catalyst

Report and Accounts

for the year ended 31 March 2021

Registered Society
Registered Number: 16561R

Regulator for Social Housing
Registered Number: L0699

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Board members, Committee members, Executives and Advisers

Board members

Richard Brown, Chair (until 31 March 2021)

Ravi Rajagopal, Chair (as a member from 1 November 2020, and Chair from 1 April 2021)

Pat Billingham, Vice Chair (until 17 June 2021)

Terry Hartwell

Mike Jones

Alison Knocker

Anne Markey

Ian McDermott

Jack Stephen (until 31 March 2021)

Thelma Stober (from 1 April 2021)

Christine Turner (from 1 April 2021)

Cary Wakefield, Vice Chair (from 17 June 2021)

Andrew Wells

Simon Wilkinson (until 13 September 2020)

Graham Woolfman

Executive Committee

Ian McDermott, Chief Executive

Judith Foss, Executive Director of People and Culture (until 2 July 2021)

Gary Goggins, Executive Director of Property (until 20 July 2020)

Phil Jenkins, Group Development Director

Tim Jennings, Executive Director of Finance

Sarah Thomas, Chief Operating Officer

Audit and Risk Committee

Graham Woolfman, Chair

Mak Akinyemi (from 1 April 2021)

Richard Brown (non-voting member) (until 31 March 2021)

Terry Hartwell

Mike Jones

Jack Stephen

Andrew Wells (until 14 April 2021)

Finance and Treasury Committee

Mike Jones, Chair

Richard Brown (until 31 March 2021)

Brian Darling

Nigel Perryman (from 1 April 2021)

Jack Stephen (until 31 March 2021)

Graham Woolfman

Andrew Wells (from 14 April 2021)

Remuneration and Succession Planning Committee

Pat Billingham, Chair (until 17 June 2021)

Gary Barrett (until 30 June 2021)

Sukhraj Dhadwar (from 1 April 2021)

Alison Knocker

Ravi Rajagopal (from 1 April 2021)

Cary Wakefield, Chair (from 17 June 2021)

Andrew Wells

Simon Wilkinson (until 13 September 2020)

Richard Brown (until 31 March 2021)

Board members, Committee members, Executives and Advisers

Customer Experience Committee

Alison Knocker, Chair (Board Nominee)
Lydia Benedek-Koteles (from 17 June 2021)
Usma Collins
Phyllida Culpin
Sara Garnham
John Kehoe
Sri Sudevi (until 31 March 2021)
Janet Sutherland
Cary Wakefield (Board Nominee)
Simon Wilkinson (Board Nominee)

Investment Committee (previously known as Development Committee)

Terry Hartwell, Chair
Richard Brown (until 31 March 2021)
George Cronin (until 10 December 2020)
Mike Jones
Anne Markey
Ravi Rajagopal (from 1 April 2021)
Lindsay Todd (from 1 April 2021)
Andrew Wells

Rosebery Housing Association (joined the Catalyst Group on 1 April 2021)

Christine Turner, Chair
Mak Akinyemi
Florence Barras
Sukhraj Dhadwar
Mike Jones (from 1 April 2021)
Nigel Perryman
Deborah Pike
Lindsay Todd

Auditor

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex RH6 0PA

Bankers

National Westminster Bank plc
1 The Mall
London W5 2PL

Secretary and Registered Office

Sophie Atkinson (until 17 June 2021)
Suzanne Maguire (from 17 June 2021 to 28 July 2021)
Argiri Papathos (from 28 July 2021)

Ealing Gateway
26-30 Uxbridge Road
London W5 2AU

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Chair's and Chief Executive's statements

Chair's statement

It gives me great pleasure to present to you the Catalyst Annual Report and Accounts for the year ended 31 March 2021 at the end of what was an incredibly challenging year for all.

The global Covid pandemic has hugely impacted the whole country. As well as the tragic loss of so many lives, the lives of countless others have been turned upside down by the need to lockdown and socially distance. The whole economy has been affected and very few of us have escaped unscathed from the threat the virus has posed to our job security as well as our health.

As an organisation that works so closely with its residents and engages so wholeheartedly with the communities we are a part of, we have really had to step up to meet the needs of those who depend on us the most. So, it is with a huge sense of pride, and indeed humility, that I would like to commend the incredible efforts of everyone that is part of the Catalyst team, who have risen to these challenges whilst at the same time having to find their own way through these worrying times.

It was a huge honour to be invited to take the Chair of such a socially reputed organisation that has been such a valued and integral member of its community for over 101 years. This was made no less daunting following in the illustrious footsteps of Richard Brown, who in his 9 year tenure has had to weather storms too – the tumult of Brexit and the onset of Covid to name just two of them – whilst at the same time almost doubling the number of homes in the Catalyst portfolio. We also say thank you to Jack Stephen, who steps down from the Board and who has worked tirelessly alongside Richard in driving that growth.

I have always wanted to devote time to societal and community improvement, and Catalyst offers a unique opportunity to do so for an organisation that has a very strong social purpose, and yet which is still run on commercial lines.

I am incredibly proud of our response to the Covid crisis and the way we galvanised ourselves to help our communities. Overnight the team reached out to customers who were feeling lonely and isolated, arranged emergency food supplies, collected prescriptions and helped with gas and electricity costs. A 'Covid-19 Emergency Support Fund' was launched to help charities and voluntary sector organisations meet additional demand and adapt to new ways of delivering their vital services in our communities.

The Black Lives Matter movement was a further powerful and stark reminder of the inequality that exists in society. We are fortunate as a business to have a diverse blend of customers, communities and colleagues and while we have made good progress in ensuring inclusion, we must still recognise that there is much more we can, and must, do.

All of which has meant it was an especially auspicious moment when, on 1 April 2021, we entered into partnership with Rosebery, from whom we welcome Christine Turner to the Board. Rosebery's strong values and local expertise, as well as their excellent reputation, will help us strengthen our ability to deliver on every ounce of our commitment to help the country build back stronger. We also welcomed Thelma Stober to the Board. With her considerable legal expertise, she is a commercial mediator who brings extensive experience in the public sector.

"I am incredibly proud of our response to the Covid crisis and the way we galvanised ourselves to help our communities."

We are well on our way to spending the £34 million government grant for fire safety investments, which positions us significantly ahead of our peers when it comes to completing our compliance to the new regulatory standards. And, whilst Covid has brought public health issues to the fore, the ongoing climate emergency remains a priority. I am immensely proud that Catalyst is the first company in Europe to receive the highest accreditation mark across all three categories in the 'Certified Sustainable Housing Label' from German consultancy Ritterwald.

Challenging times are never easy, but they do shine a light on the character of those that endure them. And the character of Catalyst, and all the people that work as part of the team, indicates we have well-placed cause to feel optimistic about the future. Because, in spite of the need to find new ways of working at pace, everyone has coped admirably in the face of unprecedented disruption and worked together to sustain morale and motivation across the whole organisation. Time and again we are seeing what can be achieved when we all pull together, collaborate, imagine and persevere.

Shortly before the launch of this report, we announced our proposal to join together with Peabody Group. I believe this is an excellent opportunity and together we will be better able to invest and innovate in service delivery, homes, technology and people. If we agree to go ahead following customer consultation, I am very much looking forward to doing everything I can to maintain and build on our long-standing tradition of enabling members of our community and providing opportunities to create a better future for themselves and their families.

Ravi Rajagopal
Chair

Chief Executive's statement

As the clouds of Covid lift, it's tempting to focus squarely on the future and turn away from what's gone before. But to do so would be to turn our back on Catalyst's many achievements this year, of which we should be very proud, and from which we can draw new strengths as we move into a brighter future.

This year we've continued to crystallise our five key corporate objectives which manifest our purpose, vision and values: to get closer to customers and deliver great services, to build more quality homes, to be safe and sustainable, to invest in our people and define our culture, and to revolutionise our data and technology.

Like everywhere, the pandemic impacted our work greatly. The agility of our response in remobilising customer-facing colleagues was best demonstrated when we created the Wellbeing team. We supported customers who were lonely and isolated, making over 8,300 calls and speaking to nearly 4,300 customers offering practical and emotional support.

Catalyst's value of showing kindness came into its own last year. Colleagues demonstrated endless kindness for each other, our customers and our partners. This enduring impact on our colleagues and our culture was evidenced when Catalyst was named in The Sunday Times Best Companies Top 100 Not-for-profit to work for in 2020.

In a uniquely challenging year another significant achievement was our selection as the Mayor of London's preferred partner to build one of London's largest community-led housing schemes at St Ann's Hospital in Tottenham. This means we can proceed with our plans to build 934 new homes, 60 per cent of which will be affordable.

Our financial performance during this Covid year has remained strong with turnover rising to £298.2 million. Our EBITDA MRI interest cover at 124% has improved alongside our social housing operating margin at 30% and gearing at 41%. With assets valued at £3 billion (NBV) and strong liquidity, this puts Catalyst in an excellent position to continue investing in existing and new homes.

During 2020-21 we increased our liquidity further by increasing our existing £250 million bond to £400 million via a tap issue. This saw Catalyst raise £150 million in the capital markets, with a yield of 2.255%. Issuance was warmly welcomed by investors and saw Catalyst benefit from a premium of £27 million. In addition, we have secured new sustainably linked finance of £50 million, this sees our sustainably linked finance rising to £100 million. We would like to thank all our investors and lenders in their continuing support to Catalyst.

We were the first housing association to receive the Certified Sustainable Housing Label (CSHL) from Ritterwald under the new criteria. This accolade scrutinises how sustainability is considered across all our operations, looking at over 40 different Environmental, Social and Governance (ESG) credentials that are orientated on the United Nations' Sustainable Development Goals.

Catalyst is wholly committed to sustainability. It's something that runs through every part of our organisation, from the energy efficiency of our new homes and the investment we make in retrofitting, to our commitment to providing jobs and training opportunities for customers. The CSHL allows us to better demonstrate and report Catalyst's sustainability performance and attract a wider range of ESG investors.

In May 2020 we retained the highest possible rating of G1/V1 for governance and financial viability following an in-depth assessment (IDA) by the Regulator of Social Housing, our first since becoming new Catalyst. In December the Regulator revised our ratings which saw us retain our G1 for governance and receive regrading to V2 for viability.

While the regrade reflects the current pressures faced by many organisations, at V2 Catalyst remains compliant and aligned with many G15 members. It also confirms the Regulator's view that Catalyst has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage risks to ensure its compliant. Our financial viability is supported by very strong liquidity, low gearing and assets of £3 billion, of which over £1 billion are unencumbered.

During the year we also demonstrated our ethical credentials deciding to repay the money from the government for furloughed colleagues' salaries during the first two quarters of 2020-21. In line with our principle of good corporate citizenship, we couldn't in good faith benefit from the government's job retention scheme which was designed to prevent redundancies.

It is in this spirit that we took an innovative approach to the government's new Kickstart scheme. We've created six-month paid job placements for 16 to 24-year-olds who are on Universal Credit and at risk of long-term unemployment. Through the scheme we'll employ 30 young people in newly created community-based roles.

The events surrounding the Black Lives Matter movement presented us with the opportunity to reflect, review and recognise that while we've made good progress there's still much more we can, and must, do in this area. This is why our new Equality, Diversity and Inclusion strategy outlines our strong and enduring commitment to making purposeful and continuing change.

We also continue to respond proactively to government legislation introduced following the Grenfell tragedy. The government's building safety measures form part of the long-awaited social housing white paper, The Charter for Social Housing Residents. It outlines plans for new consumer regulation, a strengthened Housing Ombudsman and a set of satisfaction measures that landlords will have to report against. These plans are consistent with Catalyst's own priorities and the progress we have made over the last year to improve customer satisfaction and the quality of our services.

This year we created a Building Safety Board, a comprehensive fire safety programme and removed Aluminium Composite Material (ACM) cladding from three buildings. We also reviewed the safety in all buildings above 18 metres and found 39% didn't need remedial work while 61% are in contract to have remedy works. We estimate these will take just over three years to complete. We were determined that our leaseholders and shared owners didn't bear the brunt of these costs so we secured over £34 million from the ACM and non-ACM grant funds to pay for this.

This year we welcomed Ravi Rajagopal as Chair to the Catalyst Board. His skills and experience will be hugely valuable as we continue to focus on delivering our corporate purpose, vision and values to deliver Homes People Love. Ravi brings a wealth of experience in significantly improving businesses, alongside a clear personal and passionate commitment to charities and social improvement.

As we welcome Ravi, we say a fond farewell to Richard Brown and thank him for his stalwart leadership, which has left us a much stronger organisation than the one he joined.

And that strength only builds. Catalyst continues to explore gradual growth opportunities, as evidenced by our new partnership with Rosebery, which aligns with our ongoing ambition to build more homes in a thoughtful and considered way. We look forward to working with Christine Turner, Chair of the Rosebery Board and our Rosebery colleagues, to deliver 2,000 new homes across Rosebery's area of operation in better-designed neighbourhoods over the next 10 to 12 years.

This report goes to print as we are announcing our proposal to join together with Peabody Group. We believe that we can go further and faster together. With our shared aspirations and geographical reach, we can create an organisation which has customers at the front and centre of its thinking and planning. We will have an even stronger local focus and be more connected with our communities. We can combine this with the benefits of scale and the ability created by the larger organisation. It is difficult to imagine two organisations with more closely aligned values and vision for the future, and if our proposals go ahead I am very much looking forward to playing my part as Chief Executive.

Ian McDermott
Chief Executive

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Strategic report

About Catalyst

A member of the G15 group, Catalyst is one of the UK's leading housing associations, with 37,000 homes across London and the South East, including Rosebery.

Our purpose is to provide homes people love for all our customers regardless of tenure type and so create communities and neighbourhoods that can flourish and grow.

Our vision is to earn and keep the trust of everyone we work with and our success as an organisation is built on the trust of our customers, colleagues and partners.

Our vision and values are embedded across the business and help us deliver outstanding customer service and to be a high-performance business.

37,000

Catalyst is one of the UK's leading housing associations, with 37,000 homes across London and the South East, including Rosebery.

Business model

As a regulated charitable housing association our core activities are the provision of landlord services and homes for social and affordable rent, affordable home ownership and a range of independent living services.

Our landlord services include housing and tenancy management, repairs and maintenance and income collection. We aim to generate a surplus on our core landlord activities so that we can further invest in providing more homes and services to customers. We primarily monitor performance through our 'social housing operating margin', one of our key financial performance indicators.

We are committed to supporting our customers and our communities. Our operating model focuses on local services for those who need them while increasing the options for customers to engage with us through digital channels. We work collaboratively with other associations, charities, clubs, schools, colleges and the government to support a number of programmes to improve the life chances of adults and young people. These include careers advice and furthering education and skills. We provide comprehensive benefits and debt support to help customers maintain successful tenancies.

As a developer we build homes for market sale. The surplus that we generate from these market sales is used to subsidise the development of homes for those who need them most.

Our values

Deliver on promises

- We do what we say we're going to do, when we say we're going to do it
- We never mislead
- We do the right thing

Give respect

- We treat people as they want to be treated
- We value and actively encourage diversity and inclusion
- We value the planet

Be accountable

- We do not hide from our responsibilities, as individuals or as a business
- We acknowledge our mistakes – and fix them
- We measure and report on our impact in open, relevant ways

Show kindness

- We take time to understand the person as well as the problem
- We share in people's happiness – and sadness
- We care

Group structure

Catalyst Housing Limited
Charitable registered society
Registered provider of social housing L0699
Registered Society No 16561R

Catalyst Developments (Wimbledon) Limited
Co Limited Shares
Registered Company No 6244183

Lea Valley Developments Limited
Co Limited Shares
Registered Company No 6195800

Connect Property Services Limited
Co Limited Shares
Registered Company No 4721044

Catalyst by Design Limited
Co Limited Shares
Registered Company No 6345572

Dee Park Developments (Catalyst) Limited
Co Limited Shares
Registered Company No 6133854

CHL Developments Limited
Co Limited Shares
Registered Company No 4383701

Catalyst Housing Charitable Trust
Co Limited Guarantee
Reg Charity No 1113922
Company No 5677196

Rosebery Housing Association Limited
(joined group on 1st April 2021)
Charitable registered society
Registered provider of social housing LH4026
Registered Society No 27671R

- Registered provider of social housing
- Company limited by shares
- Registered Charity

Our properties and coverage

Number of homes managed

	2020-21	2019-20	2018-19[1]	2017-18[1]	2016-17[1]
Social housing homes etc. – general needs	20,325	20,276	13,169	12,862	12,906
Shared ownership and leasehold	7,096	7,017	4,840	4,898	4,767
Supported housing, key worker, intermediate rent	3,432	3,394	1,396	1,675	1,491
Other homes[2]	2,877	3,026	1,493	1,615	1,989
Total homes	**33,730**	**33,713**	**20,898**	**21,050**	**21,153**

[1] Numbers exclude Aldwyck Housing Group as this entity became a wholly owned subsidiary of Catalyst Housing Limited on 1 May 2019.
[2] Other homes include those that benefit from equity loans products.

Main area of operation

Ealing **15%**
Brent **8%**
Kensington and Chelsea **7%**
Hertsmere **6%**
Central Bedfordshire **6%**
Other **58%**

Our corporate strategy is underpinned by five objectives – all of which contribute to our purpose, vision, and values – and which have guided our approach to everything we have accomplished this financial year.

These objectives have helped us navigate the pandemic and thrive in the complex external and housing sector environment whilst maintaining a customer-centred, modern, competitive, disciplined and successful organisation.

Objective 1: Get closer to customers and deliver great services

With people spending more time in their homes and with a greater need for us to offer support, it's never been more important to ensure we are close to our customers and continue to deliver a great service.

Customer experience

As customers ourselves, we all know what good customer service looks and feels like, and how it affects our choice of products and services.

It is critical that we deliver a level of customer service that convinces future customers to choose us. Whether market sale, shared ownership or social rent, our customers' choices continue to grow and that's why a great customer experience is at the core of our business.

We launched our customer experience programme, **'Hello'**, which sets out our approach to getting closer to customers and gaining a better understanding of their needs and experiences at the time of our interaction. Some of the key projects delivered this year include:

- **Catalyst Voice** – our community of over 1,200 engaged customers across London and the South East
- **Community feedback initiative** – working with over 60 customers to gather detailed feedback, identifying common themes around ideas and looking for opportunities to improve customer experience. In September we held our online Build Back Better sessions with colleagues and customers and heard first-hand from customers how we could improve our services, as well as how customers want us to communicate with them
- **The Garden** – our new dedicated online engagement platform for customers helps them share how they think and feel about our services and allows them to connect with each other to help us create new solutions.

Our response to complaints

We updated our Complaints Policy and Procedure in January this year to support our commitment to providing an excellent customer experience. This is in line with the Housing Ombudsman's Complaint Handling Code and the Regulator of Social Housing's Tenant Involvement and Empowerment Standard.

We consulted with customers to ensure our updated complaints policy was clearer and simpler, to ensure complaints are resolved quickly and efficiently while driving service improvements too.

Key updates made include:

- The complaints submission process has been simplified through investment in tools like text analysers to ensure we miss neither complaints or comments on poor service, nor any emerging trends or themes
- The complaints process has been streamlined to a two-stage process rather than three, with the second and final stage being an appeal stage
- Our process has been updated to ensure we follow good practice as noted by the Housing Ombudsman and the Social Housing White paper.

Community investment

The pandemic has generated an unprecedented appetite for civic engagement and community action as well as bringing about new ways of working and engaging with communities.

In 2020-21, we launched a new communities strategy based on extensive consultation with our customers and colleagues because of Covid-19 and the change in our operating environment.

We have continued working towards further establishing our three priorities, as set out in our Community Investment strategy this financial year:

1.Advice and wellbeing services

We set up a Wellbeing team in response to Covid-19 with the task of making welfare calls to customers. The team has made over 8,300 calls and spoken to nearly 4,300 customers to offer a diverse range of practical and emotional support at a time of

Strategic report
Strategy and objectives

uncertainty. The average call duration was eight minutes and the team also took the opportunity to check or update a total of 2,410 customer records during the calls.

Some of the ways the Wellbeing team have helped customers include:

- Advice on staying physically fit and mentally well during lockdown
- Grants for emergency food and utilities payments
- Food Bank referrals
- Digital support – devices and help getting online
- Access to our individual grant and customer support fund
- Signposting to local mental health and wellbeing services
- Referrals to our money and benefits advisors, employment advisors and specialist support services.

Notable successes of our wellbeing initiatives include:

- Hosting 12 16-19-year-olds through the EY Foundation 'Our Future' Programme. Young people from Luton received employability skills training and business experience, mentoring, a qualification and an insight into housing careers
- Providing advice to customers as part of our do$h + programme to ensure they were better placed to manage their income, claim welfare benefits, sustain their tenancy and make the most of the advantages of being online
- We also provided 83 customers electronic devices to help with communication as part of our do$h + programme.

2. Community programmes and services

In areas where our Community team has strategic relationships with local authorities and partnership networks, we influenced collaborative ways of working to meet the needs of customers and the wider community.

Some of the programmes and services we've offered include:

- Delivering a cycling project in 12 of our neighbourhoods for children and young people in summer 2020. In accordance with restrictions at the time, we had 140 participants and at each location we were able to offer free socially distanced bike maintenance sessions and free 1-2-1 (or with other members of the same household) cycle lessons and rides
- We supported the Leys Larder with funding to hire a Larder Coordinator. This project provides good quality, low-cost healthy food to the Blackbird Leys community whilst also reducing food waste. Since the Coordinator has started there has been a near 200% increase in the number of community members supported weekly (39 to 104). This project is a partnership project supported by Food for Charities, SOFEA, Catalyst and Oxford City Council
- Keeping over 300 young residents active and connected across 19 local authority areas. We adapted our popular school holiday activities programme to help keep young residents and their families active, occupied and connected. We arranged online music and dance workshops and sports and craft activity packs.

3. Funding and strategic partnerships

Many charities and voluntary organisations have seen their income and donations majorly affected by Covid-19 and will increasingly need the support of key housing association partners to continue to deliver much needed services.

Responding to the impact of Covid-19, we set up a 'Coronavirus Voluntary Sector Support Fund' in March 2020 to help local charities and voluntary organisations adapt and continue their work.

Our Communities team has reviewed applications and awarded grants ranging from £400 to £2,000, helping 30 community-based organisations across London and the Home Counties, for example, The Felix Project who received a £2,000 grant. Since the Covid-19 outbreak, the charity has seen a huge rise in demand for their food crate deliveries. To meet this demand, Felix desperately needed more empty crates – which is where Catalyst's grant has helped. This injection of funds has enabled them to buy an additional 500 empty crates to safely load and move produce around the depots.

Awards and recognition

- We were shortlisted for two TPAS awards for Outstanding Tenant Engagement and Excellence in Employment Skills and Training
- We were recognised in the Hertfordshire Care Awards for our outstanding achievements during the Covid-19 pandemic
- We were recognised by Member of Parliament Virenda Sharma for Southall Day Centre's commitment to the Our Carers Pathways Project via an Early Day motion in parliament.

Objective 2: Build more quality homes

The past 12 months have seen significant changes to the economic environment within which Catalyst operates, as well as the way we build, sell and let new homes. No one could have predicted the impact of the global pandemic and the effect it would have on so much of our delivery. In times such as these, the need for safe and sustainable affordable housing has never been greater.

Last year we built over 300 new homes – over 80% of which were affordable. And we want to go further, with an ambition to deliver 85% of our homes as affordable tenures by the end of the decade. We're looking to deliver around 1,000 new homes per year, with half of these across the Oxford to Cambridge Arc and Home Counties, and half across our core London regions, as part of our ambitious plans for significant growth in these areas.

Key developments this financial year include:

Counties

- Work is underway on all four phases of our Littlemore Park development, Newman Place, located less than four miles from Oxford City Centre. This new community will deliver 270 new affordable homes, 108 for social rent and 162 for shared ownership, with priority purchase options for NHS key workers
- Catalyst is working in partnership with Oxford City Council on a project to regenerate part of the Blackbird Leys estate. The team have been spending the last year consulting and engaging with the local community, helping to build a new sustainable vision for what the area might look like in years to come
- At the beginning of 2021 we completed 178 new homes on our Rutherford Fields development, built on the site of former RAF Stanbridge in Leighton Buzzard, Bedfordshire. We delivered 39 homes for affordable rent, 49 for shared ownership and 90 for market sale, along with two fully equipped play areas at the heart of the development
- In Dunstable, Bedfordshire, we're building 61 new homes, 23 flats for affordable rent and 38 houses for shared ownership, including one wheelchair adapted home. The architecture reflects the town's heritage and buildings and we've worked with a local school to include children's drawings of local nature and wildlife in the design of public art at the entrance
- Catalyst is working in partnership with Taylor Wimpey to build 187 affordable homes phased over the next three years at The Lanes at Thornfields development in Houghton Regis, Bedfordshire. The new homes will consist of 50 flats for affordable rent and 137 two, three and four bedroom homes for shared ownership
- In Buckinghamshire we completed a new community of 19 new homes for affordable rent at Sidney Close, High Wycombe. The two bedroom homes surround a central landscaped garden for residents and are set in an attractive streetscape
- We've started work to deliver 24 much-needed homes for affordable rent and shared ownership at our Roan Place development in Harpenden, Hertfordshire. The development will provide homes for people on the housing register, help local families stay in the area and reduce overcrowding. The names of the development and new road reflect the town's heritage.

London

- We completed the first phase of the regeneration of the Havelock estate in Southall, Ealing. The project's first phase, developed in partnership with Ealing Council, saw 291 new homes built, with over 55% available as new homes for social rent, London Affordable Rent, shared ownership and a fixed-equity product designed for leaseholders and freeholders living on the original estate. Now Catalyst is working with the GLA, Ealing Council and local organisations on the Open Havelock project, which will revitalise community spaces in the neighbourhood

- With our delivery partner Mount Anvil we have commenced enabling works on our joint venture regeneration scheme, The Verdean in Acton, marking a new chapter for the Friary Park estate. This large-scale regeneration is set to deliver around 990 homes of which 45% will be affordable

- Catalyst was selected as the Mayor of London's preferred development partner for a site adjacent to St Ann's Hospital. This site was purchased by the Mayor in 2018 as part of the Mayor's Land Fund. The redevelopment will deliver around 930 new homes, 60% of which will be affordable.

Our Sales and Marketing team has been working hard to ensure we continue to sell our homes during a difficult year.

We've allowed prospective customers the flexibility to view homes that suit their needs within the parameters of the changing government guidelines. We have continued to support prospective buyers by offering online tours with our sales executives via telephone and email.

We've also ensured all physical viewings have been by appointment only to help keep colleagues and customers safe.

Awards and recognition

- Our Southall Village development won the Best Regeneration Initiative at the 2020 Evening Standard New Homes Awards

- We took two awards at the 2020 First Time Buyer Readers' Awards: our Bond Mansions (Portobello Square Phase 2) won the Best Urban Regeneration Project and NEON was awarded highly commended for the Best First Time Buyer Apartment

- We were awarded Silver for Housing Association of the Year at WhatHouse? Awards 2020.

Objective 3: Safe and sustainable

The safety and wellbeing of our residents is of utmost importance. Following the tragic fire at Grenfell Tower, we began a thorough review of all our properties. This review included inspecting the materials, the current Fire Risk Assessments (FRA) and management processes for all blocks, starting with our properties that are six or more storeys tall before then moving on to our five storey buildings, then four storeys and so on. We remain equally committed to improving our sustainability performance.

Sustainability

Our Sustainability Strategy 2020-2025 focuses on developing a combined approach to environmental management, improving our asset data, trialling new technologies and retrofit solutions and building our in-house skills and expertise. It also sets out how we are planning to make Catalyst a zero-carbon organisation by 2050.

We continue to focus on three key areas across our business:

- Creating **sustainable homes** that are resource-efficient, future-proofed and warm and affordable for our customers

- Building **sustainable communities** that are great places where residents can lead happy, healthy and sustainable lives

- Becoming a more **sustainable business** that is resource efficient and minimises the environmental impact of our operations.

Strategic report
Strategy and objectives

In September 2020 Catalyst was announced as the first company in Europe to receive the highest accreditation mark across all three categories in the Certified Sustainable Housing Label from specialist consultancy Ritterwald.

The Certified Sustainable Housing accreditation aligns with the market standards, the Green Bond Principles and Social Bond Principles issued by the International Capital Market Association (ICMA).

Catalyst is one of around 100 organisations to sign up to the Sustainability Reporting Standard for Social Housing (SRS) - a voluntary reporting framework enabling housing providers to report on their ESG (Environmental, Social and Governance) performance in a transparent, consistent and comparable way. Our first ESG report is due to be published in autumn 2021.

In April 2021 we retained our SHIFT (Sustainable Homes Index for Tomorrow) Gold accreditation, this being the first time the accreditation covered all of Catalyst's newly merged assets and activities. We have now held SHIFT Gold since 2012.

What we've achieved

Sustainable homes

Catalyst is committed to building low carbon, resource-efficient new homes which will not require substantial investment to bring them up to higher sustainability standards in the future. In 2020-21 we built 305 new homes with an average SAP of 85 (Standard Assessment Procedure – with 100 as the most energy efficient and 1 as the least efficient), which is rated as an EPC B (Energy Performance Certificate – with A as the most energy efficient and G as the least efficient). We have set a target for increasing this to SAP 86 for 2021-22, SAP 88 for 2022/23 and are developing new sustainability standards with the aim of achieving SAP 92 or EPC A as soon as possible.

The homes that we own and build have the biggest impact on the environment. Our Planned Investment programme helps to improve the environmental impact of our existing homes and we have installed 461 boiler replacements, 313 heating upgrades and 332 cavity wall insulation installs. Our average SAP for all our homes has increased from 72.0 last year to 73.1. This has reduced the overall carbon emissions of our homes by 5.2% from last year.

Sustainable communities

Catalyst provides information and support to our customers to reduce their environmental impact and reduce fuel poverty.

In 2020-21 we helped over 170 residents with their energy bills through the following range of services:

- Energy switching – providing customers with one-to-one support to identify opportunities to switch to cheaper deals for gas and electricity, saving customers an average of £232 per year

- Pocket Power – helping new customers find the cheapest deals and applying for discounts for their household bills, saving each customer an average of £255 per year

- Home energy advice – through our partner Groundwork we provide personalised home energy advice of simple measures that can be taken to reduce energy bills

- Collective energy switching – through a partnership with iChoosr our customers are able to participate in free auctions, where energy suppliers bid for the opportunity to provide the best deal for our customers, who then have the option to switch to a lower tariff if desired

- Energy Redress Scheme – government funding scheme to help vulnerable customers who are struggling to pay their energy bills. In 2020-21 we issued over 320 vouchers to our customers totalling £14,063.

Sustainable Business

Catalyst seeks to ensure our business operations are sustainable, efficient and minimise the impact on the environment.

More efficient gas boilers have been installed at Brent Unity Centre, Harrow Road energy centre and Manor Place plant room in Cambridge. We also replaced 275 light fittings in our residential communal areas with more efficient LED lights and installed LED upgrades in our Houghton Hall office.

We are trialling an electric vehicle for our Estate Services fleet with future plans to electrify our entire fleet. Our Estate Services team also operates a pool of bicycles which save approximately 18,900 litres of diesel a year as well as contributing to the good health of the colleagues.

We established a new partnership for our main electricity contract supply with 100% renewable electricity supplier Ecotricity.

Fire and building safety

We continue to work closely with both central government and local authorities to ensure fire and building safety for our residents. We routinely engage with our residents to hear and understand their concerns and comments.

Key fire safety developments in the last financial year include:

- Aluminium Composite Material (ACM) cladding has been removed from our buildings that are over 18 metres - Crossway Point, Dan Court and Merle Court
- Nine successful grant applications to the Government's Building Safety Fund (BSF) on behalf of 238 leaseholders, to help fund works to replace any wall cladding materials that needs removal from nine high-rise buildings.

Awards and recognition

- In April 2021 we retained our SHIFT (Sustainable Homes Index for Tomorrow) Gold accreditation, this being the first time the accreditation covered all Catalyst's newly merged assets and activities
- Our head office Ealing Gateway was received a Gold Green Apple Environment award by the Green Organisation, one of the world's most recognised environmental establishments, for the work done with a landlord on a Smart Building Programme.

Objective 4: Revolutionise our data and technology

With so much information moving online, and particularly after a year where Covid-19 has migrated some of our activities into the digital space, the need for appropriate data security and optimal technology solutions has never been greater.

When we set out to revolutionise our data and technology solutions, we had no idea how business critical it would be to enable everyone to work from any location.

Nonetheless, we successfully mobilised our workforce to work from home overnight – including our contact centres armed with a headset and laptop – following the Government's announcement of the first national lockdown.

We'll shortly be launching a new programme called Spotlight which consists of projects that modernise the IT systems we use right across Catalyst, ensuring we all use the same systems to carry out activities in key areas like housing management, property services, finance and day-to-day purchasing.

Spotlight, which started in earnest in April 2020, is an integration programme that merges systems, processes and data, already achieved successes in the delivery of the transformation programme.

Data is at the centre of everything we do. Ensuring good quality data means we can make informed, evidence-based business decisions ensuring continued strength of our brand and reputation.

We've nominated data owners across Catalyst who will lead on improving the quality and completeness of our key data assets within their respective teams, with the support of the newly created Data Strategy team.

We have also delivered a new Sales and Marketing system on Microsoft Dynamics (our first Dynamics launch), which should reduce our sales lifecycle dramatically as many of the 'conveyancing' processes now benefit from an increased measure of automation.

Awards and recognition

- Finalist for the Best Charity IT Project of the Year and our colleague Gareth Brace was finalist for CIO of the Year at the UK IT Industry Awards.

Objective 5: Invest in our people and define our culture

As well as the infrastructure impacts of the last year we've also had to contend with the very human impacts of the pandemic and its effect on the wellbeing of our people and our culture.

Our response further developed our brand identity and purpose.

This work included:

- Demonstrating our social and ethical purpose, such as through repaying government furlough money we'd claimed in 2020

- Our continued and heightened focus to help and support our customers and colleagues through Covid-19.

Equality, Diversity and Inclusion

We are fortunate to have a diverse group of customers, communities and colleagues. While we have made good progress in reinforcing our commitment to ensuring equality, diversity and inclusion, we recognise that there is much more we can, and must, do.

Our **Equality, Diversity and Inclusion** (EDI) Strategy 2020-2023 outlines our determination in making a purposeful evolution to our work in this area.

The strategy was written during the Covid-19 pandemic and the Black Lives Matter movement. Both events clearly and powerfully shone renewed focus on the inequality that exists in society.

We have set out our EDI promises against five strategic objectives:

- Strengthen the leadership and governance of equality, diversity and inclusion
- Deliver high quality services that are accessible to all
- Create a culture of inclusion and belonging
- Employ a diverse workforce that at all levels reflects the communities we serve
- Tackle stigma and eliminate discrimination.

Some key projects which we have delivered this year include:

- Updated unconscious bias training to all hiring managers
- Our inaugural Leadership Programme, designed to coach and prepare our leading top talent to take the next step in their careers with us here at Catalyst, into Director roles
- Launching a company-wide mentoring scheme
- Hosting listening and inclusion sessions with colleagues
- Working with the BYP network (Black Young Professionals) for the recruitment of senior positions, and adopting the Rooney Rule
- Added diversity and inclusion questions into our Best Companies survey to capture more data to drive improvements.

Gender Pay Gap

Our April 2020 gender pay gap report shows that Catalyst's mean pay gap is 9.79% and median pay gap is 2.10%. Our 2021 data shows an improvement, with a mean pay gap of 6.76% and a median pay gap of -0.32%.

We continue to track our talent and succession plans and scrutinise internal moves and recruitment data each quarter. We've also increased our development opportunities through initiatives such as our shadow executive and mentoring programmes.

There has been a positive increase in the number of women in senior management positions, but we know that we still have more to do. We are committed to recruitment, promotion and pay policies and initiatives that are based on our principles of fairness, equality and respect for all. We will publish our full data in our annual diversity report and we'll publish ethnicity pay gap data in our annual accounts from next year.

Blended Working Policy

In response to Covid-19 and the change in place of work for our colleagues we have created a Blended Work Policy. As we return to a new normal post pandemic, our policy is built on the principle that work is something we do, not somewhere we go, whilst being at the right place at the right time to deliver an excellent service. This policy aims to:

- Create a more responsive, efficient and effective business, which will improve performance and increase customer satisfaction

- Empower colleagues to work in a way that provides balance in performing their role, working pattern and place of work and which also takes account of their personal needs and our customers' needs

- Improve productivity and our services to customers whilst also enhancing colleague morale, health and wellbeing through working in a way that best suits individual circumstances and needs.

Awards and recognition

- The Sunday Times Best Companies Top 100 Not-for-profit to work for in 2020

- We won in the 'Brand, Purpose and Values' category at last year's national Business Culture Awards (November 2020).

We are part of the Kickstart scheme – creating 30 six-month paid job placements for 16 to 24 year olds who are on Universal Credit and at risk of long-term unemployment

The year started in lockdown due to Covid-19 and, despite initial concerns around our customers' financial wellbeing alongside our own ability to deliver normal services, the business has continued to perform well. Our existing customers, many of whom have received Government support, have by and large maintained their tenancies as normal. Operationally we have similarly been able to carry out our key services, although there have been some delays to some of our non-essential capital major works programmes due to Covid-19 restrictions.

We continue to generate value from our development activities to support delivery of our social purpose. We sold 386 new-build homes (market sales and first tranche shared ownership sales) generating revenue of £95.6 million which is broadly in line with last year and slightly ahead of our target.

The sale of assets, primarily driven by shared ownership customers staircasing and from customers reducing their equity loans, has fallen as a result of the pandemic.

We have improved our operating surplus before disposals and share of joint venture to £54.6 million (2020: £44.7 million), and despite the reduction in asset sales, our overall operating surplus improved to £67.5 million (2020: £61.5 million). Our operating margins have improved, with the Social Housing operating margin increasing to 29.7% from 22.8% last year. The prior year reflects the merger with Aldwyck Housing Limited, which also saw a gift receipt of £83.4 million.

Consolidated statement of comprehensive income [extract]:

£ millions	2021	2020
Turnover	**298.2**	**285.9**
Cost of sales	(94.4)	(84.5)
Operating costs	(149.2)	(156.7)
Operating surplus before disposals and share of joint venture	**54.6**	**44.7**
Surplus on disposal of fixed assets	12.9	18.1
Share of joint venture operating results	-	(1.3)
Operating surplus	**67.5**	**61.5**
Gain arising from Gift of Net Assets	-	83.4
Net interest payable	(43.3)	(47.3)
Movement in fair value of investment properties	(0.1)	0.5
Movement in fair value of derivative financial instruments	10.1	(15.7)
Surplus before taxation	**34.2**	**82.4**
Taxation	0.3	0.5
Movement in fair value of derivative financial instruments	11.5	(6.3)
Actuarial (loss)/gain on defined pension benefit schemes	(6.6)	3.1
Total comprehensive income for year	**39.4**	**79.7**
Operating margin % (before disposals and share of joint venture operating results)	**18.3%**	**15.7%**
Social housing operating margin %	**29.7%**	**22.8%**

The total comprehensive income from the year has seen significant volatility caused by the market valuation of our derivatives and by the valuation of final salary pension schemes. In April 2021 we took steps to reduce the volatility of the derivatives by arranging to exit some of the arrangements early. This will have the overall impact of reducing our fixed interest rates with lower variable rate interest rates. The movement to the interest cost is set out in note 9.

Our balance sheet and liquidity provide a strong financial foundation to ensure that we can invest in our social purpose and deliver more for our residents and communities. We continue to invest in our existing and new homes.

The Group's gearing remains low at 41.3% compared to the sector, with the median across the G15 being 48.1% in 2019/20. During the year we further strengthened our liquidity via a bond issue raising £150m new funding.

The Group strengthened its financial position with total assets net of current liabilities increasing to £3.4bn (2020: £3.3bn).
Our operating cash flows remained strong at £160 million (2020: £160 million), enabling us to invest £123 million into developing new homes (2020: £150 million).

Consolidated balance sheet [extract]:

£ millions	2021	2020
Net book value of housing properties (note 11)	3,069	2,978
Total loans (note 27)	1,426	1,339
Cash and cash equivalent (note 21)	160	79
Gearing %	**41.3%**	**42.3%**

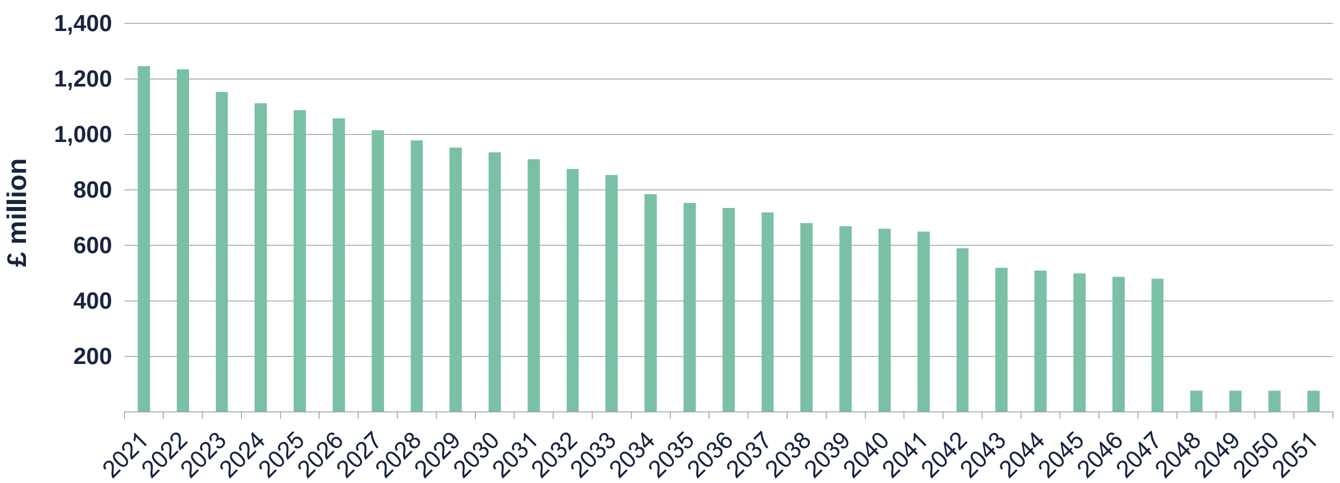
41.3%

The Group's gearing remains low at 41.3% compared to the sector, with the median across the G15 being 48.1% in 2019-20

Catalyst protects its financial resilience through strong treasury management. Treasury activities are managed by a centralised treasury function, whose primary responsibilities include managing the Group's liquidity, interest rate, counterparty and other treasury risks. Alongside the cash surpluses that Catalyst generates each year, additional financing comes from committed loan facilities, bonds listed on the debt capital markets, private placements and grants awarded by Homes England and the Greater London Authority and its predecessors. Debt is secured by way of mortgages on specified housing properties.

The Finance and Treasury Committee oversees treasury activities and makes recommendations to the Board in respect of the Treasury Strategy and relevant policies. For the year ended 31 March 2021, the Group had total committed loan facilities of £1,774.3 million with £1,249.1 million drawn down. Approximately 98% (2020: 97%) of the loan portfolio is subject to fixed rate interest arrangements, which includes standalone interest rate swaps with a notional principal of £160.5 million.

Debt maturity



£1,249.1 million

The group has total committed loan facilities of £1,774.3 million of which it has drawn down £1,249.1 million

Strategic report
Treasury

Cash flows

The principal cash outflows of the Group support the development and asset management activities, on which we spent £123 million in the year (2020: £150 million). The Group supported these activities by raising new finance of £200 million.

Current liquidity

On 31 March 2021, in addition to £525.2 million of undrawn loan facilities, the Group held deposits of £150.2 million.

Unencumbered assets

On 31 March 2021, 38% (by units) of the Group's stock remained unencumbered.

Going concern

The Board, with the Finance and Treasury Committee, keeps liquidity under constant review, a process that involves the consideration of short and medium-term cash flow projections, as well as long-term business plans, to identify possible funding needs and to inform treasury strategy as to the amounts and timing of any fundraising. Key assumptions underpinning the projections are reviewed and subject to stress testing and sensitivity analysis. We carried out tests on the financial plan to assess the impact of a range of scenarios. This year, the Board felt it particularly important given the risks and uncertainty arising from the Covid-19 pandemic, and tailored stress testing and mitigating actions to address these risks. The key consideration included impact on income collection, bad debts and asset sales.

After making enquiries, the Board has a reasonable expectation that Catalyst has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the accounts. Catalyst currently holds a V2 viability rating from the Regulator for Social Housing and an A- (stable) rating from Standard & Poor's.

£123 million

The principal cash outflows of the Group support the development and asset management activities, on which we spent £123 million in the year (2020: £150 million)

Our Customer Experience Committee includes resident nominated members, helping to ensure that we receive valuable customer input

Corporate Strategy

Our Value for Money (VfM) Strategy emphasises that VfM underpins the achievement of our corporate objectives and maintaining a long-term sustainable business.

What does VfM mean for Catalyst?

VfM is the relationship between economy (minimising cost and resources – **Cost**), efficiency (doing things in the most economical way – **Performance**), and effectiveness (doing the right thing for the service being provided – **Quality**).

Cost is the price paid for what goes into providing our service.

Performance is a measure of productivity: how much we get out in relation to what we put in.

Quality is a measure of the impact achieved and the customer outcome.

How we monitor and measure VfM performance

Monthly performance scorecard reports
We have a comprehensive set of Key Performance Indicators (KPIs) that measure operational performance, compliance, risk and satisfaction-based outcomes against annual targets agreed by the Board. The KPIs are included in detailed Performance Scorecard Reports that are presented to, and regularly reviewed by, the Board and Executive Committees. This ensures a clear line of sight over our performance. The reports include RAG ratings, narrative on performance, trend analysis and sector insight.

Management accounts
Performance against the agreed budget is reported in the monthly Management Accounts, with an emphasis on understanding and seeking improvements to performance below budget.

Customer surveys
On a monthly basis, we undertake customer surveys to obtain feedback on our performance. These surveys include questions on customers' views on whether their rent and service charges offer VfM.

Customer representation
Our Customer Experience Committee includes resident nominated members, helping to ensure that we receive valuable customer input. The Committee also reviews complaints and customer satisfaction data.

Covid-19
Throughout the year we continued with the additional challenge of managing the impacts of Covid-19 whilst still focussing on VfM and the achievement of our corporate objectives. The impacts have been measured using a comprehensive weekly dashboard of operational KPIs, alerting the Executive and Board to the impact on underlying business performance.

Peer group comparison
On an annual basis, we undertake a formal review of our VfM metrics against a range of comparators: G15 members, housing associations of similar size and all housing associations in the sector. The review indicates areas of relative strength and areas with potential for improvement. On a monthly basis, within the Performance Scorecard Report we include an insight section, benchmarking our performance against the latest quarterly housing association data from the Regulator of Social Housing and other industry performance data.

Efficiency savings
We strive for continuous improvement and reduction in costs for the benefit of our customers. This includes a detailed review of budgets each year, a procurement approach focused on value and service quality and a robust review of invest-to-save projects. We also have a dedicated team helping the organisation identify and progress performance improvement opportunities. Specific activities in the last year include investments to streamline and enhance current systems and significant procurement savings.

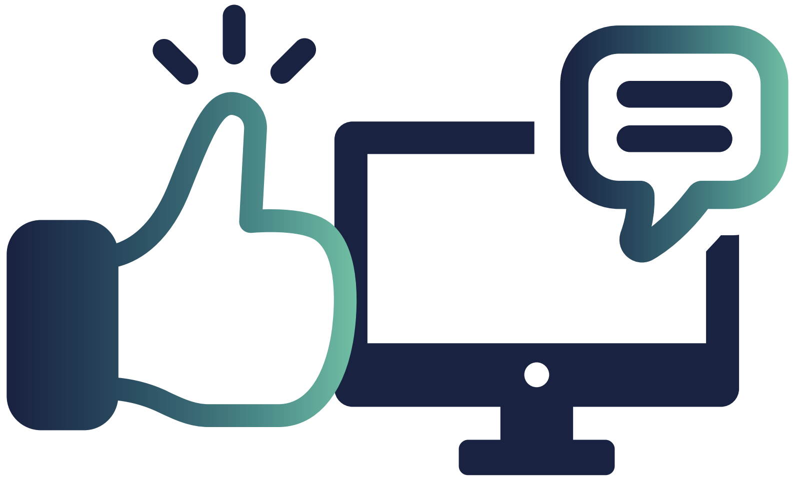
Corporate objectives
To improve our performance and demonstrate value for money we set clear measurable targets.

So how did we perform against our corporate objectives?

Strategic report
Value for Money

Get closer to customers and deliver great services

During the year we undertook a review of the service being provided to our Shared Ownership customers. This involved a series of focus groups and internal workshops. The recommendations from the workshops have been reviewed and action plans put in place to further improve customer satisfaction.



The recommendations underpin the increase in the target for the current year. We appreciate that repairs performance is a key driver of our customer satisfaction and both Covid-19 and some underperformance by our suppliers has led in part to the drop in satisfaction for our Shared Owners. In January 2021, and in agreement with the supplier, we took back in-house the repairs services for one of the geographical regions.

In addition we have improved our communications with customers on repairs and have invested in a text analyser tool to help spot potential issues quickly. This has already seen a significant improvement.

Our customer engagement has also been improved this year through the introduction of a digital platform providing an online community. **The Garden** was developed in response to our annual survey in February 2020, where two thirds of respondents told us they wanted to interact and collaborate with us online.

The Garden has helped reduce the costs of holding face-to-face focus groups and associated expenses such as catering, transport and other expenses that were not possible to arrange during lockdown. The Garden has also encouraged customers to get involved who would not usually travel to our London or Counties offices due to distance, anxiety or time commitments. The Garden does not seek to replace face-to-face engagement, but helps us reach out to a wider group of our customer base and reduces the need for us to write, email and call customers.

Following the introduction of the Housing Ombudsman new complaints handling code, we made improvements to provide easy access to our complaints process, listening and keeping our promises to our customers. This process ensures that customers receive a consistent experience and faster resolution to any complaint.

Build more quality homes

We also have a target of having a programme tenure mix balanced towards rented and shared ownership, with a target mix of 55% rented, 30% shared ownership and 15% market sale.

The impact of Covid-19 on the build programme was significant and details of this can be found in the “Strategy and Objectives” section of this report. The target for the current year is to more than double the completions achieved last year with 610 social homes and 55 non-social homes reflecting the drive to increase the provision of new homes.

Investment decisions on new homes are taken by our Investment Committee, based on a robust methodology. This methodology reflects a range of financial and non-financial criteria and ensures that value for money is a key element in the delivery of affordable homes for customers.

Safe and sustainable

Good progress has been made in establishing the sustainability standards for new homes. Principle performance targets have been proposed and the financial impact is currently being assessed.

We have also introduced new targets in relation to the energy efficiency of new homes with an average SAP target of 86 for the current year.

For our existing homes we continue to focus on safety and have targeted 100% achievement of our internal property compliance standards in relation to fire, legionella, asbestos, gas and electric.

Revolutionise our data and technology

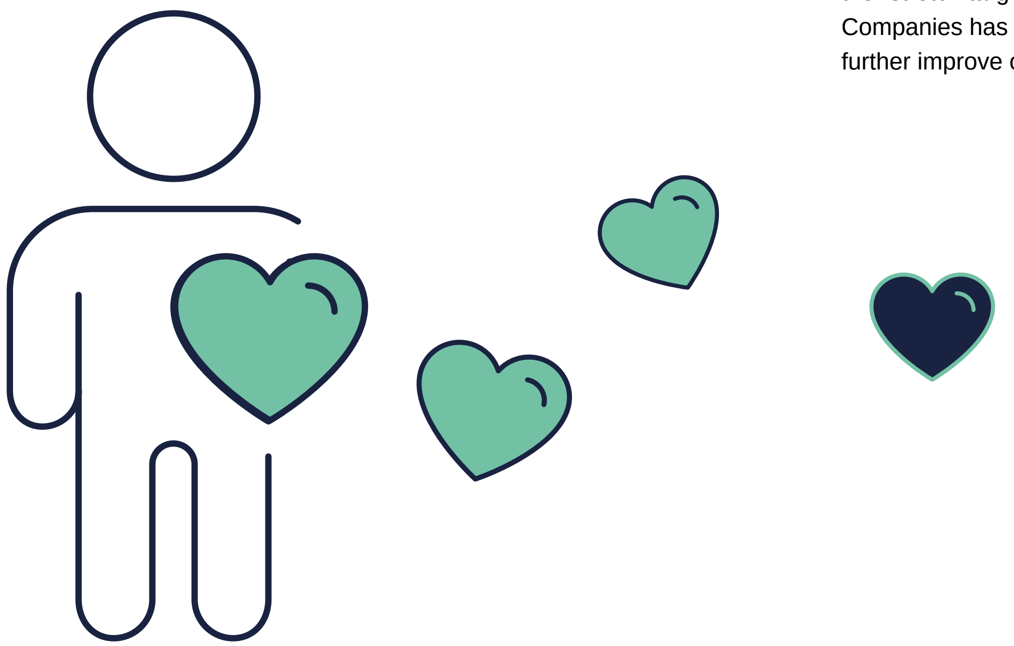
The target of 82% of customers finding us easy to deal with was predicated on a new customer portal being in place. This is now planned for later this year.

Our investment in technology and our focus on data, both from a quality perspective and use for insight to improve our services to customers has continued at a good pace despite the impact of Covid-19:

- We implemented an automated text reader to quickly identify issues or complaints
- We rolled out an improved customer contact telephony system
- We quickly made all our new homes available for digital viewings
- We continue to invest in a new customer relationship platform (CRM) to facilitate improved customer engagement.

Invest in our people and define our culture

Towards the end of the year we undertook the annual employee survey and were proud that we achieved our target of being in the Sunday Times Top 100. For the current year we have accepted the “stretch target” that Best Companies has recommended to further improve our performance.



Get closer to customers and deliver great services

Corporate Target %	2020-21 target	2020-21 actual	2021-22 target
Customer satisfaction rented	75%	76%	76%
Customer satisfaction shared owner	62%	50%	64%
Customers who trust us	72%	68%	73%
Customers who love their homes	80%	88%	81%
Increase in engaged customers	30%	33%	25%

Build more quality homes

Corporate Target	2020-21 target	2020-21 actual	2021-22 target
New homes	370	305	665 (*)
External design awards achieved	1 per region	4 awards	1 per region
Customer satisfaction (new build homes)	87%	93%	91%

(*) excludes the impact of the merger with Rosebery on 1 April 2021

Safe and sustainable

Corporate Target	2020-21 target	2020-21 actual	2021-22 target
All new homes meeting carbon neutral standard in line with our sustainability strategy roadmap by 2025	See *1	See *1	See *1

*1 – We recognise that reduction of carbon and energy costs for our customers is a key activity we must deliver on. We have a range of actions and initiatives in progress and set out in our roadmap and sustainability strategy. We have not yet agreed upon a single overall KPI measure but will look to see what develops across the sector.

Revolutionise our data and technology

Corporate Target	2020-21 target	2020-21 actual	2021-22 target
Customers find us easy to deal with	82%	76%	82%

Invest in our people and define our culture

Corporate Target	2020-21 target	2020-21 actual	2021-22 target
Employee Engagement (Sunday Times Best Companies to Work For)	Top 100	Top 100	Stretch target

Financial performance

In our corporate strategy, we recognise that the achievement of corporate objectives is underpinned by a strong financial performance. We utilise the Regulator's VfM metrics and Sector Scorecard metrics in monitoring performance against our targets. We continually challenge the delivery of value for money across all business activities and strive to reduce costs and free up more capacity to allow us to fulfil our corporate objectives.

Our overall financial performance has been affected by the need to invest in fire safety measures for our properties. In addition, the Covid-19 lockdowns have resulted in delays to our capital expenditure programme. Both of these have resulted in variances to some of our financial performance metrics.

As part of our target setting process, we benchmark our financial performance annually against peers in the G15. The G15 is a good comparator given the location of their stock and as they have headquarters based in London. We also undertake a comparison against the broader sector median to provide further insight into potential areas of improvement.

Peer group figures are always one year in arrears as data is not available at the time of publication of results. Given the impact of Covid-19 for the year 2020-21 the prior year benchmarking on some measures will need to be taken in this context.

Measure	2020-21 Actual	2020-21 Target	2019-20 Actual	2019-20 G15 Median	2019-20 Sector Median
EBITDA MRI interest cover %	124.2%	107.0%	79.2%	100.2%	170.0%
Gearing %	41.3%	44.6%	42.3%	48.1%	44.0%
Social housing operating margin %	29.7%	27.7%	22.8%	27.2%	25.7%
Operating margin %	18.3%	16.1%	15.7%	19.9%	23.1%
Return on capital employed %	2.0%	1.7%	1.9%	2.5%	3.4%
Headline social housing cost per unit £	£4,586	£4,978	£5,210	£5,205	£3,830
Reinvestment %	4.6%	7.2%	5.4%	7.2%	7.2%
Social homes developed as % of homes owned	0.9%	1.1%	2.4%	1.9%	1.5%
Non-social homes developed as % of homes owned	0.2%	0.3%	0.7%	0.5%	0.0%

More specifically:
The **EBITDA - MRI** metric is a measure of cash generation as a percentage of interest (net of amortised cost) and is a key indicator of liquidity and investment capacity. It seeks to measure the level of surplus generated compared to interest payable, avoiding any distortions stemming from the depreciation charge. Our performance of 124.2% is better than the target of 107.0% due to stronger operating margins and lower than budgeted property expenditure. It is also better than the G15 median. The result also reflects our plans to complete all additional fire safety work as quickly as possible.

The **gearing metric** measures how much of our adjusted assets are made up of debt and the degree of dependence on debt finance. Our performance of 41.3% is better than the target of 44.6% due to delayed capital expenditure on development activities and major repairs due to Covid-19. It indicates scope for future capacity and is better than both the sector and G15 median.

The **social housing operating margin** measures the surplus that we generate from our core landlord services. This improved during the year and the performance of 29.7% was better than the target of 27.7%, and better than both the sector and G15 median. This measure has also been impacted by fire safety spend. Improvements are targeted in future years with an ambition to be top quartile in the G15 driven by a continued focus on tight budgetary control and operating efficiencies from systems integration.

The **operating margin** measures the surplus that we are generating from our social and non-social activities. The performance of 18.3% was better than the target of 16.1%, although short of both the G15 and sector medians. The main drivers to our non-social returns are sales from new homes and we recognise that the performance on the particular schemes this year has been lower than our historical schemes performance. We continue to target schemes that deliver both financially and provide a range of affordable homes for customers, but will on occasion deliver homes with lower financial performance in order to deliver our social purpose.

The **return on capital employed** metric compares the operating surplus (including the disposal of fixed assets) to total assets (less current liabilities). Our performance of 2.0% was better than the target of 1.7%. This is principally due to the higher margins and lower costs stated above. We have targeted further improvements to take us above the G15 Median.

Our headline **social housing cost per unit** metric measures total property costs (including capital expenditure) per property owned or managed. Our performance of £4,586 was better than our target of £4,978 and the G15 median due to the lower capitalised major repairs, and a focus on our core management costs.

A detailed breakdown of these costs is noted below:

Detail	2020-21 Actual	2020-21 Target	2019-20 Actual	2019-20 G15 Median	2019-20 Sector Median
Management cost per unit	£1,404	£1,575	£1,363	£1,322	£1,062
Service charge cost per unit	£792	£796	£939	£851	£441
Routine maintenance cost per unit	£922	£784	£973	£870	£762
Planned maintenance cost per unit	£42	£58	£141	£457	£305
Major repairs expenditure per unit	£206	£170	£203	£79	£148
Capitalised major repairs per unit	£767	£1,140	£1,153	£883	£594
Other costs per unit	£453	£455	£438	£664	£238
Headline social housing cost per unit	**£4,586**	**£4,978**	**£5,210**	**£5,205**	**£3,830**

The **reinvestment** metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. Our performance of 4.6% was lower than both the target and the G15 median of 7.2%.
This was due to delays in both our major repairs and new developments due to Covid-19. We have targeted further improvements to take us above the G15 median.

The **new supply of homes** metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

We completed 264 social homes, which is an increase of 0.9% in our stock. Whilst this was lower than the target of 1.1% due to Covid-19 affected construction delays, it nevertheless represents a strong performance given the challenging operating environment.

We also completed 51 non-social homes, which is an increase of 0.2% in our stock, albeit lower than the original target of 0.3%.

In summary, our strong performance in the year across six of the VfM metrics is better than target and reflects an improvement on the previous year. The three exceptions are all due to the impact of Covid-19: reinvestment, and the new supply of social and non-social homes.

Sector Scorecard

We also utilise the Sector Scorecard metrics to benchmark our performance and demonstrate accountability to our customers and drive our VfM strategy.

The Sector Scorecard includes the nine regulatory VfM metrics noted above and the six metrics in the table below. Performance against each of these is monitored closely in the monthly Scorecard.

264

We completed 264 social homes, which is an increase of 0.9% in our stock, albeit lower than the original target of 1.1%

Measure	2020-21 Actual	2020-21 Target	2019-20 Actual	2021-22 Target	2019-20 G15 Median	2019-20 Sector Median
Occupancy %	99.7%	n/a	99.6%	99.0%	98.9%	99.3%
Customer satisfaction - general needs %	75.8%	75.0%	74.0%	76.0%	78.5%	86.8%
Rent collected %	99.3%	99.0%	100.3%	99.0%	99.7%	99.8%
Ratio of responsive to planned repairs spend	0.91	0.49	0.56	0.34	0.61	0.64
Overheads as a % of turnover	12.4%	12.5%	11.6%	14.3%	10.0%	13.9%
Community investment	£2,681k	£3,448k	£2,548k	£3,216k	£3,035k	£101k

Catalyst is using the Streamlined Energy and Carbon Reporting (SECR) guidance to measure and report on our carbon footprint

Streamlined Energy and Carbon Reporting (SECR)

Catalyst is using the Streamlined Energy and Carbon Reporting (SECR) guidance to measure and report on our carbon footprint. This will be the standard against which we can gauge energy and carbon performance across the whole organisation. It will also highlight what we need to change and where.

By tracking our energy and fuel consumption and the associated carbon emissions, we can see if our improvements are working and set ourselves targets to achieve which will help us reach our goal of becoming a zero carbon organisation by 2050.

How is our Carbon Footprint measured?

Carbon emission data is split into Scope 1 and Scope 2, which are the mandatory reporting requirements (for Companies registered under the Companies Act), under the SECR guidance and Scope 3, which is optionally reported.

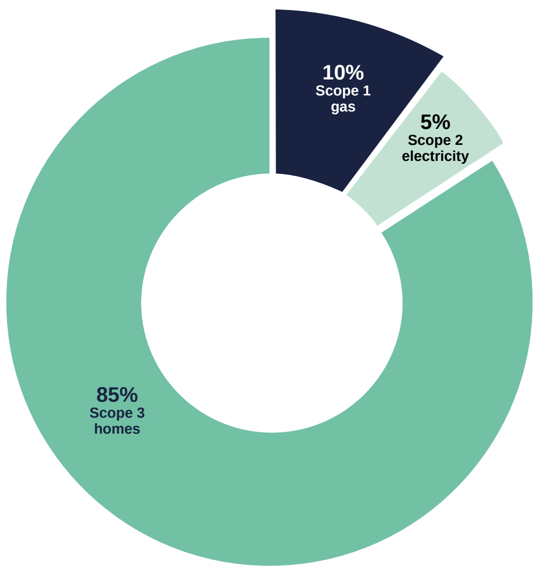
Scope 1 relates to the direct emissions from gas and transport fuel combustion. For Catalyst this will include gas consumption from our offices, community centres, communal areas and plant rooms, as well as transport fuel used for our in-house fleet.

Scope 2 relates to the indirect emissions from electricity generation. For Catalyst this will include electricity consumption from our offices, community centres, communal areas and plant rooms.

Scope 3 relates to the indirect emissions associated with our supply chain. This is only optionally reported because it's harder to track and the boundaries are harder to define. Nevertheless, to have a better understanding of our whole carbon footprint, it is best practice to measure as much Scope 3 as possible.

For Catalyst, Scope 3 primarily relates to the carbon emissions from the homes that we manage.

Total CO_2 emissions 2020-21 (All scopes)



Carbon Intensity Ratios

Our Scope 1 and 2 emissions are also measured against factors that indicate the size of the organisation. For Catalyst these are the number of homes we manage, the number of employees and our overall turnover in £millions. This provides us with three 'carbon intensity ratios' that help us to understand our carbon footprint relative to our size. It means we can not only benchmark against future reports if we change size, we can also compare ourselves directly to other, similar organisations.

Carbon footprint 2020-21 summary

- Our carbon footprint for Scope 1 and 2 is 8,865 tCO_2e, a reduction of 9.7% from last year
- Our total carbon footprint (Scopes 1,2 and 3) is 59,241 tCO_2e, a reduction of 5.1% from last year
- Our homes contribute to 85% of our total carbon footprint, our gas consumption contributes to 10% and our electricity consumption makes up 5%
- Our carbon intensity ratio against the number of homes we manage is 0.39, compared to 0.44 last year.

Our full methodology statement and SECR report can be found on our website at www.chg.org.uk/secr/.

Strategic report
Environmental performance

Energy Consumption			2020-21	2019-20
Energy Consumption used to calculate emissions (kWh)	Gas		27,942,479	30,705,009
	Electricity		12,243,805	12,311,293
	Transport Fuel (diesel)		2,826,606	3,468,425
	Transport Fuel (petrol)		-	101,312
		Total	**43,012,890**	**46,586,039**
Carbon emissions (Scope 1 and 2)				
Emissions from gas (tCO_2e)			5,138	5,645
Emissions from transport fuel for fleet cars (tCO_2e)			716	872
Emissions from business travel in rental cars or business mileage claims (tCO_2e)			156	150[1]
Emissions from purchased electricity (tCO_2e)			2,855	3,147
		Total	**8,865**	**9,814[1]**
Carbon Intensity Ratios: measures total gross carbon emissions relative to the following three criteria:				
Catalyst homes managed (social housing including supported and intermediate)		22,515	0.39	0.44
Catalyst employees		1,116	7.94	9.13
Catalyst Housing Limited turnover (£ million)		298.2	29.73	34.23
Carbon emissions (Scope 3)				
Emissions from generation of electricity that is lost in transmission and distribution (tCO_2e)	Transmission and distribution losses		248	267[1]
Emissions from leased assets, franchises, and outsourced activities (tCO_2e)	Regulated emissions from homes		49,841	52,097
	Head Office (leased asset) emissions – Gas, Electricity, Water		287	290
		Total	**50,376**	**52,654[1]**

Summary

		2020-21	2019-20
Carbon emissions (tCO_2e)	(Scope 1 and 2)	8,865	9,814[1]
Carbon emissions (tCO_2e)	(Scope 3)	50,376	52,654
Total Carbon Emissions (tCO_2e)	**(Scope 1, 2 and 3)**	**59,241**	**62,468[2]**

tCO_2e = tonnes of 'Carbon Dioxide equivalent', i.e. all greenhouse gases

1. Minor adjustment to last year's figure due to calculation error
2. Reported as 62,126 tCO_2e last year due to minor calculation errors

Strategic report
Environmental performance

Reducing our CO_2 emissions

Covid-19 impact
We recognise that some carbon reduction will be as a result of changing our business practices and operations to ensure compliance with Covid-19 guidelines. This included lowering capacity in our offices and minimising non-essential work operations in customers' homes. Conversely though, having to be Covid-19 compliant restricted our ability to carry out energy improvement works that would have helped reduce our carbon emissions.

It is therefore impossible to calculate exactly how much the pandemic has contributed to reduced emissions.

Scope 1 – Fuel and gas
More efficient A-rated boilers have been installed at key operational sites, including Brent Unity Centre (London), Harrow Road energy centre (London) and Manor Place (Cambridge).

Our Estate Services' ongoing use of a pool of bicycles and an electric van have saved 9.5 tCO_2e this year.

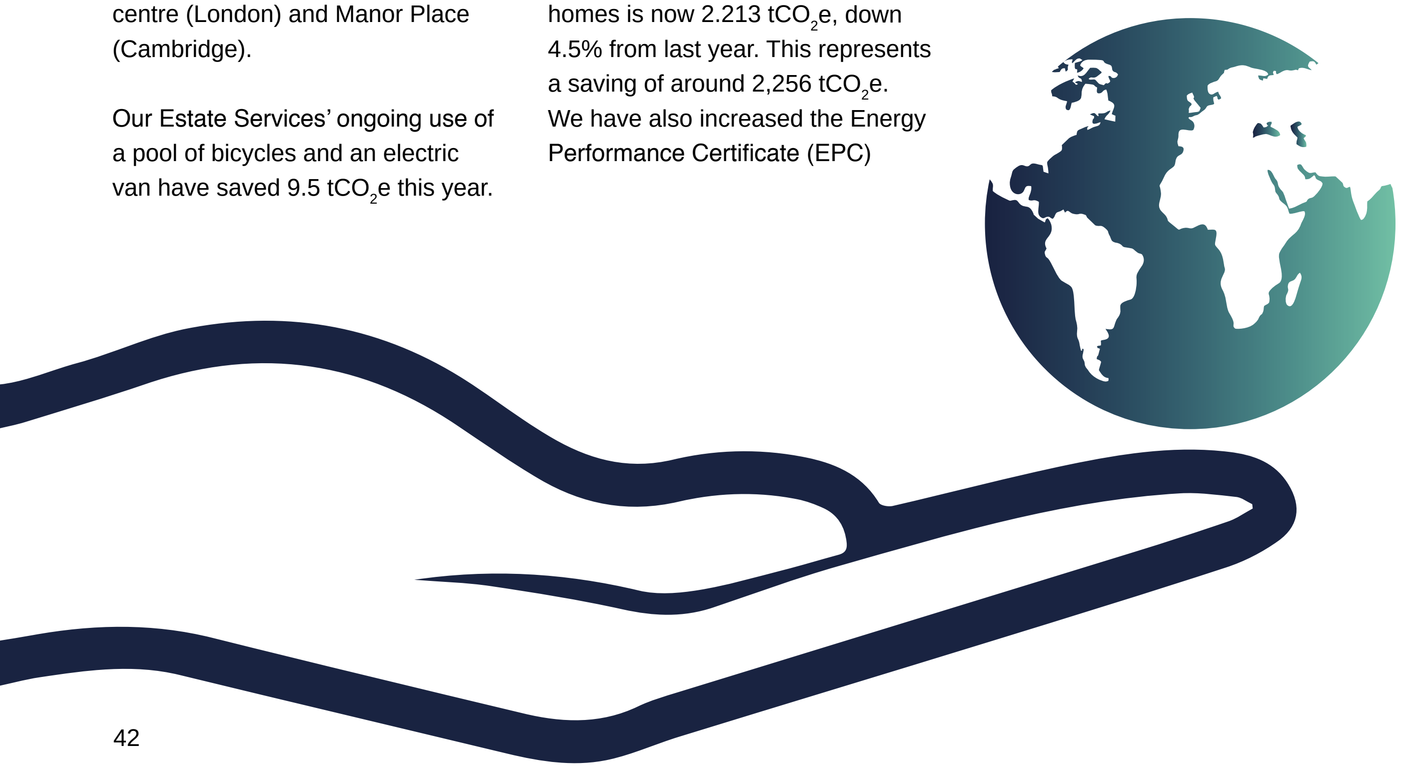
Scope 2 - Electricity from our stock
We have replaced light fittings in our offices and residential communal areas with more efficient LED lights. We installed LED upgrades to the stairwell lighting and atrium spotlights at our Houghton Hall office and replaced 275 light fittings in our communal areas, saving 1,376 kWh or 0.32 tCO_2e.

Scope 3 – Indirect emissions
The 22,515 social rented homes in our portfolio form the largest part of our carbon footprint.

To help improve our homes' energy efficiency we have carried out 461 boiler replacements, 313 heating upgrades, 332 cavity wall insulation installs and 34 loft insulation installs. We have also built 305 new homes with an average SAP (or energy performance score) of 85. This means the average SAP for all our homes combined has increased to 73.1 from 72.0 last year.

The average carbon emissions of our homes is now 2.213 tCO_2e, down 4.5% from last year. This represents a saving of around 2,256 tCO_2e. We have also increased the Energy Performance Certificate (EPC) records for our homes from 17% to 57%, helping to improve our overall energy data confidence.

We have continued to provide energy saving advice to our residents, including tailored information in our magazine and website. Highlights include providing 320 vouchers, worth over £14,000, to vulnerable customers and saving an average of £255/year for each customer helped through our Pocket Power energy advice service. We also launched a new initiative, in partnership with iChoosr, which allows our customers to get access to highly competitive energy deals by registering for a collective auction that energy companies bid for.



The Board has identified the following risks to the delivery of Catalyst's corporate objectives:

Risk	Comments	Mitigation
Changes in the operating environment	Our business operations have been impacted by pressures arising from several significant changes to the operating environment, government policy, legislation and regulation. They include: • Covid-19 • UK's withdrawal from the EU • Welfare reform and Universal Credit • Evolving fire safety guidance and law • Sustainability targets. These all have the potential to impact on our ability to operate, our financial performance and our customers' and colleagues' wellbeing.	• We identify changes to the operating environment by completing regular horizon scanning activity. • We risk assess and develop specific mitigation for individual additional pressures. • We hold cash reserves and have the ability to raise finance to safeguard against unexpected financial pressures. • Our financial plan is stress-tested and provides assurance on the level of new or increased financial pressure that can be absorbed across different scenarios.
Deterioration in Catalyst's stock condition or performance	Our properties are one of our most valuable assets. We aim to provide 'homes people love' and invest in our properties to ensure that they are maintained to a good condition.	• We have a rolling programme of property investment, which includes cyclical replacement works and general upgrades. This was partially affected by Covid-19 working restrictions but was closely monitored to prevent any loss of quality. A full repairs service was reinstated as restrictions were lifted. • We have commissioned Savills to carry out further stock condition surveys to ensure that we understand future investment requirements.
Decrease in property sales income and delays to build completion	The development of existing sites and acquisition of additional sites may be subject to economic and political conditions. This could lead to a decrease in income impacting on our ability to invest in future developments.	• We have a Development Strategy that includes an appraisal of schemes prior to acquisition and requires an exit strategy in the event of adverse market conditions. • Our stress-testing models adverse economic and political conditions. It provides assurance on the level of financial pressure the development programme can withstand and the mitigation plans that would be activated in such circumstances.

Strategic report
Key risk and uncertainties

Risk	Comments	Mitigation
Injury or loss of life	The safety of our customers and colleagues is paramount. Injury or loss of life could occur if we do not meet legal requirements or as a result of inaccurate appraisal of individual risks.	• We have a programme of landlord health and safety inspections that includes gas and fire safety to fulfil our statutory responsibilities. We also complete regular maintenance and servicing. • To protect colleagues, we adhere to health and safety guidance to provide a safe working environment. • We track and follow changing legal requirements for health and safety, including fire safety and building safety.
Significant and competing investment requirements reduce our ability to develop	Our business is facing a number of competing financial pressures, including additional fire safety requirements and sustainability improvements. Significant investment in these could potentially limit our ability to develop or make improvements.	• We have invested in a five-year programme to undertake fire safety remediation works, with the first three years of this investment already completed. • We have a five-year Sustainability Strategy that sets out our road map to net zero carbon. • We have commissioned further work on carbon targets and stock conditions which will allow us to plan any major investment over the longer term.
Reputational risk	Key stakeholders suffer a loss in corporate trust or integrity from a significant adverse event, resulting in reputational damage, financial loss, regulatory intervention or fewer growth opportunities.	• Where a significant adverse event may occur we put in place detailed communications protocols to ensure that partners are kept informed or our response. • We launch our own internal investigation and implement any recommendations made. • The Board provides oversight and governance and we are open and transparent in our dealings with Regulators.
Poor data integrity and governance	We consider our data to be a key business asset. The merger with Aldwyck Housing Group in 2019 and partnership with Rosebery Housing Association in 2021 has led to important data being held in different systems and in different formats.	• We have implemented a five-year Data Strategy that is supported by a data governance framework and aligned to our IT Strategy. • Accountability and responsibility for data is established through data owners and stewards. • We have a dedicated corporate project to integrate business critical data to target systems. Governance and project monitoring controls are in place.

Sahil Khan, Director of Community Investment

> We're delighted that our bike projects are helping more people take up active transport in our communities.
> This summer we are going to be offering free bike repairs, security marking and bike ability classes at our summer road show, and hope to build on our successful partnership with Sustrans to offer bike hubs in our neighbourhoods.

Governance Board and Management

The Catalyst Housing Limited Board (the Board) determines and monitors the strategic direction of the Association and its subsidiaries, sets corporate targets, monitors performance against those targets and upholds Catalyst's values and behaviours.

It comprises a minimum of five and a maximum of twelve members. The composition reflects the skills requirements agreed by the Remuneration and Succession Planning Committee, which includes the skills necessary to chair committees. Board and Committee members are listed on pages 4 to 6.

Role of the Board

As of 31 March 2021, the Board comprised eleven non-executive members and the Chief Executive. The Board meets at least six times a year and its composition is intended to ensure that it is enhanced by independent perspectives.

Standing Committees

As of 31 March 2021 the Board had six committees:

1. Audit and Risk Committee
The role of the Audit and Risk Committee is to ensure the Group maintains a sound system of internal controls, manages risk and provides appropriate scrutiny in respect of internal and external audit. It is also responsible for maintaining an appropriate relationship with the Group's internal and external auditors.

2. Customer Experience Committee
The role of the Customer Experience Committee is to scrutinise service delivery to ensure we provide good quality, value for money services to customers. It is made up of independent members, resident members and Group Board nominees.

3. Investment Committee (called Development Committee until 14 December 2020, when its scope was widened)
The role of the Investment Committee is to oversee Catalyst's investment in existing properties and the development of new homes. It scrutinises development and sales activity, asset management strategy and investment, and sustainability.

4. Executive Committee
The role of the Executive Committee is to ensure the delivery of the strategic objectives set by the Board, and to oversee the day-to-day running of the business. It monitors the financial and operational performance so that the needs of customers, regulators, and other stakeholders are met.

5. Finance and Treasury Committee
The role of the Finance and Treasury Committee is to provide oversight of funding and treasury matters, and to ensure that the Group adopts sound treasury management.

It also monitors performance against the financial plan and cash flow forecasts and ensures the Group maintains adequate liquidity at all times. It carries out stress-testing and is responsible for monitoring financial risks.

6. Remuneration and Succession Planning Committee
The role of the Remuneration and Succession Planning Committee is to oversee the Group's succession, nomination and remuneration functions in line with best practice and legal and regulatory requirements. It also monitors the Group's People Strategy and pay arrangements, including the remuneration of Board and Committee Members, the Chief Executive and Executive Directors.

Rosebery Housing Association Board

On 1 April 2021, Rosebery Housing Association joined the Group. The Rosebery Board has responsibility for the strategic direction of the Association, oversight of its day-to-day business, key compliance and health and safety requirements and upholding Rosebery's values and behaviours.

Colleagues

Catalyst keeps colleagues informed and engaged through our intranet, The Hive, and carries out several colleague surveys each year to receive feedback and suggestions to help understand any concerns, as well as how to improve our service and performance.

Through 'Our Voice', our colleague representative group, Catalyst informs and consults colleagues on topics including strategy and priorities, proposed organisational changes and changes to terms and conditions of service.

We follow a fair recruitment and selection process where applicants are objectively assessed based on qualifications, skills and experience relevant to the role. We value all our colleagues and are committed to providing a great place to work in respect of career development, wellbeing and work-life balance.

Stakeholders

We are carrying out stakeholder engagement mostly on a Group-wide basis to ensure that the Leadership team understands the views of stakeholders when making decisions and setting strategy.

This includes business relationships with our customers, communities, employees and other parties.

Our values and behaviours are consistent when engaging with stakeholders.

Internal controls

The Board has overall responsibility for establishing and maintaining an appropriate system of internal control across the Group and for reviewing its effectiveness. The Audit and Risk Committee monitors these arrangements on behalf of the Board and provides it with regular reports throughout the year.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss. The key elements of the Group's system of internal control includes:

- A governance framework that includes the standing orders, financial regulations and clear terms of reference and delegated authorities for the Board and its committees
- A corporate plan, strategies and business planning processes, with detailed financial budgets and targets
- A management structure with defined responsibilities and approved delegated authorities
- A Group-wide risk management framework that defines management responsibilities for the identification, evaluation and control of significant risks
- A business assurance framework that maps the main sources of assurance over the key business operations using the 'three lines of defence' methodology
- An Audit and Risk Committee that meets regularly to set and review the outputs from the internal audit programme, to satisfy itself that the system of internal control is operating effectively and that any weaknesses that are identified are corrected promptly
- Policies and procedures to recruit, retain, train and develop suitably qualified employees to manage and control operations
- A process by which Treasury Strategy, Investment Strategy and key investment decisions are subject to Board review and approval
- Regular monitoring of loan covenants and requirements for new loan facilities via the Finance and Treasury Committee
- An approved whistleblowing policy for colleagues to raise concerns on a confidential basis. Procedures are in place to investigate concerns independently and in a timely manner
- Policies and procedures for anti-fraud, bribery and corruption that are provided to all colleagues. These cover the prevention, detection and reporting of fraud. Incidences of fraud are reported to the Audit and Risk Committee, which also reviews the Annual Fraud Report on behalf of the Board.

Compliance with the Governance and Financial Viability Standard

The Board has received assurance and is satisfied that all reasonable steps have been taken to ensure compliance with the requirements of the Governance & Financial Viability Standard under the Regulator of Social Housing Regulatory Framework during the financial year 2020-21.

Compliance with the NHF Code of Governance 2015

The Board is committed to integrity and accountability in the stewardship of Catalyst's affairs and, for the 2020-21 financial year, operated under the National Housing Federation's Code of Governance 2015.

Governance Board and Management

A detailed self-assessment has been undertaken against the provisions of the Code during the year. Catalyst Housing Limited complied with the provisions of the Code, with the exception of provision D2. This limits the term of Board Members to nine years. Richard Brown (Chair) was appointed in September 2011 and reached the maximum term of office in September 2020. A six month extension was agreed by the Board until March 2021. This took account of delays in the appointment of a new Chair caused by the Covid-19 pandemic. In the interests of transparency, the Regulator of Social Housing was notified of the extension in advance.

As good practice the Group expects its unregistered subsidiaries to adopt the same Code, recognising that not all provisions of the Code are relevant and therefore would not be fully met.

From 1 April 2021, Catalyst has adopted the National Housing Federation's Code of Governance 2020.

Auditors

BDO LLP were the auditors for the year and their independent report is included on pages 50-57.

Board members' responsibilities

The Board is responsible for preparing the report of the Board and the accounts in accordance with applicable law and regulations. Co-operative and Community Benefit Society law requires the Board members to prepare accounts for each financial year. The Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Board must not approve the accounts unless it is satisfied that they give a true and fair view of the state of affairs of the Association and Group and of the surplus or deficit of the Association and Group for that period.

In preparing these accounts, the Board members are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the accounts
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association and Group will continue in business.

The Board members are responsible for keeping adequate accounting records which are sufficient to show and explain the Association's and Group's transactions and disclose with reasonable accuracy, at any time, the financial position of the Association and Group and enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Association and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018.

Accounts are published on Catalyst's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of accounts, which may vary from legislation in other jurisdictions.

The maintenance and integrity of Catalyst's website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the accounts contained therein.

By order of the Board

Ravi Rajagopal, Chair

Date: 28 July 2021

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Independent auditor's report to the members of Catalyst Housing Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Catalyst Housing Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the consolidated and association statement of comprehensive income, the consolidated and association statement of financial position, the consolidated and association statement of changes in reserves, the consolidated cash flow statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were first appointed by the Board in 2006 to audit the financial statements for the year ending 31 March 2007 and reappointed for subsequent financial years. The period of total uninterrupted engagement is 15 years, covering the years ending 31 March 2007 to 31 March 2021.

Following a request from the audit committee, in order to maintain audit quality whilst the group goes through organisational change, Elizabeth Kulczycki's 5 year term as senior statutory auditor has been extended for one further year.

We remain independent of the Group and the Parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

Conclusions relating to going concern

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

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions

- We assessed the facility and covenant headroom calculations, and re-performed sensitivities and stress testing; and
- We reviewed the wording of the going concern disclosures, and assessed its consistency with management’s forecasts.

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

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

2021

Whilst there are uncertainties arising from the pandemic, the impact on business plans has been less than expected and this is no longer considered a significant risk to the Group

Overview

Coverage	A full statutory audit was carried out for each subsidiary of the Group		
		2021	**2020**
Key audit matters	Going concern	✗	✓
	NRV of property developed for sale	✓	✓
	Business Combination	✗	✓
	Going concern is no longer considered to be a key audit matter in 2021. Whilst there are uncertainties arising from the pandemic, the impact on business plans has been less than expected and this is no longer considered a significant risk to the Group. Following the completion of the business combination in the previous year, this is now no longer a key audit matter.		
Materiality	*Group financial statements as a whole* £6.1m (2020: £47.5m) based on 7.5% (2020: 1.4%) of adjusted operating surplus (2020 – total assets).		

Independent auditor’s report to the members of Catalyst Housing Limited

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’s system of internal control, and assessing the risks of material misstatement in the financial statements.

We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

A full scope statutory audit was carried out for each subsidiary that we considered to be a significant component of the group. Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/ consolidation purposes. We identified three components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components.

Catalyst Housing Limited, Catalyst by Design Limited, CHL Developments Limited and Catalyst Developments (Wimbledon) Limited were identified as significant components due to size.

Key audit matters

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

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

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’s system of internal control, and assessing the risks of material misstatement in the financial statements

Key audit matter		How the scope of our audit addressed the key audit matter
Net realisable value of property held for sale	As explained in the accounting policies, property developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £127,655,000 (2020 - £192,252,000). For properties in development at the balance sheet date, an assessment is needed of an anticipated selling price and a determination of the expected costs to complete. Due to the volume of properties under construction and the level of judgement involved in estimating both selling price and costs to complete we considered there to be a significant risk that the carrying amount of properties developed for sale is misstated and was therefore a key audit matter.	Having obtained management's assessment of the net realisable value of properties developed for sale, we tested this on a sample basis. Our samples were chosen from the populations of items that represented both developments under construction as well as completed developments at year-end. The samples were chosen from the population of items that included (but was not limited to) developments for which impairment had already been identified by management. For a sample of completed properties that sold after 31 March 2021 we agreed the sales proceeds to completion statement and bank receipt to confirm that net realisable value was greater than cost. For a sample of completed properties that remained unsold and for schemes in development we obtained the latest third party valuations that support the anticipated proceeds. We identified the third party valuer and checked they were independent and that their experience and expertise is suitable for our purposes. For a sample of schemes in development we obtained details of the expected costs to complete from the updated scheme budget for that development and agreed the budgeted contract cost of the development to the actual contract and we compared the incurred expenditure to the budgeted amount to ensure that the budget reflects actual costs. We further scrutinised the assumptions used against third party data such as property price trends and forecasts and carried out sensitivity analysis on these assumptions and underlying projects costs to complete to assess potential indicators of impairment. *Key observations* Based on the evidence obtained we did not identify any indications that the assessments of the recoverable amount made by management were inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

As a firm we continually review our approach to materiality to ensure it remains appropriate, taking into account developing practice within the firm and across the profession. As a consequence our approach to materiality for this year has changed.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Independent auditor's report to the members of Catalyst Housing Limited

	Group financial statements		Parent financial statements	
	2021 **£m**	**2020** **£m**	**2021** **£m**	**2020** **£m**
Materiality	6.1	47.5	5.5	42.8
Basis for determining materiality	7.5% of adjusted operating surplus	1.5% of total assets	7.5% of adjusted operating surplus	1.5% of total assets
Rationale for the benchmark applied	Adjusted operating surplus is of particular interest to the users of the financial statements as it is a term defined for the purposes of the entity's lending covenants. This involves adjusting operating profit for depreciation, amortisation and capitalised major works.		Adjusted operating surplus is of particular interest to the users of the financial statements as it is a term defined for the purposes of the entity's lending covenants. This involves adjusting operating profit for depreciation, amortisation and capitalised major works.	
Specific materiality	Not relevant for the current financial year	5.3	Not relevant for the current financial year	4.4
Basis for determining materiality		7.5% of adjusted operating surplus		7.5% of adjusted operating surplus
Performance materiality	3.7	30.1	3.3	27.8
Basis for determining performance materiality	75% of materiality	75% of materiality	75% of materiality	75% of materiality

Component materiality

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component of the Group based on their size and our assessment of the risk of material misstatement of that component.

Component materiality ranged from £500 to £5,544,000. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the audit committee that we would report to them all individual audit differences in excess of £110,000 (2020: £105,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Board is responsible for the other information. Other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report and report of the Board 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative

Independent auditor's report to the members of Catalyst Housing Limited

or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board members responsibilities statement, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members 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 Board are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or the Association 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.

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

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

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

In addition the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection and health and safety legislation.

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

Audit procedures performed by the engagement team included:

- The Senior Statutory Auditor's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations;
- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to the impairment, useful lives of depreciable assets, fair value measurement of investment properties, shared ownership, recovery of properties developed for sale and pension defined benefit scheme obligations;
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management and journals posted after the year end;
- Discussions with management and those charged with governance; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. 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 our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

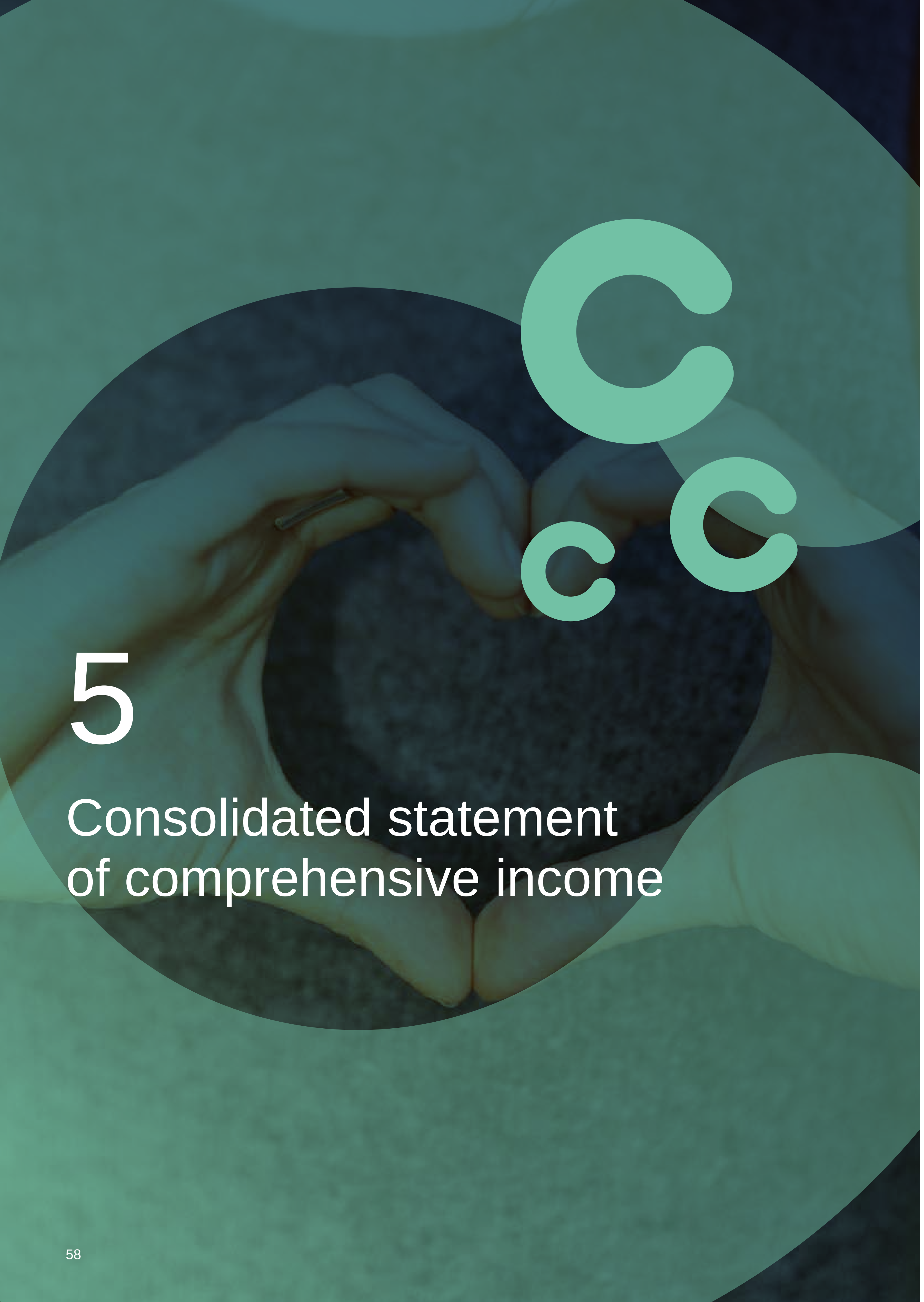
E. Kulczycki

Elizabeth Kulczycki,
Senior Statutory Auditor

For and on behalf of BDO LLP
Gatwick, United Kingdom

Date: 20 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



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Consolidated statement of comprehensive income

Consolidated statement of comprehensive income year ended 31 March

	Note	2021 £'000	2020 £'000
Turnover	2	298,213	285,924
Cost of sales	2	(94,411)	(84,486)
Operating costs	2	(149,259)	(156,641)
Surplus on disposal of fixed assets	7	12,898	18,068
Share of joint venture operating result	17	6	(1,326)
Operating surplus	2,6	**67,447**	**61,539**
Gain arising from Gift of Net Assets	38	-	83,387
Interest receivable and similar income	8	299	277
Interest payable and financing costs	9	(43,558)	(47,569)
Movement in fair value of investment properties	14	(69)	459
Movement in fair value of derivative financial instruments	28	10,046	(15,655)
Surplus before taxation		**34,165**	**82,438**
Taxation on surplus	10	291	536
Surplus for the financial year		**34,456**	**82,974**
Movement in fair value of derivative financial instruments	28	11,531	(6,278)
Actuarial (loss)/gain on defined benefit pension schemes	30	(6,586)	3,045
Total comprehensive income for year		**39,401**	**79,741**

The notes on page 72 to 131 form part of these financial statements.

Association statement of comprehensive income

Association statement of comprehensive income year ended 31 March

	Note	2021 £'000	2020 £'000
Turnover	2	239,631	195,397
Cost of sales	2	(32,931)	(29,810)
Operating costs	2	(150,981)	(133,390)
Surplus on disposal of fixed assets	7	13,449	17,443
Operating surplus	2,6	**69,168**	**49,640**
Interest receivable and similar income	8	6,930	7,179
Interest payable and financing costs	9	(49,222)	(39,834)
Movement in fair value of investment properties	14	(69)	470
Movement in fair value of derivative financial instruments	28	9,472	(3,514)
Surplus before taxation		**36,279**	**13,941**
Taxation on surplus	10	291	(209)
Surplus for the financial year		**36,570**	**13,732**
Movement in fair value of derivative financial instruments	28	12,105	(8,009)
Actuarial (loss)/gain on defined benefit pension schemes	30	(6,586)	2,966
Total comprehensive income for year		**42,089**	**8,689**

The notes on page 72 to 131 form part of these financial statements.

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Consolidated and Association statement of financial position

Consolidated and Association statement of financial position

Consolidated and Association statement of financial position as at 31 March

	Note	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Fixed assets					
Tangible fixed assets – housing properties	11	3,069,037	2,978,427	3,037,449	2,945,284
Tangible fixed assets – other	12	9,544	9,761	9,840	10,054
Intangible fixed assets	13	11,920	8,517	11,920	8,517
Investment properties	14	25,493	26,308	25,493	26,308
Investments – HomeBuy loans	15	82,068	87,555	82,068	87,555
Investments – subsidiaries	16	-	-	2	2
Investments – joint ventures	17	32,795	31,771	-	-
		3,230,857	3,142,339	3,166,772	3,077,720
Current assets					
Stocks	18	127,655	192,252	68,867	88,322
Debtors – receivable within one year	19	33,717	24,127	153,300	179,847
Investments	20	85	85	85	85
Cash and cash equivalents	21	159,734	78,816	133,757	58,197
		321,191	295,280	356,009	326,451
Creditors: amounts falling due within one year	22	(134,576)	(136,243)	(121,335)	(124,917)
Provisions for liabilities and charges	31	-	(9,048)	-	(9,048)
Net current assets		186,615	149,989	234,674	192,486
Total assets less current liabilities		3,417,472	3,292,328	3,401,446	3,270,206
Creditors: amounts falling due after more than one year	23	(1,722,965)	(1,620,034)	(1,592,359)	(1,486,003)
Derivative financial instruments	28	(81,528)	(103,105)	(81,528)	(103,105)
Net assets excluding pension liability		1,612,979	1,569,189	1,727,559	1,681,098
Pension liability	30	(11,632)	(7,243)	(11,632)	(7,243)
Net assets		**1,601,347**	**1,561,946**	**1,715,927**	**1,673,855**
Capital and reserves					
Called-up share capital	32	-	-	-	-
Income and expenditure reserve		1,091,107	1,062,254	1,325,498	1,294,977
Revaluation reserve		507,562	508,545	390,346	390,900
Cash flow hedging reserve		2,678	(8,853)	83	(12,022)
		1,601,347	**1,561,946**	**1,715,927**	**1,673,855**

The notes on page 72 to 131 form part of these financial statements.
The financial statements were approved by the Board and authorised for issue on 28 July 2021 and signed on their behalf by:

Ravi Rajagopal
Chair

Tim Jennings
Executive Director of Finance

Argiri Papathos
Company Secretary

8 Consolidated statement of changes in reserves

Consolidated statement of changes in reserves for the year ended 31 March 2021

	Income and expenditure reserve £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Total £'000
Balance at 1 April 2020	1,062,254	508,545	(8,853)	1,561,946
Surplus for the year	34,456	-	-	34,456
Movement in fair value of derivative financial instruments	-	-	11,531	11,531
Actuarial loss on defined benefit pension schemes	(6,586)	-	-	(6,586)
Reserves transfers:				
Transfer from revaluation reserve to income and expenditure reserve	983	(983)	-	-
Balance at 31 March 2021	**1,091,107**	**507,562**	**2,678**	**1,601,347**

Consolidated statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure reserve £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Total £'000
Balance at 1 April 2019	1,084,761	397,444	-	1,482,205
Surplus for the year	(27,729)	113,278	(2,575)	82,974
Movement in fair value of derivative financial instruments	-	-	(6,278)	(6,278)
Actuarial gain on defined benefit pension scheme	3,045	-	-	3,045
Reserves transfers:				
Transfer from revaluation reserve to income and expenditure reserve	2,177	(2,177)	-	-
Balance at 31 March 2020	**1,062,254**	**508,545**	**(8,853)**	**1,561,946**

The notes on page 72 to 131 form part of these financial statements.

9 Association statement of changes in reserves

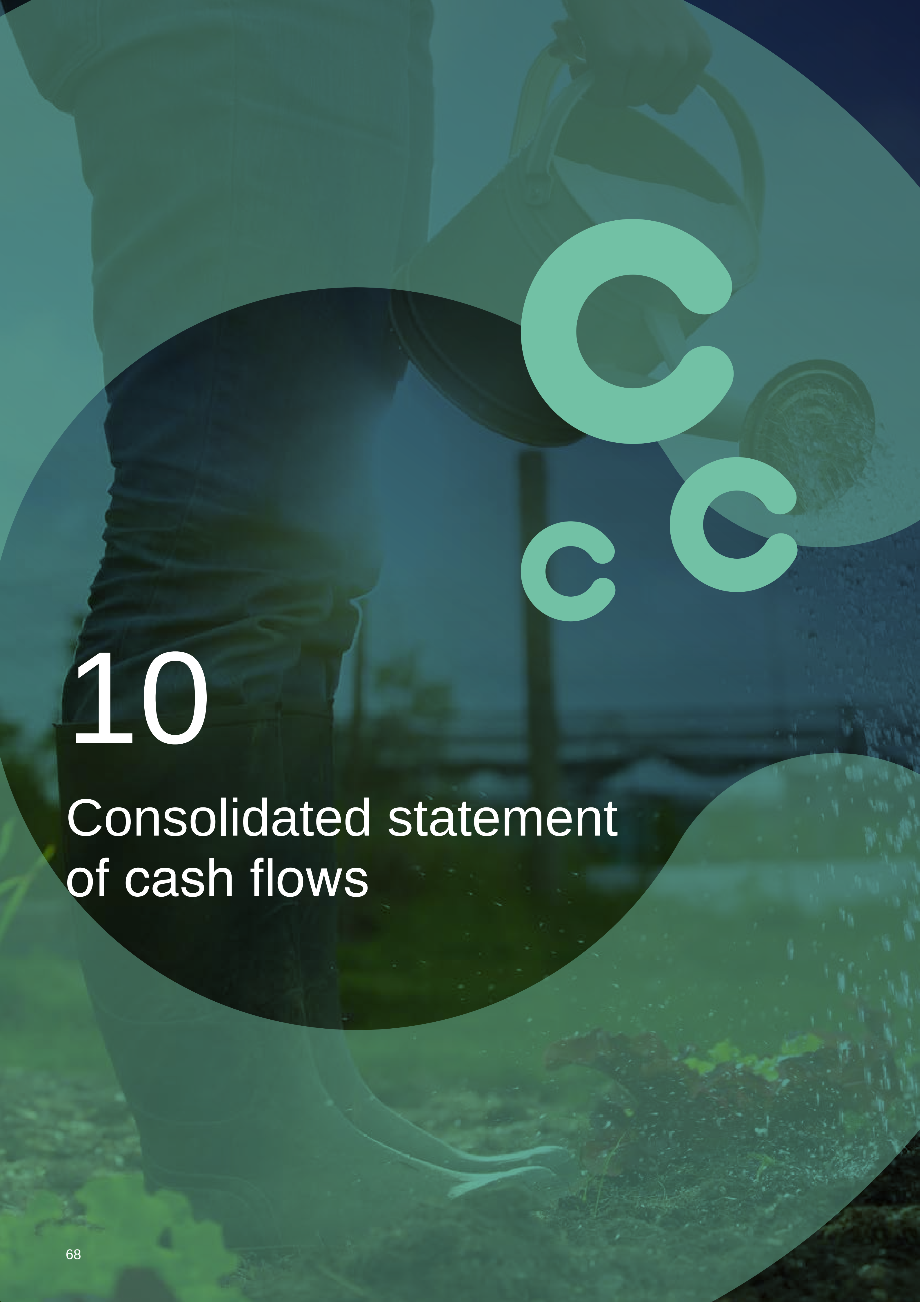
Association statement of changes in reserves for the year ended 31 March 2021

	Income and expenditure reserve £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Total £'000
Balance at 1 April 2020	1,294,977	390,900	(12,022)	1,673,855
Surplus for the year	36,570	-	-	36,570
Transfer from Group entity	(17)	-	-	(17)
Movement in fair value of derivative financial instruments	-	-	12,105	12,105
Actuarial loss on defined benefit pension schemes	(6,586)	-	-	(6,586)
Reserves transfers:				
Transfer from revaluation reserve to income and expenditure reserve	554	(554)	-	-
Balance at 31 March 2021	**1,325,498**	**390,346**	**83**	**1,715,927**

Association statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure reserve £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Total £'000
Balance at 1 April 2019	1,115,650	392,743	-	1,508,393
Surplus for the year	13,732	-	-	13,732
Movement in fair value of derivative financial instruments	-	-	(8,009)	(8,009)
Actuarial gain on defined benefit pension scheme	2,966	-	-	2,966
Transfer of Engagements from Aldwyck (note 38)	160,786	-	(4,013)	156,773
Reserves transfers:				
Transfer from revaluation reserve to income and expenditure reserve	1,843	(1,843)	-	-
Balance at 31 March 2020	**1,294,977**	**390,900**	**(12,022)**	**1,673,855**

The notes on page 72 to 131 form part of these financial statements.



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Consolidated statement of cash flows

Consolidated statement of cash flows

Consolidated statement of cash flows year ended 31 March

	Note	2021 £'000	2020 £'000
Cash flow from operating activities		**160,418**	**160,144**
Cash flow from investing activities			
Purchase of fixed assets – housing properties	11	(123,325)	(150,058)
Purchase of fixed assets – other	12	(745)	(2,634)
Purchase of intangible fixed assets	13	(5,338)	(3,067)
Purchase of investment properties	14	(216)	(192)
Investment in joint ventures	17	(1,018)	(3,245)
HomeBuy loans issued	15	(484)	(1,100)
Received grant	24	12,762	8,490
Repaid grant	25	(641)	(87)
Interest received		299	277
Cash and cash equivalents arising on acquisition		-	14,000
Net cash used in investing activities		**(118,706)**	**(137,616)**
Cash flow from financing activities			
Interest paid		(52,086)	(50,596)
Loan drawdowns	27	150,002	198,650
Other financing cashflows	27	26,555	9,289
Debt issue costs	27	(1,402)	(1,312)
Repayment of loans	27	(83,863)	(147,170)
Net cash used in financing activities		**39,206**	**8,861**
Net increase in cash and cash equivalent		**80,918**	**31,389**
Cash and cash equivalents at beginning of the year	21	78,816	47,427
Cash and cash equivalents at end of the period	21	**159,734**	**78,816**

Reconciliation of movement in net borrowings	Cash £'000	Debt £'000	Net Debt £'000
Opening balance	78,816	(1,339,679)	(1,260,863)
Movements in the year			
Net cash	80,918	-	80,918
Loan drawdowns	-	(150,000)	(150,000)
Loan repayments	**-**	83,861	83,861
Non cash movements	**-**	4,312	4,312
Closing balance	**159,734**	**(1,401,506)**	**(1,241,772)**

The notes on page 72 to 131 form part of these financial statements.

Consolidated statement of cash flows

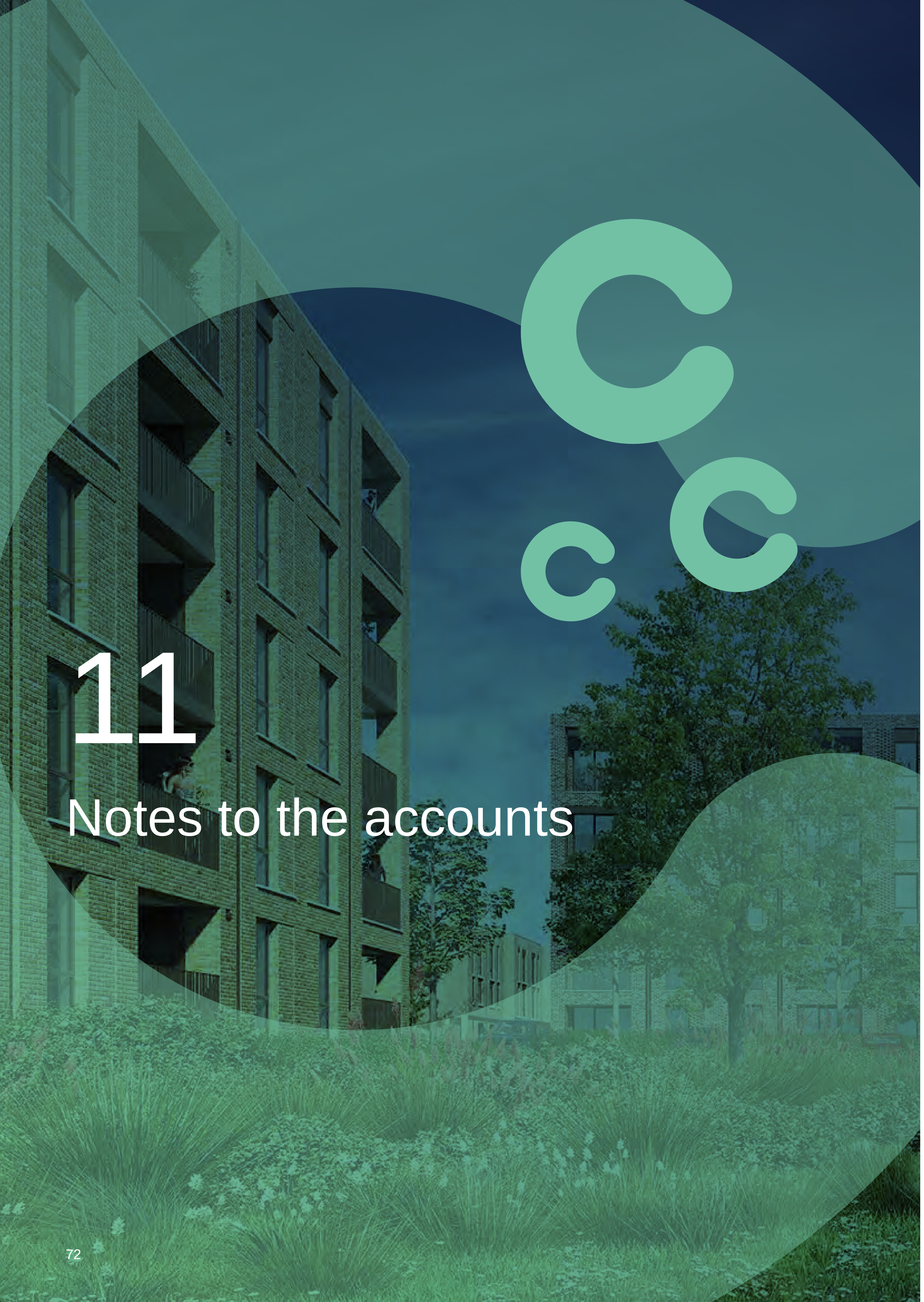
Consolidated statement of cash flows year ended 31 March

Reconciliation of the surplus for the financial year to cash flow from operating activities

	Note	2021 £'000	2020 £'000
Cash flow from operating activities			
Surplus for the financial year		34,456	82,974
Gain arising from Gift of Net Assets	38	-	(83,387)
Depreciation of fixed assets – housing properties	11	30,569	29,680
Depreciation on replaced components	11	1,965	1,804
Depreciation of fixed assets – other	12	961	1,010
Amortisation of intangible fixed assets	13	1,678	1,923
Impairment movement – housing properties	11	-	1,321
Amortised grant	24	(1,972)	(1,277)
Share of (surplus)/loss in joint ventures	17	(6)	1,326
Interest payable and finance costs	9	43,558	47,569
Interest received	8	(299)	(277)
Movement in fair value of investment properties	14	69	(459)
Surplus on the sale of fixed assets – housing properties	7	(10,292)	(14,404)
Surplus on the sale of fixed assets – HomeBuy	7	(2,881)	(3,812)
Loss on the sale of fixed assets – other	7	257	232
Loss/(surplus) on the sale of investment properties	7	18	(84)
Proceeds from sale of fixed assets net of selling cost – housing properties	7	25,472	32,632
Proceeds from sale of fixed assets net of selling cost – Homebuy	7	8,852	11,765
Proceeds from sale of fixed assets net of selling cost – other	7	-	31
Proceeds from sale of investment properties	7	944	666
Difference in net pension expense and liability	30	(2,302)	(1,872)
Movement in ineffective derivative financial instruments	28	(10,046)	15,655
Non cash movement in financing activities		(4,507)	4,020
Movement in trade and other debtors		(9,527)	2,401
Movement in stock		64,597	9,237
Movement in trade and other creditors		(10,937)	21,587
Cash from operations		**160,627**	**160,261**
Taxation paid	10	(209)	(117)
Net cash generated from operating activities		**160,418**	**160,144**

The notes on page 72 to 131 form part of these financial statements.

One of our objectives is to deliver services which are efficient and designed to always meet our customers' needs



11 Notes to the accounts

1. Accounting policies

1.1 Statement of compliance
The following accounting policies have been applied consistently in dealing with items considered to be material in relation to the financial statements of Catalyst Housing Limited and Catalyst Group (the Group).

The financial statements have been prepared in accordance with applicable law and the requirements of United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;

- No cash flow statement has been presented for the parent company.

1.2 Legal status
Catalyst Housing Limited is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. It qualifies as a public benefit entity. The Group and Association are incorporated in England. These consolidated financial statements are presented in GBP, which is the Group and Association's functional currency.

Basis of preparation
The preparation of financial statements in compliance with FRS 102 requires management to exercise its judgement in applying the Group's accounting policies and the use of certain key accounting estimates. Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are explained in the key accounting judgements and estimation uncertainty section below.

The following principal accounting policies have been applied.

1.3 Going concern
The Board, with the Finance and Treasury Committee, keeps liquidity under constant review, a process that involves the consideration of short and medium-term cash flow projections, as well as long-term business plans to identify possible funding needs and to inform treasury strategy as to amounts and timing of any fundraising. Key assumptions underpinning the projections are reviewed and are subject to stress testing and sensitivity analysis.

Following the outbreak of Covid-19 the Group stress tested a number of adverse scenarios and options for mitigations to ensure the business can continue in the short and long term. The committee members received a comprehensive report covering a going concern assessment which included a range of individual stress tests that has been applied to the 30 year business plan. These reflected the risks considered by management and the Finance and Treasury Committee. The key risks have been identified as: the housing market and exposure via joint ventures partners, asset management expenditure, development costs and welfare reform. The stress testing impacts were measured against loan covenants with potential mitigating action identified. The most recent plan was approved in June 2021 by the Board.

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

1.4 Basis of consolidation
The consolidated financial statements present the results of Catalyst Housing Limited and its subsidiaries (the Group) as if they formed a single entity. Intercompany transactions and balances between Group companies are eliminated in full. A list of the Association's subsidiary undertakings is included in note 16 to these financial statements.

Joint ventures are those entities over which Catalyst exercises joint control through a contractual arrangement. Joint venture investments are accounted for using the equity method on consolidation. The Group's share of joint venture profit or loss for the year is included in the consolidated statement of comprehensive income. A list of joint venture

1. Accounting policies (continued)

investments is included in note 17 to these financial statements.

Business combinations
Where there is a business combination that is in substance a gift, any excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in statement of comprehensive income. This gain represents the gift of the value of one entity to another and shall be recognised as income. Where the fair value of the liabilities exceeds the fair value of the assets, the loss represents net obligations assumed and shall be recognised as an expense.

In accordance with the transitional exemption available in FRS 102, the Group chose not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

1.5 Turnover and income recognition
Turnover is measured at the fair value of the consideration received or receivable. The Group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties)
- First tranche sales of shared ownership housing properties and properties developed for outright sale is recognised when the risks and rewards of ownership have passed to the buyer upon legal completion of the sales
- Service charges receivable (see 1.6)
- Income from HomeBuy activities (see 1.25)
- Amortisation of government grants and other grants receivable (see 1.15)
- Proceeds from the sale of land and property.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Rental income from shared ownership properties is recognised at the point of legal completion of the sale.

1.6 Services charges
The Group has both the fixed and variable methods for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

1.7 Management of units owned by others
Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

1.8 Schemes managed by agents
Income is shown as rent receivable and management fees payable to agents are included in operating costs.

1.9 Current and deferred taxation
Catalyst Housing Limited has charitable status and is not subject to corporation tax on surpluses in furtherance of its charitable objectives. The profits of trading subsidiaries are subject to corporation tax, however the subsidiaries can elect to distribute profits to the parent or other charitable group entities by way of Gift Aid under a deed of covenant.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income, or expense recognised as Other Comprehensive Income, or to an item recognised directly in equity, is also recognised in Other Comprehensive Income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated, but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Any deferred tax balances are reversed, if and when all conditions for retaining associated tax allowances have been met and

Notes to the accounts

1. Accounting policies (continued)

- Where timing differences relate to interests in subsidiaries, associates, branches and joint venture and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

1.11 Finance costs
Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Loan issue costs are charged to profit or loss over the term of the debt.

1.12 Qualifying charitable donations
Charitable donations distributed by subsidiary entities under a deed of covenant are shown in the financial statements at the value of the donation. Within the group accounts such transactions are eliminated.

1.13 Employee benefits
Short-term employee benefits are recognised as an expense in the period to which they are incurred.

1.14 Pension costs
The Group's employees and past employees are members or pensioners of several pension schemes operated by the Group. The assets of each pension scheme are held separately from those of the Group. The defined benefit pension schemes include the Ealing Family Housing Association Pensions Scheme (EFH PS), and the Social Housing Pension Scheme (SHPS DB).

The Group currently contributes to a Scottish Widows Pension, SHPS defined contribution and Standard Life defined contribution pension schemes for certain employees. Contributions to the Group's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

EFH PS
Contributions to the EFH PS defined contribution pension scheme are charged to profit or loss in the year in which they become payable. The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association and Group. The scheme was closed to new entrants with effect from 31 March 2007.

The difference between the fair value of the assets held in the EFH PS defined benefit pension scheme and the scheme's liabilities, measured on an actuarial basis using the projected unit method, are recognised in the Group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus, either through reduced contributions in the future or through refunds from the scheme.

SHPS DB
The Group participates in a multi-employer defined benefit scheme, SHPS DB. The underlying share of individual participating employer's assets and liabilities can be separately identified.

The charge to the total comprehensive income statement represents re-measurements due to changes in assumptions and amendments to the employer contribution payable to the scheme for the accounting period.

The scheme is classified as a 'last man standing arrangement'. Therefore, the Group is potentially liable for other participating employer's obligations in the event that 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 following withdrawal from the scheme. The scheme is closed to new entrants.

Notes to the accounts

1. Accounting policies (continued)

1.15 Government grant
Grants received in relation to assets accounted for at deemed cost on transition to FRS 102 have been accounted for using the performance model.
In applying this model, such grant has been presented as if it were originally recognised as income within the statement of comprehensive income in the year it was receivable and is therefore included within brought forward reserves.

Government grants associated with housing properties acquired from the business combination from the prior year were included within the 'Gain arising from Gift of Net Assets' within the 'Consolidated statement of comprehensive income'. As these properties were included at fair value on acquisition, no grant is disclosed within creditors. In the event of the housing properties being disposed, the Group is responsible for the repayment or recycling of the grant.

Grant received since transition to FRS 102 in relation to newly acquired or existing housing properties is accounted for using the accrual model. Grant is carried as deferred income in the balance sheet and amortised to the statement of comprehensive income on a systematic basis over the useful economic lives of the housing property structure. For shared ownership properties, the useful economic life is the average length of time a property is held from being first brought into use until being fully staircased.

When a Social Housing Grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a Recycled Capital Grant Fund until it is reinvested in a replacement property or repaid. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the statement of comprehensive income.

Grants are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate, once performance-related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

1.16 Donated land
Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body, the amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant, and recognised in the statement of financial position as a liability. Where the donation is from a non-public source the value of the donation is included as income.

1.17 Stock of materials and properties held for sale
Stock represents materials held for use in repairs and maintenance work, construction work in progress and completed properties held for sale. These include housing properties developed for transfer to other registered providers, properties developed for outright sale, and shared ownership properties.
For shared ownership properties, the value held as stock is the estimated cost to be sold as a first tranche. Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development incremental costs. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

1. Accounting policies (continued)

1.18 Investment properties
Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition. Subsequently they are carried at fair value determined annually by professionally qualified valuers, and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

1.19 Intangible fixed assets
Intangible assets represent computer software. Amortisation is provided evenly on the cost of intangible assets to write them down to their estimated residual values over their expected useful lives. The principle annual rate used for computer software is 25% except for the introduction of significant changes in software systems where the expected life and benefit is 14% (seven years).

1.20 Tangible fixed assets – housing properties

Housing property cost
Housing properties not held at deemed cost, or constructed or acquired (including land) on the open market since the date of transition to FRS 102, are stated at cost, less depreciation and impairment (where applicable).

Any completed housing property units (along with the retained equity in shared ownership units) acquired from acquisitions, are fair valued to their existing use value for social housing.

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition, which may include an appropriate amount for staff costs and other costs of managing development. Directly attributable costs of acquisition include capitalised interest calculated, on a proportional basis, using the weighted average finance costs on borrowing or the specific borrowing rate on loans drawn down to finance the construction or acquisition of an individual development scheme.

Specific expenditure on existing housing properties can be capitalised but it must fall into the following categories:

- Replacement of a component. Associated costs such as asbestos removal and surveys costs can also be capitalised when linked with a component replacement as these are treated as associated costs for the replacement of that component
- Expenditure incurred, including void works, enhancing the property and allowing for higher rent to be charged
- The expenditure ensures that future maintenance costs are reduced
- The expenditure extends the life of an existing component.

If expenditure does not fall into the above categories, it will be classed as minor works, and classified as expenditure in the statement of comprehensive income.

Costs are directly allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in tangible fixed assets at cost less any impairment and transferred to completed properties when ready for letting.

When housing properties are developed for transfer to another social landlord, the cost is carried in current assets under housing properties and stock for sale.

Completed housing properties acquired from subsidiaries are recorded at cost.

Housing land and property other than shared ownership properties have been split between land, structure and other major components that are expected to require replacement over time.

1. Accounting policies (continued)

Housing property depreciation
The cost of completed social rented housing property assets are depreciated over the useful economic lives of the components.

Land is not depreciated on account of its indefinite useful economic life. Shared ownership properties are not depreciated on the expectation that the net realisable value at the time of disposal will be in excess of the historic cost.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefit is expected to be consumed.

Completed housing properties, and the costs of replacement or restoration of the components capitalised, are depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure*	100
Kitchen	20
Bathroom	30
Roofs (pitched)	65
Roofs (flat)	15
Boiler	15
Electrics	30
External windows	30
Communal heating	30
Lifts	15
Windows restoration	10
Mechanical systems	15
Renewable energy plants	25

*Depreciation is charged on the structure for care properties over their expected useful life of 50 years, and 25 years for the properties targeted for regeneration.

1. Accounting policies (continued)

Leasehold properties are depreciated over the length of the lease, except where the expected useful economic life of properties is shorter than the lease. In these instances, the lease and building elements are depreciated separately over their expected useful economic lives.

The net book value of components replaced is accounted for as accelerated depreciation in the year of replacement.

Shared ownership properties
Under shared ownership arrangements, the Group disposes of a long lease on low-cost homeownership housing units for a share ranging between 25% and 75% of value. The buyer has the right to purchase further proportions, up to 75% and 100% depended on the scheme based on the market valuation of the property at the time each purchase transaction is completed.

Shared ownership properties in development are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classified as a current asset and subsequent related sales proceeds included in turnover. The remaining element is classified as tangible fixed assets and included within completed housing property at cost, less any provision for impairment. Sales of subsequent tranches (staircasing) are treated as a part disposal of tangible fixed assets. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited to the statement of comprehensive income in arriving at the surplus or deficit.

For shared ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the statement of comprehensive income.

Stock swaps and properties acquired from another social landlord
Housing properties acquired from other social landlords in exchange for non-monetary assets, or a combination of monetary and non-monetary assets, are measured at fair value.

Where there is government grant associated with housing properties acquired as part of the stock swap, the obligation to repay or recycle the grant transfers to the Group. The fair values of the properties are included within property, plant and equipment and accordingly no grant is disclosed within creditors. In the event of the housing properties being disposed, the Group is responsible for the recycling of the grant. Where there is government grant associated with housing properties disposed of as part of the stock swap, the obligation to repay or recycle transfers to the social landlord to whom they were transferred.

1.21 Deemed cost and revaluation reserve on transition to FRS 102
On transition to FRS 102 the Group took the option of carrying out a one-off valuation exercise of selected items of housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the Group engaged independent valuation specialist Jones Lang LaSalle (JLL) Ltd to value housing properties on a EUV-SH basis. Housing properties have subsequently been measured at cost, less depreciation.

Any difference between historic cost depreciation and depreciation calculated on deemed cost is transferred between the revaluation reserve and income and expenditure reserve.

1.22 Tangible fixed assets – others
Other tangible fixed assets are stated at historic cost less accumulated depreciation and impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated due to its indefinite useful economic life. Depreciation on other assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

Notes to the accounts

1. Accounting policies (continued)

Description	Economic useful life (years)
Freehold office premises	100
Leasehold office premises, other leased assets	Lease term
Freehold office improvements	
• Lift refurbishment	15
• Washroom and boiler refurbishment	20
• Kitchen refurbishment	20
Motor vehicles	5
Furniture and equipment	4-5

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively, if there is an indication of a significant change since the last reporting date.

1.23 Impairment of fixed assets
The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified a detailed assessment is undertaken to compare the carrying amount of assets or cash-generating units for which impairment is indicated to their recoverable amounts.

An option appraisal is carried out to determine the option that produces the highest net realisable value.

In line with the Group's objectives, social housing properties are held for their service potential and not purely for economic return. Therefore, the Group follows the guidelines of the SORP and uses the depreciated replacement cost of the property as a reasonable estimate of the recoverable amount.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating surplus.

The Group defines a cash-generating unit as a scheme, except where schemes are not sufficiently large enough in size or where it is geographically sensible to Group schemes into larger cash-generating units. Where the recoverable amount of an asset or cash-generating unit is lower than its carrying value an impairment is recorded through a charge to the statement of comprehensive income.

Other and intangible fixed assets are assessed for impairment where there are indicators of impairment.

Catalyst manages the social and environmental risks of the Eligible Projects through activities including environmental impact assessments, SHIFT reporting and compliance with the Decent Homes Standard

1. Accounting policies (continued)

1.24 Recycled Capital Grant Fund
On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England or the GLA can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, or other agreed basis, it will be repayable to Homes England or the GLA with interest. Any unused recycled capital grant held within the Recycled Capital Grant Fund, which it is anticipated will not be used within one year, is disclosed in the balance sheet under 'creditors due after more than one year'. The remainder is disclosed under 'creditors due within one year'.

1.25 Concessionary loans
Concessionary loans are those loans made or received by the Group that are made:

- To further its public benefit objectives
- At a rate of interest that is below the prevailing market rate of interest
- Not repayable on demand.

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed.

The Group has a number of arrangements that are considered to be concessionary loans:

i. HomeBuy
Under the HomeBuy scheme and the Key Worker Living initiative, the Group received Social Housing Grant (SHG) representing a percentage of the open market purchase price of a property in order to advance interest-free loans to a homebuyer.

ii. MyChoice HomeBuy
Under the MyChoice HomeBuy scheme, the Group has issued interest-bearing loans representing a percentage of the open market purchase price of the properties. A percentage of this loan (either 50% or 25%) has been funded from the Group's own resources and the balance funded by SHG.

In the event that the property is sold, the Group recovers the equivalent loaned percentage value of the property at the time of the sale. The grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent the proceeds permit. The Group is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of proceeds is offset against the grant. In the case of open market HomeBuy, the Group can suffer no capital loss whereas in the case of MyChoice HomeBuy, the Group could incur a loss if the shortfall exceeds the abated grant.

Grant relating to HomeBuy equity is recognised as a liability in full until the loan is redeemed and the grant is transferred to the Recycled Capital Grant Fund.

iii. Rent and service charge agreements
The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

1.26 Financial instruments
The Group has elected to recognise and measure its financial assets and liabilities in accordance with the Measurement and Disclosure requirements of sections 11 and 12 of FRS 102 'Financial Instruments'.

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

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Interest rate swap financial instruments and hedging activities
The Group's activities expose it to the financial risks associated with interest rates. The Group has entered into a variety of derivative financial instruments to manage its exposure. The Group does not use derivative financial instruments for speculative purposes. Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative.

Notes to the accounts

1. Accounting policies (continued)

The Group designates certain hedging instruments, which include derivatives, as cash flow hedges. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument (interest rate swap) and the hedged item (variable rate loan), along with its risk management objectives and its strategy for undertaking various hedge transactions. The Group also documents whether the hedging instruments that are used in hedging transactions are effective and that there continues to be an economic relationship between the hedged item and the hedging instrument and that the effect of credit risk does not dominate the value changes that result from that economic relationship. Any ineffective element of a hedge is recognised immediately in the statement of total comprehensive income.

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

Cash and cash equivalents
Cash and cash equivalents in the Group's consolidated balance sheet consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Investment and short-term deposits
All investments and short-term deposits held by the Group are classified as basic financial instruments as they meet the criteria set out in FRS 102.

These instruments are initially recorded at the transaction price, less any transaction costs (historic). Basic financial instruments are subsequently measured at amortised cost when the adjustment is considered material, using the effective interest rate method so that the amount recognised is at a constant on the carrying amount. If the adjustment is not material the financial instruments are stated on the balance sheet at historic cost with finance costs spread over the loan term. Investments that are payable or receivable within one year are not discounted.

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

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

Loans
All loans held by the Group are classified as basic financial instruments as they meet the criteria set out in FRS 102. These instruments are initially recorded at the transaction price, less any transaction costs (historic). Basic financial instruments are subsequently measured at amortised cost when the adjustment is considered material, using the effective interest rate method so that the amount recognised is at a constant on the carrying amount. If the adjustment is not material the financial instruments are stated on the balance sheet at historic cost with finance costs spread over the loan term. Loans that are payable or receivable within one year are not discounted.

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

1.29 Leased assets: lessee
All leases held by the Group are classified as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease. Lease reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 April 2014) to continue to be charged over the period to the first market rent.

1.30 Leasehold sinking funds
Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

1. Accounting policies (continued)

1.31 Reserves
The revaluation reserve was created from the surplus on asset revaluation arising on the adoption of deemed cost valuation for some classes of housing properties on transition to FRS 102. The consolidated revaluation reserve also includes the fair value adjustment to housing properties from the acquisition of Aldwyck Housing on 1 May 2019.

The cash flow hedge reserve represents the net gains or losses, net of tax, on effective cash flow hedging derivative financial instruments that will be recycled to the income statement when the hedged transaction affects comprehensive income.

1.32 Contingent liabilities
A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation that could result in an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant of repayment which is dependent on the disposal of related property.

1.33 Key accounting judgements in applying accounting policies and key sources of estimation
Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting judgements
In preparing these financial statements, key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on depreciated replacement cost. Construction costs are calculated using current standard build costs used in appraising projects. The depreciation applied to the costs takes into account the physical deterioration of the asset and any obsolescence of the original design. The members have also considered impairment based on their assumptions to define cash or asset generating units

- The anticipated costs to complete on a development scheme and the expected sales value of the properties upon completion. There is judgement involved in assessing the cost to complete based on the anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, officers then determine the recoverable amount of the properties developed for outright sale and/or land held for sale. This judgement is based on third party valuations for the estimated sales values based on economic conditions within the area of development and is re-assessed on a regular basis

- Whether leases entered into by the Group, either as a lessor or a lessee, are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis

- The appropriate allocation of costs for mixed tenure developments. If the cost is not identifiable to a specific tenure, an allocation of costs is made based on proportion of floor area

- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset or intended use of the asset at the time of the assessment

- What constitutes a cash-generating unit when indicators of impairment require there to be an impairment review. The Group defines cash-generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to Group schemes into larger cash-generating units

1. Accounting policies (continued)

- The estimates for variable forward interest rates used for the amortised cost calculations of basic financial instruments are benchmarked with our treasury advisors

- A provision is recognised only where probable that there is a legal or constructive obligation to transfer economic benefits. The provision is recognised at the best estimate of the amount required.

Key sources of estimation uncertainty

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

  For the housing property assets, the assets are broken down into components based on management's assessments of the properties. Individual useful economic lives are assigned to these components

- Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations were:

  - Rental and other trade receivables (debtors)
  - Inflationary factor
  - Location and condition of the property
  - Redevelopment opportunities.

- The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Other areas of estimation uncertainty include:

- Apportionment of costs on a property basis for disposal of properties. The allocation of costs not assigned to a specific property are based on proportion of floor area of the property

- Development costs are capitalised to the extent they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of in-house development, architect and surveyor costs (including the cost of our own employees), and a proportion of the cost of colleagues in other departments who work on development activities. Decisions on whether to capitalise costs include whether income will be generated or increase, and if the life of the assets is extended

- When a project becomes unfeasible. Feasibility of a project is reviewed on a regular basis with reference to hurdle tests (using net present value and profit margin calculations) at a tenure and location level

- The key underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. The assumptions are subject to external audit review and benchmarking

- The allocation of costs relating to shared ownership between current and fixed assets. The allocation is calculated based on the average first tranche sales percentage for the year. There are separate calculations for properties held within London and Counties. An adjustment is made upon sale of the property with a transfer made between fixed asset and current assets

- At the date of acquisition on 1 May 2019, all Aldwyck Housing Group completed housing property units, along with the retained equity in shared ownership units acquired, were fair valued to their existing use value for social housing

1. Accounting policies (continued)

Jones Lang LaSalle (JLL), carried out a valuation using a discounted cash flow model on the entire housing portfolio. The key inputs into the valuations were the passing rent and the relevant cost bases associated, the discount rate, rent and expenditure growth rates. There are ongoing implications from the valuation for carrying value, depreciation, disposals, grants and amortisation

- The Aldwyck Housing Group, fixed rate loans were measured using a fair value method at acquisition on 1 May 2019. The specialist treasury firm, Centrus carried out the valuation using underlying assumptions based on market price where available or based on recent transactions using similar financial instruments. There are ongoing implications from the valuation for carrying value and its release in future year's amortisation.

2. Turnover, cost of sales, operating costs and operating surplus

Consolidated	2021 Turnover £'000	2021 Cost of sales £'000	2021 Operating costs £'000	2021 Surplus/(deficit) disposal of assets £'000	2021 Surplus/(deficit) joint venture £'000	2021 Operating surplus/(deficit) £'000
Social housing income and expenditure from lettings (note 3)	192,146	-	(135,031)	-	-	57,115
Other social housing activities						
Community investments	180	-	(2,681)	-	-	(2,501)
Supporting people contract income	1,901	-	(1,901)	-	-	-
HomeBuy fees	449	-	(449)	-	-	-
Shared ownership first tranche sales	31,307	(30,700)	-	-	-	607
Provisions for the properties held for sale	-	(1,278)	-	-	-	(1,278)
Staircasing activity on shared ownership	-	-	-	7,795	-	7,795
Interest and fees on MyChoice HomeBuy	914	-	(391)	-	-	523
Surplus on disposal of fixed assets	-	-	-	5,121	-	5,121
Development activity	-	-	(1,999)	-	-	(1,999)
Other	188	-	-	-	-	188
	227,085	(31,978)	(142,452)	12,916	-	65,571
Non-social housing activities						
Lettings	2,161	-	(1,602)	-	-	559
Market sales	64,243	(61,294)	(242)	-	-	2,707
Investment property sales	-	-	-	(18)	-	(18)
Development activity	249	-	(2,622)	-	-	(2,373)
Other	4,475	(1,139)	(2,341)	-	-	995
Share of surplus in joint venture	-	-	-	-	6	6
Total	298,213	(94,411)	(149,259)	12,898	6	67,447

Consolidated	2020 Turnover £'000	2020 Cost of sales £'000	2020 Operating costs £'000	2020 Surplus/(deficit) disposal of assets £'000	2020 Surplus/(deficit) joint venture £'000	2020 Operating surplus/(deficit) £'000
Social housing income and expenditure from lettings (note 3)	179,516	-	(138,656)	-	-	40,860
Other social housing activities						
Community investments	70	-	(2,283)	-	-	(2,213)
Supporting people contract income	1,562	-	(1,562)	-	-	-
HomeBuy fees	332	-	(332)	-	-	-
Shared ownership first tranche sales	35,069	(33,702)	-	-	-	1,367
Staircasing activity on shared ownership	-	-	-	7,092	-	7,092
Interest and fees on MyChoice HomeBuy	1,103	-	(651)	-	-	452
Surplus on disposal of fixed assets	-	-	-	10,892	-	10,892
Other	-	-	(2,858)	-	-	(2,858)
	217,652	(33,702)	(146,342)	17,984	-	55,592
Non-social housing activities						
Lettings	1,062	-	(601)	-	-	461
Market sales	58,810	(49,501)	(809)	-	-	8,500
Investment property sales	-	-	-	84	-	84
Other[1]	8,400	(1,283)	(8,889)	-	-	(1,772)
Share of loss in joint venture	-	-	-	-	(1,326)	(1,326)
Total	285,924	(84,486)	(156,641)	18,068	(1,326)	61,539

[1] Other non-social category represents the following activities: Help to Buy, commercial portfolio and development activities.

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

Association	2021 Turnover £'000	2021 Cost of sales £'000	2021 Operating costs £'000	2021 Surplus/(deficit) disposal of assets £'000	2021 Operating surplus/(deficit) £'000
Social housing income and expenditure from lettings (note 3)	193,110	-	(135,199)	-	57,911
Other social housing activities					
Qualifying charitable donations	1,492	-	-	-	1,492
Community investments	180	-	(2,681)	-	(2,501)
Supporting people contract income	1,901	-	(1,901)	-	-
HomeBuy fees	449	-	(449)	-	-
Shared ownership first tranche sales	31,307	(30,700)	-	-	607
Provisions for the properties held for sale	-	(1,278)	-	-	(1,278)
Staircasing activity on shared ownership	-	-	-	8,314	8,314
Interest and fees on MyChoice HomeBuy	914	-	(391)	-	523
Surplus on disposal of fixed assets	-	-	-	5,153	5,153
Development activity	-	-	(1,999)	-	(1,999)
Other	188	-	-	-	188
	229,541	(31,978)	(142,620)	13,467	68,410
Non-social housing activities					
Lettings	2,161	-	(1,602)	-	559
Market sales	713	(953)	-	-	(240)
Investment property sales	-	-	-	(18)	(18)
Other	7,216	-	(6,759)	-	457
Total	239,631	(32,931)	(150,981)	13,449	69,168

Association	2020 Turnover £'000	2020 Cost of sales £'000	2020 Operating costs £'000	2020 Surplus/(deficit) disposal of assets £'000	2020 Operating surplus/(deficit) £'000
Social housing income and expenditure from lettings (note 3)	146,602	-	(117,013)	-	29,589
Other social housing activities					
Qualifying charitable donations	6,009	-	-	-	6,009
Community investments	70	-	(2,262)	-	(2,192)
Supporting people contract income	501	-	(501)	-	-
HomeBuy fees	257	-	(257)	-	-
Shared ownership first tranche sales	29,715	(28,916)	-	-	799
Staircasing activity on shared ownership	-	-	-	6,955	6,955
Interest and fees on MyChoice HomeBuy	991	-	(638)	-	353
Surplus on disposal of fixed assets	-	-	-	10,427	10,427
Other	-	-	(2,499)	-	(2,499)
	184,145	(28,916)	(123,170)	17,382	49,441
Non-social housing activities					
Lettings	441	-	(244)	-	197
Market sales	1,930	(894)	-	-	1,036
Investment property sales	-	-	-	61	61
Other[1]	8,881	-	(9,976)	-	(1,095)
Total	195,397	(29,810)	(133,390)	17,443	49,640

[1] Other non-social category represents the following activities: commercial portfolio and development activities.

3. Income and expenditure from social housing lettings

Consolidated	General needs £'000	Key workers £'000	Shared ownership £'000	Supported and housing for older people £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
Turnover from lettings							
Rents net of identifiable service charges	133,879	3,010	23,652	7,150	134	167,825	157,124
Service charge income	8,984	370	4,601	3,935	112	18,002	17,332
Amortised government grants	907	-	1,065	-	-	1,972	1,277
Net rents receivable	143,770	3,380	29,318	11,085	246	187,799	175,733
Management fee income	67	-	860	425	19	1,371	1,670
Other income	58	-	932	429	1,557	2,976	2,113
Income from social housing lettings	143,895	3,380	31,110	11,939	1,822	192,146	179,516
Expenditure on lettings							
Management	(33,115)	(827)	(2,527)	(2,464)	(681)	(39,614)	(38,398)
Service charge costs	(14,276)	(911)	(4,319)	(2,683)	(168)	(22,357)	(26,438)
Routine maintenance	(23,116)	(111)	(1,610)	(1,181)	(7)	(26,025)	(27,401)
Major repairs	(5,358)	(19)	(300)	(146)	-	(5,823)	(5,706)
Planned maintenance	(65)	-	(1,088)	(3)	(29)	(1,185)	(3,969)
Rent losses from bad debts	(1,798)	(62)	(290)	(91)	(6)	(2,247)	(1,089)
Depreciation housing properties	(28,086)	(521)	(469)	(1,215)	(194)	(30,485)	(29,597)
Depreciation on replaced components	(1,951)	-	(11)	-	-	(1,962)	(1,804)
Depreciation on other fixed assets	(647)	(17)	(223)	(58)	(16)	(961)	(1,010)
Amortisation of intangible fixed assets	(1,129)	(30)	(390)	(101)	(28)	(1,678)	(1,923)
Impairment	-	-	-	-	-	-	(1,321)
Other costs	(2,694)	-	-	-	-	(2,694)	-
Operating costs for social housing lettings	(112,235)	(2,498)	(11,227)	(7,942)	(1,129)	(135,031)	(138,656)
Operating surplus on social housing letting activities	31,660	882	19,883	3,997	693	57,115	40,860
Rent losses from voids	(1,154)	(681)	(162)	(581)	-	(2,578)	(1,767)

3. Income and expenditure from social housing lettings (continued)

Association	General needs £'000	Key workers £'000	Shared ownership £'000	Supported and housing for older people £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
Turnover from lettings							
Rents net of identifiable service charges	133,879	3,010	23,652	7,150	134	167,825	128,289
Service charge income	8,984	370	4,601	3,935	112	18,002	13,964
Amortised government grants	967	-	1,960	9	-	2,936	1,332
Net rents receivable	143,830	3,380	30,213	11,094	246	188,763	143,585
Management fee income	67	-	860	425	19	1,371	1,228
Other income	58	-	932	429	1,557	2,976	1,789
Income from social housing lettings	143,955	3,380	32,005	11,948	1,822	193,110	146,602
Expenditure on lettings							
Management	(33,066)	(827)	(2,534)	(2,464)	(681)	(39,572)	(32,021)
Service charge costs	(14,276)	(911)	(4,319)	(2,683)	(168)	(22,357)	(23,499)
Routine maintenance	(23,116)	(111)	(1,610)	(1,181)	(7)	(26,025)	(21,649)
Major repairs	(5,358)	(19)	(300)	(146)	-	(5,823)	(5,706)
Planned maintenance	(65)	-	(1,088)	(3)	(29)	(1,185)	(2,786)
Rent losses from bad debts	(1,798)	(62)	(290)	(91)	(6)	(2,247)	(1,055)
Depreciation housing properties	(28,300)	(521)	(468)	(1,215)	(194)	(30,698)	(25,534)
Depreciation on replaced components	(1,951)	-	(11)	-	-	(1,962)	(1,769)
Depreciation on other fixed assets	(644)	(17)	(223)	(58)	(16)	(958)	(751)
Amortisation of intangible fixed assets	(1,129)	(30)	(390)	(101)	(28)	(1,678)	(1,537)
Impairment	-	-	-	-	-	-	(706)
Other costs	(2,694)	-	-	-	-	(2,694)	-
Operating costs for social housing lettings	(112,397)	(2,498)	(11,233)	(7,942)	(1,129)	(135,199)	(117,013)
Operating surplus on social housing letting activities	31,558	882	20,772	4,006	693	57,911	29,589
Rent losses from voids	(1,154)	(681)	(162)	(581)	-	(2,578)	(1,142)

4. Directors' emoluments and expenses

The key management personnel are defined as the members of the Board, the Chief Executive of Catalyst Housing Limited and members of the Executive Committee as disclosed on page 5 and 6.

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Aggregate emoluments payable to the directors (including pension contributions and benefits in kind)	1,132	1,440	1,132	1,440
Emoluments payable to the highest paid director (excluding pension contributions but including benefits in kind)	223	238	223	238
Payments to directors as a compensation for loss of office	-	-	-	-
Total expenses reimbursed to the directors not chargeable to income tax	1	8	1	8

Remuneration payable to the Non-Executive Group Board members for the year were:	Salaries £'000	Total 2021 £'000	Total 2020 £'000
Andrew Wells	10	10	9
Anne Markey	10	10	9
Alison Knocker	14	14	13
Cary Wakefield	11	11	11
Graham Woolfman	14	14	13
Jack Stephen	10	10	11
Mike Jones	14	14	13
Pat Billingham	18	18	16
Ravi Rajagopal	10	10	-
Richard Brown	25	25	21
Terry Hartwell	14	14	13
Simon Wilkinson	6	6	9
	156	156	138

The Board received £267 (2020: £2,781) for expenses during the year.

Notes to the accounts

4. Directors' emoluments and expenses (continued)

Gross salary paid to the Chief Executive divided by total number of homes owned and managed at the year-end was £7.75 (2020: £7.66). The remuneration paid to Catalyst Executive Officers and Chief Executive was as follow:

	Total 2021 £	Total 2020 £
Total emoluments to directors and former directors (including pension contributions and benefits in kind)	1,140,857	1,440,326
Highest paid director:		
Emoluments paid to Chief Executive	265,976	258,158

The Chief Executive received contribution to a pension scheme of £20,851 (2020: £20,559).

5. Employee information

	Consolidated 2021 Number	Consolidated 2020 Number	Association 2021 Number	Association 2020 Number
The average monthly number of persons expressed in full-time equivalents during the year was:				
Office employees	816	817	787	779
Wardens, caretakers, cleaners and technical services employees	300	258	180	149
	1,116	1,075	967	928

Full-time equivalents are calculated based on a standard working week of 35 hours.

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Employee costs (for the above persons)				
Wages and salaries	46,427	42,173	41,315	31,423
Social security costs	4,542	4,282	4,113	3,098
Costs of pension schemes	3,411	3,019	3,210	2,421
	54,380	49,474	48,638	36,942

Gross salary of the lowest earner compared to gross salary of the highest earner for the year was 1:13 (2020: 1:11).

5. Employee information (continued)

Salaries payable (including bonuses and excluding pensions) to employees earning £60,000 or more were:

Range £'000	2021 Number	2020 Number
60–69	59	42
70–79	30	38
80–89	23	13
90–99	5	8
100–109	2	2
110–119	5	2
120–129	6	8
130–139	3	3
140–149	5	5
150–159	2	5
170–179	1	3
180–189	1	-
190–199	1	-
200–209	1	-

6. Operating surplus

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Is stated after charging/(crediting):				
Depreciation – housing properties (note 11)	30,569	29,680	30,782	25,562
Depreciation – on replaced components (note 11)	1,965	1,804	1,965	1,769
Depreciation – other fixed assets (note 12)	961	1,010	958	751
Amortisation – intangible fixed assets (note 13)	1,678	1,923	1,678	1,537
Auditors' remuneration (excluding VAT):				
- in their capacity as auditors	190	225	190	128
- in respect of other services	36	7	36	7
Operating lease charges for land and buildings	2,778	2,636	2,778	2,636
Operating lease charges for motor vehicles	739	62	-	-
Operating lease income	(670)	(662)	(670)	(662)
Impairment – housing properties (note 11)	-	1,321	-	706
Defined contribution pension cost	3,411	3,019	3,210	2,421

The remuneration paid to the BDO auditors in respect of non-audit services was £35,875 (2020: £7,500).

7. Surplus on disposal of fixed assets

Consolidated	Shared ownership 2021 £'000	Other housing properties 2021 £'000	Investments (HomeBuy) 2021 £'000	Total 2021 £'000	Total 2020 £'000
Disposal proceeds	20,895	5,489	8,923	35,307	44,693
Cost of disposals	(9,516)	(1,837)	(5,971)	(17,324)	(22,044)
Selling costs	(681)	(231)	(71)	(983)	(296)
Grants recycled	(2,903)	(924)	-	(3,827)	(4,137)
Surplus on disposal of housing assets	7,795	2,497	2,881	13,173	18,216
Loss on disposal of intangible fixed assets				(257)	(232)
(Loss)/surplus on disposal of investment properties				(18)	84
Total				12,898	18,068

Association	Shared ownership 2021 £'000	Other housing properties 2021 £'000	Investments (HomeBuy) 2021 £'000	Total 2021 £'000	Total 2020 £'000
Disposal proceeds	20,895	5,489	8,923	35,307	42,103
Cost of disposals	(9,433)	(1,805)	(5,971)	(17,209)	(20,630)
Selling costs	(683)	(231)	(71)	(985)	(157)
Grants recycled	(2,465)	(924)	-	(3,389)	(3,703)
Surplus on disposal of housing assets	8,314	2,529	2,881	13,724	17,613
Loss on disposal of intangible fixed assets				(257)	(231)
(Loss)/surplus on disposal of investment properties				(18)	61
Total				13,449	17,443

8. Interest receivable and similar income

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Interest receivable from group members	-	-	6,647	7,032
External interest receivable	299	277	283	147
	299	277	6,930	7,179

9. Interest payable and financing costs

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
On loans	49,887	46,450	54,714	35,997
Amortised cost*	404	9,056	404	9,056
On index-linked loans and deferred interest loans:				
Interest paid	19	19	19	19
Interest deferred	-	-	-	-
Sundry loan costs	2,964	1,590	2,964	1,350
	53,274	57,115	58,101	46,422
Less:				
Capitalised in housing properties (note 11)	(3,656)	(5,165)	(3,656)	(4,367)
Capitalised in first tranche sales properties (note 11)	(5,419)	(3,066)	(5,419)	(2,628)
Capitalised in properties developed for sale	(837)	(1,979)	-	-
Add:				
Transfer to Recycled Capital Grant Fund (note 25)	54	402	54	316
Transfer to Disposal Proceeds Fund (note 26)	-	8	-	8
Net interest on net defined benefit liability (note 30)	142	254	142	83
	43,558	47,569	49,222	39,834

*Interest expense on liabilities at amortised cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

10. Tax on surplus on ordinary activities

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
The charge is based on the assessable results for the year and comprises:				
UK corporation tax:				
Current tax on surplus for the year	(291)	(536)	(291)	209
Adjustments in respect of prior years	-	(752)	-	209

Factors affecting tax charge for the current year

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Surplus on ordinary activities before taxation	34,165	82,438	36,279	13,941
Current tax at 19% (2020: 19%)	6,491	15,663	6,893	2,649
Effects of:				
Adjustments in respect of prior years	-	(752)	-	-
Surplus subject to charitable exemption	(7,488)	(15,447)	(7,184)	(2,440)
Tax losses carried forward	706	-	-	-
Total tax (credit)/charge (see above)	(291)	(536)	(291)	209

Non-charitable Group members that were liable for corporation tax during the year ended March 2021 and 2020 included Barnet Community Homes Limited, Catalyst Finance Limited, Vintage Care Limited, CHL Developments Limited, Dee Park Developments (Catalyst) Limited, Catalyst by Design Limited, Catalyst Developments (Wimbledon) Limited, Connect Property Services Limited and Lea Valley Developments Limited. Any surplus made by non-charitable members has been offset by capital allowances, non-taxable income and the balance donated to their parent company.

11. Tangible fixed assets - housing properties

Consolidated	General needs completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Non-social housing properties for letting completed £'000	Key worker accommodation completed £'000	Total £'000
Cost or valuation							
At 1 April 2020	2,512,035	102,430	477,443	81,785	11,962	38,698	3,224,353
Additions:							
- construction costs	-	30,421	-	90,314	-	-	120,735
- existing properties	21,212	-	101	-	2	313	21,628
Reclassification of properties	7,099	(7,099)	-	-	-	-	-
Completed schemes	31,817	(31,817)	36,236	(36,236)	-	-	-
Transfer (to)/from properties held for sale	-	2,079	(3,132)	(6,813)	-	-	(7,866)
Disposals:							
- staircasing sales	-	-	(9,516)	-	-	-	(9,516)
- replaced components	(2,102)	-	(14)	-	(3)	-	(2,119)
- other	(2,046)	-	-	-	-	-	(2,046)
At 31 March 2021	2,568,015	96,014	501,118	129,050	11,961	39,011	3,345,169
Depreciation							
At 1 April 2020	(232,825)	-	(3,930)	-	(488)	(3,620)	(240,863)
Charge for the year	(29,495)	-	(469)	-	(84)	(521)	(30,569)
Eliminated on disposals:							
- replaced components	151	-	3	-	-	-	154
- other	209	-	-	-	-	-	209
At 31 March 2021	(261,960)	-	(4,396)	-	(572)	(4,141)	(271,069)
Impairment							
At 1 April 2020	(1,519)	(700)	(1,477)	(1,367)	-	-	(5,063)
Charge in the year	(700)	700	(1,367)	1,367	-	-	-
At 31 March 2021	(2,219)	-	(2,844)	-	-	-	(5,063)
Net book value:							
At 31 March 2021	2,303,836	96,014	493,878	129,050	11,389	34,870	3,069,037
At 31 March 2020	2,277,691	101,730	472,036	80,418	11,474	35,078	2,978,427

Notes to the accounts

11. Tangible fixed assets - housing properties (continued)

Association	General needs completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Non-social housing properties for letting completed £'000	Key worker accommodation completed £'000	Total £'000
Cost or valuation							
At 1 April 2020	2,470,309	105,736	481,606	84,881	11,209	38,698	3,192,439
Additions:							
- construction costs	-	30,987	-	91,357	-	-	122,344
- existing properties	21,256	-	101	-	2	313	21,672
Reclassification of properties	7,099	(7,099)	-	-	-	-	-
Completed schemes	31,825	(31,825)	36,314	(36,314)	-	-	-
Transfer (to)/from properties held for sale	-	2,079	(3,132)	(6,813)	-	-	(7,866)
Disposals:							
- staircasing sales	-	-	(9,433)	-	-	-	(9,433)
- on replaced components	(2,102)	-	(14)	-	(3)	-	(2,119)
- other	(2,014)	-	-	-	-	-	(2,014)
At 31 March 2021	2,526,373	99,878	505,442	133,111	11,208	39,011	3,315,023
Depreciation							
At 1 April 2020	(234,036)	-	(3,948)	-	(488)	(3,620)	(242,092)
Charge for the year	(29,709)	-	(468)	-	(84)	(521)	(30,782)
Eliminated on disposals:							
- replaced components	151	-	3	-	-	-	154
- other	209	-	-	-	-	-	209
At 31 March 2021	(263,385)	-	(4,413)	-	(572)	(4,141)	(272,511)
Impairment							
At 1 April 2020	(1,519)	(700)	(1,477)	(1,367)	-	-	(5,063)
Charge in the year	(700)	700	(1,367)	1,367	-	-	-
At 31 March 2021	(2,219)	-	(2,844)	-	-	-	(5,063)
Net book value:							
At 31 March 2021	2,260,769	99,878	498,185	133,111	10,636	34,870	3,037,449
At 31 March 2020	2,234,754	105,036	476,181	83,514	10,721	35,078	2,945,284

11. Tangible fixed assets - housing properties (continued)

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Housing property net book value comprises:				
- freeholds	2,308,313	2,507,228	2,318,914	2,490,130
- long leaseholds	760,724	471,199	718,535	455,154
	3,069,037	2,978,427	3,037,449	2,945,284
Additions to housing properties includes capitalised interest of:	9,075	8,231	9,075	6,995
The capitalisation rate used was	4.4%	4.2%	4.4%	4.2%
Cumulative capitalised interest was	76,494	67,419	75,258	66,183
Improvements to existing properties capitalised during the year were	21,628	32,468	21,672	28,285
The total cost charged to the income and expenditure account for planned maintenance in the year was (note 3)	1,185	3,969	1,185	2,786

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
If housing property had been accounted for under the historic cost (not adjusted by any subsequent valuations), the properties would have been measured as follows:				
Historic cost	3,251,355	3,185,851	3,282,666	3,159,943
Accumulated depreciation	(355,087)	(309,036)	(355,145)	(309,044)
Impairment	(5,063)	(5,063)	(5,063)	(5,063)
	2,891,205	2,871,752	2,922,458	2,845,836
Total Social Housing Grant received or receivable to date is as follows:				
Capital grant – housing properties (note 24)	216,586	202,295	238,924	226,036
Capital grant – HomeBuy investments (note 24)	63,269	67,290	63,269	67,290
Recycled Capital Grant Fund (note 25)	54,179	50,560	54,179	50,560
Disposals Proceeds Fund (note 26)	-	188	-	188
Revenue grant – I&E	1,085,359	1,087,215	1,063,021	1,063,474
	1,419,393	1,407,548	1,419,393	1,407,548

11. Tangible fixed assets - housing properties (continued)

Impairment

The Group considers a scheme to represent separate cash-generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2018. This has been determined based on an assessment of how schemes are appraised for development purposes, how decisions are made about assets and how results are reported.

During the current year, the Group and Association have recognised an impairment loss of £nil and £nil respectively (Group 2020: £1,321,000 and Association 2020: £706,000) for shared ownership housing stock.

Properties held for security

Catalyst Housing Limited had property with a net book value of £1,525,569,683 pledged as security at 31 March 2021 (2020: £1,438,300,481).

Valuation

On transition to FRS 102, Catalyst Housing Limited and Aldwyck Housing Group took the option of carrying out a one-off valuation on a number of its housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, Catalyst engaged JLL Valuers Limited and Aldwyck engaged Savills (UK) Limited, to value housing properties on an Existing Use Value for Social Housing (EUV-SH) basis. Shared ownership properties were measured at historic cost. Housing properties will subsequently be measured at cost, other than those valued under acquisition accounting.

Both valuations were carried out as a desktop exercise on a EUV-SH basis using discounted cashflows. The property portfolio was grouped by a number of key parameters to determine the valuation including:

- Location
- Age
- Tenure type
- Property type
- Spread
- Construction
- Usage categories
- Rental streams less key deductions (expected maintenance and management costs).

The resultant cash flow was calculated over 50 years with the net income in the final year capitalised into perpetuity with an assumption of 0.5% to 1% real rent increase per annum with a discount rate of 5% to 6.5% depending on usage of the property.

On the acquisition of Aldwyck Housing Group during the year ended 31 March 2020, Catalyst Housing Limited carried out a valuation on the completed housing properties portfolio acquired, using that amount as the fair value on consolidation. Catalyst engaged JLL Valuers Limited to value housing properties on an Existing Use Value for Social Housing (EUV-SH) basis. As a result of the acquisition, £24,963,000 of grant was transferred to reserves and became a contingent liability.

12. Tangible fixed assets – other

Consolidated	Freehold office premises £'000	Leasehold office premises £'000	Leasehold other £'000	Motor vehicles £'000	Furniture and computer equipment £'000	Total £'000
Cost						
At 1 April 2020	6,521	3,144	110	82	10,522	20,379
Additions in year	458	66	-	-	220	744
Disposals	-	-	-	-	(2,392)	(2,392)
At 31 March 2021	6,979	3,210	110	82	8,350	18,731
Depreciation						
At 1 April 2020	(349)	(2,077)	(26)	(82)	(8,084)	(10,618)
Charge for year (note 6)	(83)	(104)	(3)	-	(771)	(961)
Disposals	-	-	-	-	2,392	2,392
At 31 March 2021	(432)	(2,181)	(29)	(82)	(6,463)	(9,187)
Net book value:						
At 31 March 2021	6,547	1,029	81	-	1,887	9,544
At 31 March 2020	6,172	1,067	84	-	2,438	9,761

Association	Freehold office premises £'000	Leasehold office premises £'000	Leasehold other £'000	Motor vehicles £'000	Furniture and computer equipment £'000	Total £'000
Cost						
At 1 April 2020	7,728	3,144	110	82	10,512	21,576
Additions in year	458	66	-	-	220	744
Disposals	-	-	-	-	(2,392)	(2,392)
Reclassification	-	-	-	-	10	10
At 31 March 2021	8,186	3,210	110	82	8,350	19,938
Depreciation						
At 1 April 2020	(1,262)	(2,077)	(26)	(82)	(8,075)	(11,522)
Charge for year (note 6)	(82)	(104)	(3)	-	(769)	(958)
Disposals	-	-	-	-	2,392	2,392
Reclassification	-	-	-	-	(10)	(10)
At 31 March 2021	(1,344)	(2,181)	(29)	(82)	(6,462)	(10,098)
Net book value:						
At 31 March 2021	6,842	1,029	81	-	1.888	9,840
At 31 March 2020	6,466	1,067	84	-	2,437	10,054

13. Intangible fixed assets

Consolidated	IT software £'000
Cost	
At 1 April 2020	18,594
Additions in year	5,338
Disposals	(4,642)
At 31 March 2021	19,290
Amortisation	
At 1 April 2020	(10,077)
Charge for year (note 6)	(1,678)
Disposals	4,385
At 31 March 2021	(7,370)
Net book value:	
At 31 March 2021	11,920
At 31 March 2020	8,517

Association	IT software £'000
Cost	
At 1 April 2020	18,594
Additions in year	5,338
Disposals	(4,642)
At 31 March 2021	19,290
Amortisation	
At 1 April 2020	(10,077)
Charge for year (note 6)	(1,678)
Disposals	4,385
At 31 March 2021	(7,370)
Net book value:	
At 31 March 2021	11,920
At 31 March 2020	8,517

14. Investment properties

Commercial and market rented properties	Consolidated £'000	Association £'000
At 1 April 2020	26,308	26,308
Additions	216	216
Disposals	(962)	(962)
Revaluations	(69)	(69)
At 31 March 2021	25,493	25,493

The Group's investment properties are valued annually on 31 March at fair value, determined by independent valuation specialist TH3 Surveyors Ltd. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' appraisal and valuation manual. In valuing investment properties, a discounted cash flow methodology was adopted. Details on the assumptions made and the key sources of estimation uncertainty are given in the accounting policies. The loss on revaluation of investment properties in the year for the Group and Association of £69,245 (Group surplus 2020: £459,391 and Association surplus 2020: £469,620) has been recognised in the Statement of comprehensive income for the year.

15. Investments – HomeBuy loans

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
At 1 April	87,555	78,727	87,555	78,727
New loans issued	484	1,100	484	1,100
Acquired on acquisition of Aldwyck	-	15,657	-	-
Transfer of Engagements from Aldwyck	-	-	-	15,150
Loans redeemed (note 7)	(5,971)	(7,929)	(5,971)	(7,422)
At 31 March	82,068	87,555	82,068	87,555

Investments in HomeBuy loans represent an equity stake in third party properties purchased under the HomeBuy scheme which are regarded as public benefit entity concessionary loans and are held in the statement of financial position. Interest rates charged on the HomeBuy loans range from 0% to 2.5% (2020: 0% to 2.5% with increases for RPI). Security for the loans is based on the assets the loans relate to. Terms of repayment for all loans are over a 25-year period or an unlimited time depending on the type of loan.

Notes to the accounts

16. Investments in subsidiaries

Association	2021 £	2020 £
Cost		
At 1 April	2,207	202
Transfer of Engagements from Aldwyck	-	2,005
At 31 March	2,207	2,207

The following are the wholly owned subsidiaries of the Association at the year end. The majority voting rights for all subsidiary undertakings are held within the Group. All the undertakings are incorporated under Companies Act legislation and registered in England and share the same registered address as Catalyst Housing Limited.

Subsidiary undertakings	Type of entity	Interest %	Main activity
Directly held			
CHL Developments Limited	Company limited by shares	100%	Design and build services
Barnet Community Homes Limited	Company limited by guarantee	100%	Property management
Catalyst Developments (Wimbledon) Limited	Company limited by shares	100%	Property development
Catalyst Housing Charitable Trust	Company limited by guarantee	100%	Community development
Catalyst Finance Limited	Company limited by guarantee	100%	Group borrowing vehicle
Dee Park Developments (Catalyst) Limited	Company limited by shares	100%	Property development
Catalyst by Design Limited	Company limited by shares	100%	Property development
Connect Property Services Limited	Company limited by shares	100%	Residential property maintenance
Lea Valley Developments Limited	Company limited by shares	100%	Property development
Indirectly held			
Southall Day Centre Limited[1]	Company limited by shares	100%	Day centre

[1] Wholly owned subsidiary of Catalyst Housing Charitable Trust

17. Investments - joint ventures

Consolidated	Dee Park Partnership LLP £'000	Merton Catalyst LLP £'000	Friary Park LLP £'000	2021 Total £'000	2020 Total £'000
Share of profits/(loss) from joint ventures	-	200	(194)	6	(1,326)
Share of:					
Current assets	2,667	105,560	9,364	117,591	80,365
Liabilities due within one year	(2,632)	(42,239)	(5,225)	(50,096)	(82,939)
Net assets/(liabilities)	35	63,321	4,139	67,495	(2,574)

Consolidated	2021 £'000	2020 £'000
Opening investments	31,771	50,007
Additions	1,024	3,245
Disposals	-	(2,024)
Reclassification	-	(19,457)
Closing investments	32,795	31,771

Catalyst Housing Limited holds the following joint venture investments. In the subsidiary holding the direct interest, the joint ventures are accounted for as a jointly controlled entity held at cost less any impairment, and in the Group, they are held using the equity method of accounting.

Dee Park Partnership LLP

Dee Park Developments (Catalyst) Limited was incorporated as a subsidiary of Catalyst Housing Limited on 1 March 2007 to enter into a 50:50 joint venture agreement with Inspace Partnerships (Willmott Dixon Holdings Limited) to undertake a regeneration project on the Dee Park estate, Reading, using the special purpose vehicle Dee Park Partnership. Dee Park Developments (Catalyst) Limited became a subsidiary of Catalyst Housing Group Limited in December 2007 and, following the restructure, became a subsidiary of Catalyst Housing Limited from September 2011. The contract was signed and funding agreed in 2010 and the joint venture is proceeding with the regeneration project. The joint venture has made a profit of £nil (2020: £nil) during the year, of which a 50% share is recognised within Dee Park Developments (Catalyst) Limited and the consolidated statement of comprehensive income.

Merton Catalyst LLP

Catalyst Development (Brent) Limited changed its name on 8 January 2018 to Catalyst Development (Wimbledon) Limited. The entity has entered into a 50:50 joint venture agreement with Galliard Group to deliver 604 new homes and commercial space. The development is being delivered through Merton Catalyst LLP and Catalyst Housing Limited had made an initial investment of £30 million into Merton Catalyst LLP. At the year end the Merton Catalyst LLP has returned a profit of £0.4 million (2020: incurred expenditure of £4 million), 50% of which has been recognised within the consolidated statement of comprehensive income.

Friary Park LLP

Catalyst by Design has entered into a 50:50 joint venture limited liability partnership with Mount Anvil. The Mount Anvil (Friary Park) LLP is further separated into three individual LLPs. This to reflect the long-term nature of the regeneration of Catalyst's Friary Park estate in Acton, delivering around 900 new homes. Catalyst by Design Limited had made an initial investment of £4.3 million into Friary Park LLP. At the year end the Friary Park LLP has incurred expenditure of £0.4 million (2020: nil), 50% of which has been recognised within the consolidated statement of comprehensive income.

18. Stocks

Consolidated	First tranche shared ownership 2021 £'000	Outright market sales 2021 £'000	Other 2021 £'000	Total 2021 £'000	Total 2020 £'000
Work in progress	51,150	35,665	3,017	89,832	120,326
Completed properties	14,668	23,155	-	37,823	71,926
Properties at cost	65,818	58,820	3,017	127,655	192,252

Capitalised interest included in the year end balance was £3.1 million (2020: £3.1 million).

Association	First tranche shared ownership 2021 £'000	Other 2021 £'000	Total 2021 £'000	Total 2020 £'000
Work in progress	51,449	2,750	54,199	71,689
Completed properties	14,668	-	14,668	16,633
Properties at cost	66,117	2,750	68,867	88,322

Capitalised interest included in the year end balance was £2.3 million (2020: £2.6 million).

19. Debtors

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Amounts receivable within one year:				
Gross rent and service charge arrears	14,459	10,044	14,459	10,044
Less: provision for bad and doubtful debts	(5,197)	(4,072)	(5,197)	(4,072)
	9,262	5,972	9,262	5,972
Prepayments and accrued income	15,217	9,983	4,463	4,092
Other debtors	9,238	8,172	8,069	5,220
Amounts due from Group members	-	-	131,506	164,563
	33,717	24,127	153,300	179,847

20. Investments

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Bank deposits	85	85	85	85
	85	85	85	85

Investments comprise of monies held in money market or other interest-bearing accounts where the notice period exceeds three months.

21. Cash and cash equivalents

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Cash and cash equivalents	159,734	78,816	133,757	58,197
	159,734	78,816	133,757	58,197

All cash balances mature within three months. The balances include £9.2 million (2020: £3.0 million) of bank accounts which are restricted in their use.

22. Creditors

Amounts falling due within one year:	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Housing loans (note 27):				
- secured against group properties	12,370	20,086	12,370	20,086
- funding costs to be amortised	369	-	369	-
	12,739	20,086	12,739	20,086
Trade creditors	2,982	9,597	2,470	7,162
Amount held on behalf of leaseholders	11,328	9,201	11,328	9,201
Capital creditors housing properties	20,508	20,927	20,072	17,890
Capital retentions	8,322	6,643	3,361	2,230
Other creditors and accruals	53,415	49,424	44,811	44,041
Other taxes and social security costs	955	939	793	917
Amounts due to Group members	-	-	709	3,239
Deferred capital grant (note 24)	2,158	3,199	2,883	3,924
Recycled Capital Grant Fund (note 25)	22,169	16,039	22,169	16,039
Disposal Proceeds Fund (note 26)	-	188	-	188
	134,576	136,243	121,335	124,917

23. Creditors

Amounts falling due after more than one year:	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Deferred Capital Grant (note 24)	277,697	266,386	299,310	289,402
Recycled Capital Grant Fund (note 25)	32,010	34,521	32,010	34,521
Housing loans (note 27):				
- secured against Group properties	1,389,136	1,318,939	1,236,917	1,161,892
- loan issue costs	(6,957)	(6,130)	(6,957)	(6,130)
- bond issuance surplus to be amortised	31,079	6,318	31,079	6,318
	1,722,965	1,620,034	1,592,359	1,486,003

24. Deferred capital grant

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
At 1 April	269,585	234,013	293,326	234,013
Grants received during the year	12,762	8,490	12,762	8,426
Acquired on acquisition of Aldwyck	-	22,981	-	-
Transfer of Engagements from Aldwyck	-	-	-	46,526
Transfers from the Recycled Capital Grant Fund (note 25)	4,000	12,515	4,000	12,515
HomeBuy redemptions	(4,265)	(5,850)	(4,265)	(4,956)
Transfer from the Disposal Proceeds Fund (note 26)	-	946	-	946
Released to income during the year (note 3)	(1,972)	(1,277)	(2,936)	(1,332)
Released on disposal during the year	(255)	(2,233)	(694)	(2,812)
At 31 March	279,855	269,585	302,193	293,326

Deferred capital grants are government grants received from Homes England and the Greater London Authority with interest.

25. Recycled Capital Grant Fund

Consolidated

Funds pertaining to activities within areas covered by	Homes England 2021 £'000	GLA 2021 £'000	Total 2021 £'000	Homes England 2020 £'000	GLA 2020 £'000	Total 2020 £'000
At 1 April	33,984	16,576	50,560	20,942	9,966	30,908
Inputs to fund:						
- grants recycled	5,520	2,686	8,206	6,053	6,407	12,460
- interest accrued	39	15	54	297	105	402
Acquired on acquisition of Aldwyck	-	-	-	19,207	185	19,392
Recycling of grant:						
- new build	-	(4,000)	(4,000)	(12,515)	-	(12,515)
Repayment of grant to Homes England/GLA	-	(641)	(641)	-	(87)	(87)
At 31 March	39,543	14,636	54,179	33,984	16,576	50,560
Amounts three years or older where repayment may be required	22,091	-	22,091	11,643	640	12,283

25. Recycled Capital Grant Fund (continued)

Association

Funds pertaining to activities within areas covered by	Homes England 2021 £'000	GLA 2021 £'000	Total 2021 £'000	Homes England 2020 £'000	GLA 2020 £'000	Total 2020 £'000
At 1 April	33,984	16,576	50,560	20,942	9,966	30,908
Inputs to fund:						
- grants recycled	5,520	2,686	8,206	5,305	6,407	11,712
- interest accrued	39	15	54	211	105	316
Transfer of Engagements from Aldwyck	-	-	-	20,041	185	20,226
Recycling of grant:						
- new build	-	(4,000)	(4,000)	(12,515)	-	(12,515)
Repayment of grant to Homes England/GLA	-	(641)	(641)	-	(87)	(87)
At 31 March	39,543	14,636	54,179	33,984	16,576	50,560
Amounts three years or older where repayment may be required	22,091	-	22,091	11,643	640	12,283

Withdrawals from the Recycled Capital Grant Fund were used for the purchase and development of new housing schemes for letting and for approved works to existing properties.

26. Disposal Proceeds Fund

Consolidated and Association

Funds pertaining to activities within areas covered by	Homes England 2021 £'000	GLA 2021 £'000	Total 2021 £'000	Homes England 2020 £'000	GLA 2020 £'000	Total 2020 £'000
At 1 April	176	12	188	175	951	1,126
Inputs to fund:						
- interest accrued	-	-	-	1	7	8
Recycling of grant:						
- utilised on purchased properties	-	-	-	-	(946)	(946)
- funds transfer to reserves	(176)	(12)	(188)	-	-	-
At 31 March	-	-	-	176	12	188
Amounts three years or older where repayment may be required	-	-	-	176	12	188

27. Loans

Housing loans from local authorities, banks and other financial institutions secured by specific charges on the Group's housing properties and repayable at varying rates of interest are due as follows:

Housing loans repayable by instalments	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Between one and two years	36,490	11,852	36,490	11,852
Between two and five years	78,135	99,745	78,135	99,746
In five or more years	398,880	315,517	388,614	304,682
Total (note 23)	513,505	427,114	503,239	416,280
Within one year (note 22)	12,739	20,086	12,739	20,086
Total	526,244	447,200	515,978	436,366

Housing loans not repayable by instalments	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Between one and two years	45,000	-	45,000	-
Between two and five years	22,800	130,800	22,800	130,800
In five or more years	831,953	761,213	690,000	615,000
Total (note 23)	899,753	892,013	757,800	745,800

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Total loans	1,425,997	1,339,213	1,273,778	1,182,166

The Group has total committed loan facilities of £1,774.3 million (£1,249.1 million drawn down) raised through the debt and capital markets, together with loans provided by various banks and building societies. All loans are secured by way of first fixed charges on specified properties. The loans bear interest at fixed rates ranging from 2.4% to 14.4% or at a margin above the London Interbank Offered Rate. At 31 March 2021, the Group had undrawn loan facilities of £525.2 million (2020: £412.2 million).

Of the total loan facilities of £1,249.1 million; £1,225.3 million was at fixed rates at 31 March 2021. The weighted average interest rate is the aggregate rate of interest paid for the year on Group borrowings which is 4.4% (2020: 4.2%).

Notes to the accounts

28. Derivative non-basic financial instruments

Held at fair value	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
At 1 April	103,105	-	103,105	-
Acquired on acquisition of Aldwyck	-	81,172	-	-
Transfer of Engagements from Aldwyck	-	-	-	91,582
Change in fair value recognised in the surplus for the year	(10,046)	15,655	(9,472)	3,514
Change in fair value charged to cash flow hedging reserve	(11,531)	6,278	(12,105)	8,009
At 31 March	81,528	103,105	81,528	103,105

Interest rate swap contracts entered into have a weighted average interest rate of 4.6% (2020: 4.0%) over 15 years (2020: 16 years). The notional balance at 31 March 2021 was £160.5 million (2020: £160.5 million), with £150.5 million (2020: £150.5 million) in designated hedge relationships.

29. Financial instruments

The Group's and Association financial instruments may be analysed as follows:

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Financial assets				
Concessionary loans (note 1 section 1.25)	82,068	87,555	82,068	87,555
Financial assets measured at historic cost:				
- Trade receivables (note 19)	9,262	5,972	9,262	5,972
- Other receivables (note 19)	24,455	18,155	144,038	173,875
- Investments (note 20)	85	85	85	85
- Cash and cash equivalents (note 21)	159,734	78,816	133,757	58,197
Total financial assets	275,604	190,583	369,210	325,684

29. Financial instruments (continued)

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Financial liabilities				
Financial liabilities measured at amortised cost or fair value:				
- Loans payable (note 27)	(1,425,997)	(1,339,213)	(1,273,778)	(1,182,166)
Financial liabilities measured at historic cost:				
- Trade creditors (note 22)	(2,982)	(9,597)	(2,470)	(7,162)
- Other creditors	(428,562)	(407,467)	(437,446)	(421,592)
Financial liabilities measured at fair value:				
Derivatives non-basic financial instruments (note 28)	(81,528)	(103,105)	(81,528)	(103,105)
Total financial liabilities	(1,939,069)	(1,859,382)	(1,795,222)	(1,714,025)

Financial assets comprise cash at bank and in hand, investments and for the Association amounts owed to the parent undertaking.

Financial liabilities comprise accruals and deferred income and amounts owed by the parent undertaking.

Financial assets and liabilities measured at amortised cost are the housing loans and the related amounts included within amounts owed to the parent undertaking. Cash, investments and accrued income are measured at transaction value. Financial liabilities measured at fair value are the derivative financial instruments.

Risks arising on financial instruments

Risks arising on financial instruments The main risk arising from the Group's financial instruments are counterparty risk, liquidity risk, interest rate risk and refinancing risk.

Counterparty risk

There is a risk that the counterparty is unable to deliver on undrawn facilities when required. Counterparties are required to meet minimum credit rating criteria when arrangements are entered into. Ratings are monitored and funds may be drawn ahead of need to protect headroom if required.

Liquidity risk

Liquidity risk is managed in accordance with the Group's treasury policy. The Group has a policy to maintain sufficient liquidity in cash and undrawn lending facilities to cover at least 18 months of net cash flow and meet all contracted commitments over the coming three years. At the year end 85% of the Group's borrowings were due to mature in more than five years. Funds are drawn as determined by the Group's borrowing requirements. To date all loan payments have been made on time.

Interest rate risk

Interest rate risk is managed in accordance with the Group's treasury policy. The Group's interest rate strategy is focused on achieving the prescribed balance between fixed and variable debt at an acceptable level of risk and cost. Covenant compliance and sensitivity analysis of interest rates are monitored on a regular basis. Catalyst holds a standalone derivative portfolio, this seeing mark to market exposure and therefore the risk of collateral calls. Mark to market positions are monitored daily and sufficient collateral is in place to support movements across the yield curve of c100bps.

Refinancing risk

The Group's treasury management function is responsible for developing and implementing an appropriate funding strategy to ensure the Group has the required level of liquidity to fund the capital investment programme and day to day activities of the business without being unduly exposed to refinancing risk.

The maturity profile of the debt reflects the long-term nature of the Group's assets and reduces refinancing risk by ensuring that refinancing requirements are spread.

30. Pension costs

The Group participates in two funded schemes: one with the Ealing Family Housing Association Pension Scheme (EFHAPS) and one with the Social Housing Pension Scheme (SHPS). Under defined benefits accounting, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in Other comprehensive income.

Estimates related to the defined benefit schemes are based on a number of critical underlying assumptions, such as standard rates of inflation, mortality, discount rate and anticipation of future salaries. Variation in these assumptions may significantly impact the defined benefit obligation and annual expenses as shown in this note. These assumptions and calculations are prepared by an independent actuary.

Consolidated and Association	EFHAPS £'000	SHPS £'000	Total £'000
At 1 April 2020	(2,085)	(5,158)	(7,243)
Movement recognised in Statement of comprehensive income	(109)	(153)	(262)
Movement recognised in Other comprehensive income	236	(6,822)	(6,586)
Contributions by employer	950	1,509	2,459
At 31 March 2021	(1,008)	(10,624)	(11,632)

a) Ealing Family Housing Association pension scheme

The pension scheme was closed to future members with effect from 31 March 2007. In respect of the shortfall in funding Catalyst Housing Limited agreed to pay £950,000 per annum. The 30 September 2018 valuation shows that the market value of the scheme's assets was £40,449,411. This excludes assets in relation to deferred members' AVCs and insured pensions. At 31 March 2021, the scheme had a total membership of 304 (2020: 310). During the year, Catalyst paid £950,000 (2020: £950,000) into the pension scheme in accordance with the recovery plan agreed with the trustees of the scheme. The scheme is closed and no contributions are payable. The scheme has a small number of insured policies relating to pensioners previously secured through annuities. These policies are excluded from the pension provision as there is no net impact on the balance sheet, statement of comprehensive income, and statement of changes in reserves. A valuation for the purposes of FRS 102 was prepared as at 31 March 2021 by a qualified actuary. The major assumptions used in this valuation were:

Consolidated and Association	2021	2020	2019	2018
LPI pension increase	3.2%	2.8%	3.2%	3.1%
Discount rate	2.0%	2.3%	2.5%	2.6%
Inflation assumption	3.4%	2.9%	3.4%	3.3%

30. Pension costs (continued)

Mortality assumption used in accordance with the standard table S3NxA on a year of birth basis, with CMI_2019 future improvements factors and subject to a long-term annual rate of the future improvement of 1.25% per annum (2020: S2NxA. CMI_2019 1.25%). The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The fair value of the scheme's assets, which are not intended to be realised in the short term (and may be subject to significant change before they are realised), and the present value of the scheme's liabilities – derived from cash flow projections over long periods and thus inherently uncertain – were:

Amounts recognised in balance sheet	**At 31 March 2021 £'000**	**At 31 March 2020 £'000**
Present value of funded obligations	(62,325)	(56,983)
Fair value of scheme assets	61,317	54,898
Pension liability	(1,008)	(2,085)

No allowance for deficit-related deferred tax asset has been made in the above figures.

Analysis of amount recognised in Other Comprehensive Income	**At 31 March 2021 £'000**	**At 31 March 2020 £'000**
Actual return less expected return on scheme assets	6,356	(2,618)
Changes in assumptions underlying the present value of scheme liabilities	(6,120)	(485)
Actuarial gain/(loss) recognised in Other Comprehensive Income	236	(3,103)

Amounts recognised in income and expenditure account	**At 31 March 2021 £'000**	**At 31 March 2020 £'000**
Interest on obligation	1,286	1,396
Expected return on scheme assets	(1,249)	(1,409)
Loss on plan changes	72	-
Total	109	(13)

30. Pension costs (continued)

Changes in the present value of defined benefit obligation	**At 31 March 2021 £'000**	**At 31 March 2020 £'000**
Opening defined benefit obligation	56,983	56,563
Interest cost	1,286	1,396
Actuarial loss	6,120	485
Loss on plan changes	72	-
Benefits paid	(2,136)	(1,461)
Closing defined benefit obligation	62,325	56,983

The actuarial gains and losses can be split into:

Actuarial loss due to assumptions change	6,120	485

Changes in the fair value of scheme assets during the year	**At 31 March 2021 £'000**	**At 31 March 2020 £'000**
Opening fair value of scheme assets	54,898	56,618
Expected return on scheme assets	1,249	1,409
Actuarial gain/(loss)	6,356	(2,618)
Contributions by employer	950	950
Benefits paid	(2,136)	(1,461)
Closing fair value of scheme assets	61,317	54,898

30. Pension costs (continued)

b) Social Housing Pension Scheme
The SHPS multi-employer defined benefit pension scheme is closed to future members and the Group and Association only operates a multi-employer defined contribution scheme with SHPS.

In respect of the shortfall in funding Catalyst Housing Limited agreed to pay £1,466,538 per annum in accordance with the recovery plan agreed with the trustees of the pension scheme.

The accounting information is based on the present value as at 31 March 2021 provided by the Pension Trust.

The major assumptions used in this valuation were:

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

The mortality assumptions adopted imply the following life expectancies were:

	2021 (years)	2020 (years)
Males retiring in 2020	21.6	21.6
Females retiring in 2020	23.5	23.3
Males retiring in 2040	22.9	22.9
Females retiring in 2040	25.1	24.5

Amounts recognised in balance sheet	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Present value of funded obligations	(52,397)	(43,693)	(52,397)	(43,693)
Fair value of scheme assets	41,773	38,535	41,773	38,535
Pension liability	(10,624)	(5,158)	(10,624)	(5,158)

Notes to the accounts

30. Pension costs (continued)

Analysis of amount recognised in other comprehensive income	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Actual return less expected return on scheme assets	2,292	547	2,292	(1,505)
Experience gains and losses arising on scheme liabilities	1,667	213	1,667	221
Changes in demographic assumptions underlying the present value of scheme liabilities	(189)	442	(189)	442
Changes in financial assumptions underlying the present value of scheme liabilities	(10,592)	4,946	(10,592)	6,911
Actuarial (loss)/gain recognised in Other Comprehensive Income	(6,822)	6,148	(6,822)	6,069

Amounts recognised in income and expenditure account	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Current service cost	(10)	(11)	(10)	(4)
Expenses	(38)	(26)	(38)	(9)
Interest on obligation	(105)	(1,071)	(105)	(390)
Expected return on scheme assets	-	804	-	294
Total	(153)	(304)	(153)	(109)

Changes in the present value of defined benefit obligation	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Opening defined benefit obligation	43,693	48,913	43,693	51,121
Current service costs	10	11	10	4
Expenses	38	26	38	9
Interest cost	1,018	1,071	1,018	390
Contributions by plan participants	3	3	3	1
Experience gains and losses arising on scheme liabilities	(1,667)	(213)	(1,667)	(221)
Changes in demographic assumptions underlying the present value of scheme liabilities	189	(442)	189	(442)
Changes in financial assumptions underlying the present value of scheme liabilities	10,592	(4,946)	10,592	(6,911)
Benefits paid	(1,479)	(730)	(1,479)	(258)
Closing defined benefit obligation	52,397	43,693	52,397	43,693

30. Pension costs (continued)

	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
The actuarial gains and losses can be split into:				
Actuarial (loss)/gain due to assumption change	(6,822)	6,148	(6,822)	6,069

Changes in the fair value of scheme assets during the year	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Opening fair value of scheme assets	38,535	36,952	38,535	39,683
Expected return on scheme assets	913	804	913	294
Actuarial gain/(loss)	2,292	547	2,292	(1,505)
Contributions by employer	1,509	959	1,509	320
Contributions by plan participants	3	3	3	1
Benefits paid	(1,479)	(730)	(1,479)	(258)
Closing fair value of scheme assets	41,773	38,535	41,773	38,535

Assets analysis

Consolidated and Association	2021 £'000	2020 £'000
Global Equity	6,658	5,636
Absolute Return	2,306	2,009
Distressed Opportunities	1,206	742
Credit Relative Value	1,314	1,057
Alternative Risk Premia	1,573	2,694
Fund of Hedge Funds	5	22
Emerging Markets Debt	1,686	1,167
Risk Sharing	1,521	1,301
Insurance-Linked Securities	1,003	1,184
Property	868	849
Infrastructure	2,785	2,868
Private Debt	996	777
Opportunistic Illiquid Debt	1,062	933
High Yield	1,251	-
Opportunistic Credit	1,145	-
Corporate Bond Fund	2,468	2,197
Liquid Credit	499	16
Long Lease Property	819	667
Secured Income	1,737	1,462
Liability Driven Investments	10,617	12,789
Net Current Assets	254	165
Total assets	41,773	38,535

30. Pension costs (continued)

c) Other pension schemes

The Group also participates in defined contributions schemes. With defined contribution pension schemes the Group does not have further future obligations other than those disclosed in the balance sheet within 'Creditors falling due within one year', which are paid within a month following deductions on each payroll processing. Contributions to the Group's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

The Group operates a stakeholder pension scheme administered by Standard Life. The employer's contributions are 9% of pensionable salary and amount to £2,473,568 (2020: £2,175,734). At 31 March 2021, outstanding payments due to the scheme were £nil (2020: £131).

The Group operates a defined contribution scheme administered by The Equitable Life Assurance Society, which was closed during 2007. During the year there were no contributions or employees participating in this scheme.

The Group contributes to the SHPS defined contribution scheme. The contribution rate for the Group was up to 9% for employer contributions and 5% for employee contributions. The Group and Associations' employer contributions amounted to £733,809 (Group 2020: £641,605 and Association 2020: £262,165). At 31 March 2021 outstanding payments due to the scheme were £nil (2020: £99,513), of which £nil (2020: £62,107) were employer contributions.

The Group also contributes to a defined benefit scheme administered by Scottish Widows, the contribution rate for the Group was up to 5% for employer contributions and 5% for employee contributions. The employer's contributions for the year amounted to £195,294 (2020: £166,835) for the Group. At 31 March 2021, outstanding payments due to the scheme were £nil (2020: £26,819), of which £nil (2020: £14,788) were employer contributions.

31. Provisions for liabilities and charges

Consolidated and Association	£'000
At 1 April 2020	9,048
Release of provisions during the year	(9,048)
At 31 March 2021	-

The Group and Association closely monitors Government guidance relating to combustible materials, fire risk and protection and regulatory compliance, to determine the nature and extent of any remedial work required to its housing properties. During the year we released the provision following confirmation of a funding agreement approved by Homes England in respect of cladding system remediation works.

32. Called up share capital

Association	2021 £	2020 £
Shares of £1 each issued and fully paid		
At beginning of year	31	39
Issued during the year	-	3
Surrendered during the year	(6)	(11)
At end of year	25	31

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid up thereon becomes the property of the Association. Therefore, all shareholdings relate to non-equity interests; there are no equity interests in the Association.

Notes to the accounts

33. Commitments

Capital commitments	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Capital expenditure contracted, which has not been provided for in the accounts	191,281	211,157	128,488	159,880
Capital expenditure, which has been authorised by the Board but has not yet been contracted for	513,751	609,190	286,618	547,869
Total	705,032	820,347	415,106	707,749

Capital commitments for the Group will be funded by £262 million (2020: £200 million) of Social Housing Grant and £443 million (2020: £620 million) from draw-down of existing, or new loan facilities or by internal resources.

Capital expenditure contracted by joint venture entities and partnerships was £119 million (2020: £118 million) for Friary Park LLP, £20 million (2020: £167 million) for Merton Catalyst LLP and £102 million (2020: £165 million) for Capital Way Brentford Partnership.

Capital commitments divided by tangible fixed assets at year-end was 23% (2020: 28%).

Financial commitments	Consolidated 2021 £'000	Consolidated 2020 £'000
Properties developed for sale, expenditure contracted or authorised, which has not been provided for in the accounts	7,585	8,622
Total	7,585	8,622

34. Operating lease commitments

The Group and the Association had minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as lessee	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Not later than one year	3,701	2,698	2,617	2,636
Later than one year and not later than five years	11,873	9,755	9,361	9,735
Later than five years	-	2,126	-	2,126
Total	15,574	14,579	11,978	14,497

Amount payable as a lessee reflects the rental cost of the Ealing Gateway office, photocopiers and motor vehicles.

Amounts receivable as lessor	Consolidated 2021 £'000	Consolidated 2020 £'000	Association 2021 £'000	Association 2020 £'000
Not later than one year	652	652	652	652
Later than one year and not later than five years	2,767	2,767	2,767	2,767
Later than five years	4,871	5,523	4,871	5,523
Total	8,290	8,942	8,290	8,942

Amounts receivable as lessor reflects income due from Supporting Housing and other local authority income.

Notes to the accounts

35. Number of units

Consolidated and Association	As at 31 March 2020	Units developed or newly built units acquired	Units sold/ demolished	Other	As at 31 March 2021
Social housing:					
General needs	17,872	39	(46)	(6)	17,859
Affordable	2,404	70	(1)	(7)	2,466
Shared ownership units	4,836	147	(121)	(11)	4,851
Supported and housing for older people	1,822	8	(12)	(14)	1,804
Intermediate rent	396	-	(2)	(8)	386
Leasehold	2,181	-	-	64	2,245
Total owned	29,511	264	(182)	18	29,611
Accommodation managed for others	536	-	-	66	602
Total social housing units	30,047	264	(182)	84	30,213
Other shared equity units	1,654	-	(108)	(11)	1,535
Student accommodation	150	-	-	-	150
Market rent	22	-	(6)	1	17
Leasehold	1,200	-	-	(25)	1,175
Total non-social housing units	3,026	-	(114)	(35)	2,877
Bed spaces used by care provider	103	-	-	-	103
Keyworker bed spaces	537	-	-	-	537
Total bed spaces	640	-	-	-	640
Total units	33,713	264	(296)	49	33,730

	Consolidated 2021 Number	Consolidated 2020 Number	Association 2021 Number	Association 2020 Number
Total units managed by other organisations on behalf of Catalyst	712	690	712	690
Housing units under development	1,221	1,158	1,216	1,058

36. Related party disclosures

The Board included one shared ownership tenant member, who resigned on 13 September 2020. He held a tenancy agreement on normal terms and did not participate in any Board decisions that could result in a conflict of interest.
The rent received from the Board member in the year was £5,004.36 (2020: £4,863.36). The rent arrears of the tenant and leaseholder Board members as at 31 March 2021 was £nil (2020: £nil). The rent arrears are subject to the same bad debt provision and debt recovery process as all other rent arrears.

A Group joint venture, Merton Catalyst LLP, used to carry out construction works and the balance receivable at 31 March 2021 is £31,029,181 (2020: £31,029,181).
A Group joint venture, Friary Park LLP, used to carry out construction works and the balance receivable at 31 March 2021 is £4,333,643 (2020: £3,315,597).

Intra-group transactions

Catalyst Housing Limited provides management services, other services and loans to its subsidiaries. The basis and quantum of the charges made for each of these is set out below.

Payable to Catalyst Housing Limited by:	Management fees		Other charges		Interest charges	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
CHL Developments Limited	758	904	1,108	774	-	-
Catalyst Housing Charitable Trust	10	10	-	-	-	-
Southall Day Centre Limited	-	21	-	-	-	-
Dee Park Developments (Catalyst) Limited	-	47	-	-	-	-
Catalyst Developments (Wimbledon) Limited	-	-	-	-	1,668	1,836
Catalyst by Design Limited	619	1,431	1,998	1,548	2,281	4,464
Connect Property Services Limited	-	196	-	-	50	15
Lea Valley Developments Limited	142	120	224	2,492	1,307	635
Total	1,529	2,729	3,330	4,814	5,306	6,950

36. Related party disclosures (continued)

Intra-group management fees

Intra-group management fees are receivable by Catalyst Housing Limited from subsidiaries to cover the running costs the entity incurs on behalf of managing its subsidiaries. The management fee is calculated on a department basis, with different methods of allocation for each department.

These costs are apportioned as follows:

Department	By reference to
Finance	Headcount
Human resources	Headcount
Facilities	Floor space
Executive	Employee time
Business systems	Number of computers
Health and safety	Headcount

Other intra-group charges

Other intra-group charges are payable to Catalyst Housing Limited from subsidiaries and relate to employee recharges.

Intra-group interest

Intra-group interest is charged by Catalyst Housing Limited to its subsidiaries to cover the commitment fees and interest charged on the cash loaned by Catalyst Housing Limited to its subsidiaries, and is charged based on weight average cost of capital.

The subsidiaries also receive charges from Catalyst Housing Limited and the basis and quantum of these charges are set out below.

Payable by Catalyst Housing Limited to:	Management fees		Other charges		Interest charges	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Catalyst Housing Charitable Trust	-	-	-	10	-	-
Catalyst Finance Limited	-	-	-	-	-	1,290
Southall Day Centre Limited	-	-	-	382	-	-
Total	-	-	-	392	-	1,290

36. Related party disclosures (continued)

Intra-group interest was payable by Catalyst Housing Limited to Catalyst Finance Limited to cover the interest charged on the cash loaned by Catalyst Finance Limited to Catalyst Housing Limited and was charged based on current interest rates incurred. The loan was repaid during the year ended 31 March 2020.

Connect Property Services Limited provides Catalyst Housing Limited with property maintenance services, which are charged at cost plus a margin. Total intercompany property services in the year from Connect Property Services Limited totalled £13.5 million (2020: £19.5 million). There are intercompany property sales within the subsidiaries in respect of schemes developed on behalf of Catalyst Housing Limited, which are charged at cost plus a margin. Total intercompany property sales in the year from Lea Valley Developments Limited totalled £1.6 million (2020: £16.6 million) and CHL Developments Limited totalled £40.7 million (2020: £47.6 million).

Intra-group loans

Entity granting loan	Entity receiving loan	Opening balance 2020 £'000	Movement during the year £'000	Closing balance 2021 £'000
Catalyst Housing Limited[1]	Catalyst by Design Limited	80,520	(24,881)	55,639
Catalyst Housing Limited[1]	Catalyst Developments (Wimbledon) Limited	35,519	2,165	37,684
Catalyst Housing Limited[1]	Connect Property Services Limited	1,000	1,000	2,000
Catalyst Housing Limited[1]	Lea Valley Developments Limited	40,000	(2,000)	38,000

Key	Terms of repayment	Details of any guarantees
1	On demand.	Secured by floating charge.

Investments in joint ventures

Entity granting funds	Entity receiving funds	Opening balance 2020 £'000	Movement during the year £'000	Closing balance 2021 £'000
Dee Park Developments (Catalyst) Limited[1]	Dee Park Partnership LLP	35	-	35
Catalyst Developments (Wimbledon) Limited[1]	Merton Catalyst LLP	31,029	-	31,029
Catalyst by Design Limited	Friary Park LLP	3,316	1,017	4,333

Key	Terms of repayment	Details of any guarantees
1	Investment by Member Loan.	None.

37. Contingent liabilities

The Group receives grants from Homes England and from the Greater London Authority, which are used to fund the acquisition and development of housing properties and their components. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2021, the value of grant received in respect of these properties that had not been disposed of was £1,085 million (2020: £1,087 million). As the timing of any future disposal is uncertain, no provision has been recognised in the financial information.

38. Business combination

a) Group
On 1 May 2019 Catalyst Housing Group combined with Aldwyck Housing Group Limited and the business combination established Catalyst Housing Limited as the Group parent. Acquisition accounting was applied to the business combination and the business was transferred to Catalyst Housing Limited as a gift to the value of £83.4 million, being the fair value less any associated costs of the business combination. During the year ended 31 March 2020 this was shown as a 'Gain arising from Gift of Net Assets' within the Consolidated Statement of comprehensive income. The prior year Consolidated Statement of comprehensive income included the activity of Aldwyck Housing Group Limited from 1 May 2019.

b) Association
On 2 December 2019 the assets, liabilities and activities of Aldwyck Housing Group Limited were transferred into Catalyst Housing Limited by a Transfer of Engagement. This was accounted in line with FRS 102 as a group reconstruction at book value and the excess of assets over liabilities, less any associated costs of the business combination of £156.8 million, was shown as a 'Transfer of Engagements from Aldwyck' within the Association Statement of changes in reserves for the year ended 31 March 2020. As a result of the business combination, the prior year Association Statement of comprehensive income included the activity of Aldwyck Housing Group Association from 2 December 2019.

39. Post balance sheet events

Rosebery Housing Association became a subsidiary of Catalyst Housing Limited as at 1 April 2021. The partnership created a housing provider with over 37,000 homes across London and the Home Counties. Both organisations have a great heritage and an aligned social purpose. The combined organisation will use its assets and talent to provide a greater customer experience, well designed homes that people need and want, and create great places to live.

The first combined Annual Report and Accounts for the enlarged Group will be presented for the year to 31 March 2022.

Catalyst Housing Limited
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0300 456 2099
www.chg.org.uk

Registered Society
Registered Number: 16561R

Regulator of Social Housing Registered Number: L0699

A charitable housing association

Catalyst is one of the leading housing associations in London and the South East. Our vision is to create a self-sustaining business, which uses commercial disciplines and profits to provide affordable homes, improve neighbourhoods and change lives.