff have agreed to a 15-20% pay reduction for the coming year.

We took swift action in April to reduced expenditure in line with our current working arrangements and taken advantage of Government initiatives including furloughing staff and delaying VAT and business rate payments. In addition, our staff have agreed to a 15-20% pay reduction for the coming year.

We have also launched our new NHFvirtual events program to replace in person events at the cestimaurrent time and enhance our events program when in person events are possible again.

Taking these measures into account the resulting forecast show a worst case scenario of £700k loss reflecting current prudent te of income for the new virtual events and cautious forecasts of other income and costs. Whilst this is a worst case scenario further actions are being put in place to bring results back to breakeven for the year.

Cashflow forecasts show we will remain within our banking facilities even in the worst case scenario, 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 10, 2020 12:30 GMT+1)

Jackie Cunningham
Company Secretary
10 July 2020

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2020.

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.

Reserves

A surplus/(loss) of £8,121k (2019: £(9,509)k) 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 2019 and 8 July 2020. Details are also shown of membership to Board Committees, and position where applicable, as at 8 July 2020. 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) 5/6	Chair		Chair
Sean Anstee 5/6			
Elizabeth Austerberry 5/6		Chair	
Waqar Ahmed 5/5 5 (appointed 24 September 2019)			
Sebert Cox OBE 6/6		Member	
Suzanne Fitzpatrick 5/6			
Katharine Henderson (Chief Executive) 6/6	Member		Member
Mark Henderson 4/6		Member	
Isobel Leaviss 6/6			
David Montague CBE 1/1 (resigned 28 September 2019)	Member	Chair	
Geeta Nanda OBE 2/6			Member
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 116 staff during the year to 31 March 2020. 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 10, 2020 12:33 GMT+1)

Jackie Cunningham
Company Secretary

10 July 2020

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 2020 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, including 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 2020 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 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.

Emphasis of matter – Going concern and the impact of the COVID -19 outbreak on the financial statements

In forming our opinion on the Group and the parent company financial statements, which is not modified, we draw your attention to the Directors' view on the impact of the COVID-19 as disclosed on page 11, and the consideration in the going concern basis of preparation on page 23.

During the latter part of the financial year, there has been a global pandemic from the outbreak of COVID -19. The potential impact of COVID -19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID -19 is still evolving and, based on the information available at this point in time, the Directors have assessed the impact of COVID -19 on the business and reflected the Directors' conclusion that adopting the going concern basis for preparation of the financial statements is appropriate.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – The impact of the COVID -19 outbreak on the investment property valuation

In forming our opinion on the Group and the parent company financial statements, which is not modified, we draw your attention to the Directors' view on the impact of the COVID-19 on the investment property valuation performed by an independent valuer which contained a material valuation uncertainty as disclosed on page 8, and the consideration in the disclosure of the key source of estimation uncertainty on page 22.

The impact of COVID -19 is still evolving and, based on the information available at this point in time, the Directors have assessed the impact of COVID -19 on the investment property valuation and reflected the Directors' conclusion that the valuation included in the financial statements is appropriate.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report 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 its 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 specific 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 directors' responsibilities 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 Board either intends to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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 S. Marke
Vincent Marke (Jul 28, 2020 17:05 GMT+1)

Vincent Marke (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham,
B3 2RT

Date: Jul 28, 2020

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 784 (2019: 822) 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 £22,550,000. 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 2020. The impact of COVID -19 has produced additional estimation uncertainty over and above that which already exists for the Investment property valuation as a result of a lack of contemporary and relevant market data upon which the valuer has formed the valuation such that they attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global.

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 2020. 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 has the potential to adversely affect our commercial trading over the next twelve months. As a result we have undertaken a detailed options analysis, reviewed and revised our plans, and are continually monitoring, reviewing and updating our forecasts and have taken swift action to reduce the possible impact.

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	2020 £'000	2019 £'000
Turnover			
Continuing operations	1	**12,457**	12,730
Other operating income:			
rental income		**861**	718
revaluation gain		**-**	-
Total turnover		**13,318**	13,448
Administrative expenses	1	**(11,915)**	(11,895)
(Deficit) on revaluation of investment property		**(686)**	(2,321)
Group operating profit/(loss) before share of joint venture		**717**	(768)
Share of operating (loss)/profit in joint venture	2	**140**	(21)
Group operating profit/(loss)		**857**	(789)
Interest payable	3	**(449)**	(455)
Share of interest payable in joint venture	2	**(19)**	-
Interest receivable and similar income	3	**4**	1
Share of interest receivable and similar income in joint venture	2	**2**	1
Profit/(loss) on ordinary activities before taxation		**395**	(1,242)
Tax on profit on ordinary activities	5	**(206)**	(244)
Share of tax on profit on ordinary activities in joint venture	2	**98**	6
Profit/(loss) for the year		**287**	(1,480)
Other Comprehensive Income	21	**-**	(4,830)
Initial recognition of multi-employer defined benefit scheme			
Share of initial recognition of multi-employer defined benefit scheme in joint venture	2	**(119)**	-
Actuarial gains/(losses) in respect of pension	21	**8,047**	(3,199)
Share of actuarial gains/(losses) in respect of pension in joint venture	2	**(94)**	-
Total Comprehensive Income for The Year		**8,121**	(9,509)
Retained profits at 1 April		**2,255**	11,764
Retained profits at 31 March		**10,376**	2,255

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 26 and the notes on pages 31 to 54 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	2020 £'000	2019 £'000
Turnover			
Continuing operations	1	**12,457**	12,730
Other operating income:			
Rental income		**861**	718
Total turnover		**13,318**	13,448
Administrative expenses	1	**(12,540)**	(12,531)
Profit on ordinary activities before taxation		**778**	917
Interest payable	3	**(312)**	(288)
Interest receivable and similar income		**4**	1
Profit on ordinary activities before taxation		**470**	630
Tax on profit on ordinary activities	5	**(275)**	(639)
Profit/(loss) for the year		**195**	(9)
Other Comprehensive Income			
Initial recognition of multi-employer defined benefit scheme	21	**-**	(4,830)
Actuarial gains/(losses) in respect of pension	21	**8,047**	(3,199)
Total Comprehensive Income for The Year		**8,242**	(8,038)
Retained (loss)/profits at 1 April		**(3,881)**	4,157
Retained profits/(losses) at 31 March		**4,361**	(3,881)

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 26 and the notes on pages 31 to 54 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

	Note	**Group 2020 £'000**	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Fixed assets					
Goodwill	8	**72**	**-**	104	-
Investments	7	**-**	**531**	-	531
Tangible fixed assets	6	**21,673**	**1,019**	22,374	1,024
		21,745	**1,550**	22,478	1,555
Current assets					
Stocks – publications	9	**8**	**8**	10	10
Debtors	10	**2,576**	**9,564**	2,191	9,016
Cash at bank and in hand		**1,996**	**1,949**	1,629	1,583
		4,580	**11,521**	3,830	10,609
Creditors: amounts falling due within one year	11	**(8,204)**	**(7,499)**	(6,800)	(6,036)
Net current (liabilities) / assets		**(3,624)**	**4,022**	(2,970)	4,573
Debtors: amounts falling due after more than one year	10	**582**	**4,293**	771	4,568
Total assets less current liabilities		**18,703**	**9,865**	20,279	10,696
Creditors: amounts falling due after more than one year	12	**(3,101)**	**(319)**	(3,733)	(335)
SHPS defined benefit liability	21	**(5,091)**	**(5,091)**	(14,140)	(14,140)
Provisions for liabilities	14	**(94)**	**(94)**	(102)	(102)
Share of net assets in joint venture	24	**(41)**	**-**	(49)	-
Net assets/(liabilities)		**10,376**	**4,361**	2,255	(3,881)
Capital and reserves					
Profit and loss reserve		**10,376**	**4,361**	2,255	(3,881)
		10,376	**4,361**	2,255	(3,881)

The financial statements were approved by the Board of Directors on 8 July 2020 and signed on their behalf on 10 July 2020.

Baroness Diana Warwick
Chair

Diana Warwick
Diana Warwick (Jul 10, 2020 12:56 GMT+1)

Jane Ashcroft CBE
Vice Chair

Jane Ashcroft
Jane Ashcroft (Jul 10, 2020 13:03 GMT+1)

Company registration no: 302132

The principal accounting policies on pages 23 to 26 and the notes on pages 31 to 54 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2020 £'000	2019 £'000
Cash from operations	17	**1,415**	1,685
Interest received		**4**	1
Interest paid		**(143)**	(168)
Net cash generated from operating activities		**1,276**	1,518
Cash flows from investing activities			
Payments to acquire fixed assets and investments	6	**(225)**	(230)
Proceeds from sale of fixed assets		**1**	1
Net cash from investing activities		**(224)**	(229)
Repayment of borrowings		**(685)**	(730)
Increase in cash and cash equivalents	18	**367**	559
Cash and cash equivalents at the beginning of the year		**1,629**	1,070
Cash and cash equivalents at the end of year		**1,996**	1,629

The principal accounting policies on pages 23 to 26 and the notes on pages 31 to 54 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:

	2020	2019
	£'000	£'000
Affiliation fees	**8,157**	8,118
Grants	**736**	9
Conferences, publications and business development	**2,837**	3,773
Other income	**727**	830
Company and Group	**12,457**	12,730

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

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

	Group	**Company**	Group	Company
	2020	**2020**	2019	2019
	£'000	**£'000**	£'000	£'000
Staff costs (note 4)	**6,079**	**6,079**	6,430	6,430
Depreciation	**239**	**174**	272	214
Auditors' remuneration:				
- audit services	**31**	**31**	31	31
- non-audit services	**6**	**6**	6	6
Charges on operating leases	**68**	**1,105**	75	1,112
Other operating charges	**5,492**	**5,145**	5,081	4,738
Company and Group	**11,915**	**12,540**	11,895	12,531

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 2019.

These accounts have 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 has been made in the Federation's group financial statements, instead the adjustments have been taken in the current year.

Summary income and expenditure information for HouseMark is:

NOTES TO THE FINANCIAL STATEMENTS

Share of joint venture's results (continued)

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000 restated	Year ended 31 December 2018 £'000
HouseMark turnover	**5,183**	**5,425**	5,443
HouseMark operating costs	**(4,845)**	**(5,485)**	(5,486)
Operating profit	**338**	**(60)**	(43)
Interest receivable	**4**	**3**	3
Interest Payable	**(38)**	**-**	-
Profit on ordinary activities before tax	**304**	**(57)**	(40)
Tax on profit on ordinary activities	**197**	**12**	12
Net profit/(loss)	**501**	**(45)**	(28)
Initial Recognition of multi- employer defined benefit scheme	**(239)**	**-**	-
Actuarial losses in respect of the pension scheme	**(188)**	**-**	-
Total comprehensive income	**74**	**(45)**	(28)

Group share 50%:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
HouseMark turnover	**2,563**	2,722
HouseMark operating costs	**(2,423)**	(2,743)
Operating profit	**140**	(21)
Interest receivable	**2**	1
Interest Payable	**(19)**	-
Profit on ordinary activities before tax	**123**	(20)
Tax on profit on ordinary activities	**98**	6
Net profit/(loss)	**221**	(14)
Initial Recognition of multi- employer defined benefit scheme	**(119)**	-
Actuarial losses in respect of the pension scheme	**(94)**	-
Total comprehensive income	**8**	(14)

NOTES TO THE FINANCIAL STATEMENTS

3. Interest payable and similar charges

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Interest payable				
On bank loans and overdrafts	**137**	**-**	167	-
Other operating charges	**312**	**312**	288	288
	449	**312**	455	288
Interest receivable				
Bank	**4**	**4**	1	1

4. Directors and employees

Staff costs during the year were as follows:

	2020 £'000	2019 £'000
Wages and salaries (leadership team)	**696**	610
Wages and salaries (other staff)	**4,462**	4,796
Social security costs (leadership team)	**87**	77
Social security costs (other staff)	**486**	533
Other pension costs (leadership team)	**53**	47
Other pension costs (other staff)	**295**	277
Termination costs	**-**	90
	6,079	6,430

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

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

	2020 Number	2019 Number
Leadership team	**6**	5
Other staff	**110**	108
	116	113

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

Remuneration in respect of directors included above were as follows:

	2020 £'000	2019 £'000
Emoluments	**150**	169
Pension contributions to money purchase pension schemes	**13**	13
	163	182

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:

	2020	2019
	£'000	£'000
Emoluments	**150**	96
Pension contributions to money purchase pension schemes	**13**	7
	163	103

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 £21k (2019: £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 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
UK Corporation tax	**-**	**-**	-	-
Deferred tax	**206**	**275**	244	639
Current tax charge for period	**206**	**275**	244	639

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 19%. The differences are explained below:				
Profit/ (loss) on ordinary activities before tax	**395**	**470**	(1,242)	630
Profit/ (loss) on ordinary activities before tax multiplied by the standard rate of corporation tax of 19%.	**75**	**89**	(236)	120
Effect of:				
Expenses not deductible for tax purposes	**2,104**	**1,940**	2,234	1,775
Income not taxable for tax purposes	**(2,026)**	**(2,026)**	(2,025)	(2,025)
Fixed asset timing differences	**14**	**14**	14	14
Chargeable (loss)/gain	**(179)**	**-**	(453)	-
Adjustments to brought forward values	**-**	**-**	1,051	1,051
Amounts (charged)/credited directly to STGL or otherwise transferred	**305**	**305**	(320)	(320)
Group relief	**-**	**79**	-	101
Difference in deferred tax	**(87)**	**(126)**	(21)	(77)
Current tax charge for period	**206**	**275**	244	639

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 2019	18,674	3,883	615	1,330	106	52	24,660
Revaluation	(686)	-	-	-	-	-	(686)
Additions	-	-	53	169	3	-	225
Disposals	-	-	-	(109)	(6)	-	(115)
At 31 March 2020	**17,988**	**3,883**	**668**	**1,390**	**103**	**52**	**24,084**
Depreciation:							
At 1 April 2019	-	752	446	997	62	29	2,286
Provided in the year	-	104	31	84	14	4	237
Disposals	-	-	-	(108)	(4)	-	(112)
At 31 March 2020	**-**	**856**	**477**	**973**	**72**	**33**	**2,411**
Net book amount at 31 March 2020	**17,988**	**3,027**	**191**	**417**	**31**	**19**	**21,673**
Net book amount at 31 March 2019	18,674	3,131	169	333	44	23	22,374

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.

The whole property was independently valued at 31 March 2020 at £22.55m 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 £17.99m 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.

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

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible fixed assets (continued)

Company

	*Computer equipment £'000	Office equipment and furniture £'000	Improvements to leasehold premises £'000	Total £'000
Cost				
At 1 April 2019	1,330	106	953	2,389
Additions	169	-	-	169
Disposals	(109)	(3)	-	(112)
At 31 March 2020	**1,390**	**103**	**953**	**2,446**
Depreciation				
At 1 April 2019	997	62	306	1,365
Provided in the year	84	14	76	174
Disposals	(108)	(4)	-	(112)
At 31 March 2020	**973**	**72**	**382**	**1,427**
Net book amount at 31 March 2020	**417**	**31**	**571**	**1,019**
Net book amount at 31 March 2019	333	44	647	1,024

* 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.

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

NOTES TO THE FINANCIAL STATEMENTS

7. Investments (continued)

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.

The Federation held a £10k investment in Third Sector Consortia Management LLP, the company was restructured and a new company formed. The Federation decided not to take any investment in the new company and the value of the investment previously reduced to £1 has been written off,. The Federation's liability was limited to its investment.

Investments summary:		**2020**	2019
National Housing Federation Investments Limited	Investment company	**100%**	100%
NHF Property & Services Limited	Property owning and office space provider	**100%**	100%
Third Sector Consortia Management LLP	Company delivering and managing public and community services	**0%**	17%
The Housing Finance Corporation Limited	Assists in the raising of funds for capital projects	**14%**	14%

	2020 £'000	2019 £'000
NHF Property & Services Ltd	-	-
Third Sector Consortia Management LLP	-	-
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 2019 and at 31 March 2020	**639**
Accumulated amortisation:	
At 1 April 2019	535
Charge for the period	32
At 31 March 2020	**567**
Net book amount at 31 March 2020	**72**
Net book amount at 31 March 2019	**104**

9. Stocks

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Stock for resale	**8**	**8**	10	10

NOTES TO THE FINANCIAL STATEMENTS

10. Debtors

Amounts due in less than one year:

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Trade debtors	**891**	**892**	586	586
Other debtors	**265**	**265**	275	275
Prepayments and accrued income	**1,420**	**1,420**	1,330	1,330
Amounts due from group undertakings	**-**	**6,987**	-	6,825
	2,576	**9,564**	2,191	9,016

Amounts due in more than one year:

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Deferred tax (note 15)	**582**	**793**	771	1,068
Amounts due from group undertakings	**-**	**3,500**	-	3,500
	582	**4,293**	771	4,568

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 2020 the amount outstanding on the loan was £3.5m (2019: £3.5m), to be repaid 20 years from date of issue.

The company has agreed not to recall the intercompany balance of £6,987k 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 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Bank loan (note 13)	**681**	**-**	751	-
SHPS deficit funding liability (note 21)	**16**	**16**	16	16
Trade creditors	**290**	**290**	205	205
Other tax and social security	**162**	**145**	114	114
Other creditors	**214**	**120**	266	163
Accruals and deferred income	**6,841**	**6,928**	5,448	5,538
	8,204	**7,499**	6,800	6,036

NOTES TO THE FINANCIAL STATEMENTS

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

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Other creditors	**257**	**257**	257	256
Bank loan (note 13)	**2,782**	**-**	3,397	-
SHPS deficit funding liability (note 21)	**62**	**62**	79	79
	3,101	**319**	3,733	335

Other creditors comprises rent deposits held in respect of the lease of floors 1-4 Lion Court and are repayable in more than five years.

13. Creditors: Capital borrowings

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

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Amounts repayable:				
In one year or less or on demand	**681**	**-**	751	-
In more than one year, but not more than two years	**856**	**-**	758	-
In more than two years, but not more than five years	**1,926**	**-**	2,306	-
In more than five years	**-**	**-**	333	-
	3,463	**-**	4,148	-

14. Provisions for liabilities

Group and company

	Leave pay £'000
At 1 April 2019	102
Additions	94
Utilised	(102)
At 31 March 2020	94

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 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Property revaluation	**(41)**	**-**	(153)	-
Short term timing differences	**223**	**223**	508	508
Fixed asset timing differences	**(74)**	**96**	(18)	126
Losses and other deductions	**474**	**474**	434	434
	582	**793**	771	1,068

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

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Property revaluation	**(112)**	**-**	(395)	-
Short term timing differences	**285**	**285**	682	682
Fixed asset timing differences	**56**	**30**	39	39
Losses and other deductions	**(40)**	**(40)**	(82)	(82)
	189	**275**	244	639

Balance at 1 April 2018	**1,015**	**1,707**
Charge for the year	**(244)**	**(639)**
Balance at 1April 2019	**771**	**1,068**
Charge for the year	**(189)**	**(275)**
Balance at 31 March 2020 (note 10)	**582**	**793**

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

	2020	2019
	£'000	£'000
Operating surplus/(deficit)	**717**	(768)
Depreciation	**239**	272
Loss on disposal of tangible fixed assets / investments	**1**	2
Amortisation charges	**32**	32
Revaluation loss	**686**	2,321
Decrease in stock	**2**	8
(Decrease)/Increase in debtors	**(386)**	95
Increase/(decrease) in creditors	**124**	(277)
Net cash inflow from operating activities	**1,415**	1,685

18. Analysis of changes in net debt

	At 1 April 2019	**Cash flow**	**At 31 March 2020**
	£'000	**£'000**	**£'000**
Cash in hand	1,629	367	**1,996**
Liquid resources	(4,148)	685	**(3,463)**
	(2,519)	1,052	**(1,467)**

19. Capital commitments

The company had no capital commitments at 31 March 2020 or 31 March 2019.

20. Contingent assets / liabilities

The Group incorporates relevant figures from the audited financial statements of the joint venture, Housemark, drawn up to 31 December 2019. Should there be any significant transactions or events relating to Housemark between 31 December 2019 and 31 March 2020, 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 and are used in conjunction with the company’s fair share of the Scheme’s total assets to calculate the company’s net deficit.

Similarly an actuarial valuation of the Scheme was carried out at 30 September 19 to inform the liability for 31 March 2020.

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

	31 March 2020 (£000s)	31 March 2019 (£000s)
Fair value of plan assets	39,961	39,888
Present value of defined benefit obligation	45,052	54,028
Surplus (deficit) in plan	(5,091)	(14,140)

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 2020 (£000s)
Defined benefit obligation at start of period	54,028
Expenses	28
Interest expense	1,225
Actuarial losses (gains) due to scheme experience	(1,248)
Actuarial losses (gains) due to changes in demographic assumptions	(451)
Actuarial losses (gains) due to changes in financial assumptions	(6,314)
Benefits paid and expenses	(2,216)
Defined benefit obligation at end of period	45,052

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

	Period Ending 31 March 2020 (£000s)
Fair value of plan assets at start of period	39,888
Interest income	913
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	34
Contributions by the employer	1,342
Benefits paid and expenses	(2,216)
Fair value of plan assets at end of period	39,961

The actual return on plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £947k.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

	Period Ending 31 March 2020 (£000s)
Expenses	28
Net interest expense	312
Defined benefit costs recognised in statement of comprehensive income	340

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)	34
Experience gains and losses arising on the plan liabilities – gain (loss)	1,248
Effect of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	451
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	6,314
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	8,047
Total amount recognised in other comprehensive income - gain (loss)	8,047

ASSETS

	31 March 2020 (£000s)	**31 March 2019 (£000s)**
Global equity	5,845	6,712
Absolute return	2,084	3,451
Distressed options	770	725
Credit relative value	1,096	730
Alternative risk premia	2,794	2,300
Fund of hedge funds	23	180
Emerging markets debt	1,210	1,376
Risk sharing	1,350	1,205
Insurance-linked securities	1,227	1,144
Property	880	898
Infrastructure	2,974	2,092
Private debt	805	535
Opportunistic Illiquid Credit	967	-
Corporate bond fund	2,279	1,861
Liquid Credit	16	-
Long lease property	691	587
Secured income	1,516	1,428
Liability driven investment	13,263	14,587
Net current assets	171	77
Total assets	39,961	39,888

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 2020 % per annum	31 March 2019 % per annum
Discount rate	2.37	2.31
Inflation (RPI)	2.60	3.29
Inflation (CPI)	1.60	2.29
Salary growth	2.60	3.29
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.5
Female retiring in 2019	23.3
Male retiring in 2039	22.9
Female retiring in 2039	24.5

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 vauation 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 2017 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 2020 (£000s)	**31 March 2019 (£000s)**	**31 March 2018 (£000s)**
Present value of provision	78	95	113

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2020 (£000s)	**Period Ending** 31 March 2019 (£000s)
Provision at start of period	95	113
Unwinding of the discount factor (interest expense)	1	2
Deficit contribution paid	(16)	(15)
Remeasurements - impact of any change in assumptions	(2)	1
Remeasurements - amendments to the contribution schedule	-	(6)
Provision at end of period	78	95

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2020 (£000s)	**Period Ending** 31 March 2019 (£000s)
Interest expense	1	2
Remeasurements – impact of any change in assumptions	(2)	1
Remeasurements – amendments to the contribution schedule	-	(6)
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

ASSUMPTIONS

	31 March 2020 % per annum	31 March 2019 % per annum	31 March 2018 % per annum
Rate of discount	2.53	1.39	1.71

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.

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 2020 (£000s)**	**31 March 2019 (£000s)**	**31 March 2018 (£000s)**
Year 1	16	16	15
Year 2	17	16	15
Year 3	17	17	15
Year 4	18	17	16
Year 5	15	18	16
Year 6	-	15	17
Year 7	-	-	17
Year 8	-	-	9

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 £1,696k (2019: £1,404k).

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. At 31 March 2018 the amount outstanding was £4.88m (2018: £5.59m).

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

On 11 June 2004, the company elected to fix the interest rate on £4m of the loan for 5 years at 7.315%, this then reverted to a base rate loan and on 29 July 2011 the outstanding amount of £2.04m was changed to a LIBOR loan repayable at 1.5% over LIBOR. On 11 June 2004 the interest rate on a further £4m of the loan was fixed for 10 years at 7.295% which reverted back to a base rate loan on 11 June 2015. On 22 February 2010, the company elected a further interest fix at 5.595% for 10 years, £3.32m to run from 11 March 2010 and £0.79m to run from 29 April 2010.Both these fixes have now reverted to a base rate loan. All remaining tranches of the Bank of Scotland loan are in the process of being merged into one fixed rate loan

National Housing Federation Limited had an overdraft facility with its bankers Lloyds Bank Plc amounting to £1m and is in the process of arranging a 3 year £3m rolling credit facility to replace the overdraft. The overdraft was £nil at 31 March 2019 (2018: £nil).

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

Amounts repayable:

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
In one year or less on demand	**85**	**1,122**	68	1,105
In more than one year, but not more than two years	**77**	**1,114**	82	1,119
In more than two years, but not more than five years	**196**	**2,098**	203	3,142
In more than five years	**188**	**188**	253	253
	546	**4,522**	606	5,619

NOTES TO THE FINANCIAL STATEMENTS

23. Transactions with directors and other related parties

During the year National Housing Federation Limited paid £nil (2019: £nil) to HouseMark for services and received licence income from HouseMark amounting to £276k (2019: £270k).

National Housing Federation Limited paid rent of £1.709m (2019: £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 £989k (2019: £981k).

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 2020 were £8.16m (2019: £8.12m).

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 2019. These have been used in compiling the Federation's group financial statements.

   The accounts have 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 has been made in the Federation's group financial statements, instead the adjustments have been taken in the current year.

NOTES TO THE FINANCIAL STATEMENTS

24. Group and joint venture disclosures (continued)

	2019	**2018 Restated**	2018
	£	**£**	£
Profit and loss account			
Turnover	**5,183,143**	**5,442,788**	5,442,788
(Loss)/profit after tax	**73,792**	**(45,654)**	(27,857)
Balance sheet			
Fixed assets	**603,868**	**587,195**	587,195
Current assets	**2,232,627**	**1,677,277**	1,677,277
Creditors: amounts falling due within one year	**(1,437,338)**	**(1,247,844)**	(1,190,662)
Pension liability and deferred tax	**(1,480,000)**	**(1,171,263)**	(1,171,263)
Net assets	**(80,843)**	**(154,635)**	(97,453)
Called-up share capital	**100**	**100**	100
Profit and loss account	**(80,943)**	**(154,735)**	(97,553)
	(80,843)	**(154,635)**	(97,453)

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 Bank of Scotland and is therefore subject to interest rate changes. This is mitigated by fixing the interest on a portion of the loan as disclosed in note 22.