Catalyst Housing Limited

Report and Accounts

for the year ended 31 March 2023

Registered Society

Registered Number: 16561R

Regulator of Social Housing Registered Number: L0699

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Board members, Executive Committee and Advisers

Board Members
Ravi Rajagopal, Chair
Cary Wakefield, Vice Chair
Helen Edwards (appointed 3 April 2023)
Terry Hartwell
Mike Jones (resigned 3 April 2023)
Paul Loft (appointed 1 April 2022, resigned 31 March 2023)
Ian McDermott, CEO (appointed 1 April 2022)
Thelma Stober (resigned 3 April 2023)
Christine Turner (resigned 3 April 2023)
Graham Woolfman

Peabody Trust Executive Committee (Catalyst joined the Peabody Group on 1 April 2022)
Ian McDermott, Chief Executive
Stephen Burns, Executive Director Care, Supported Housing and Inclusion
Sarah Cameron, General Counsel and Group Secretary
Peter Evans, Executive Director Property Services and Assets
Ashling Fox, Deputy Chief Executive Officer (resigned 30 November 2022)
Bob Heapy, Chief Executive of Town and Country Housing
Elly Hoult, Executive Director, Sustainability and Innovation (appointed 2 January 2023) and appointed Chief Operating Officer with effect from 1 April 2023
Eamonn Hughes, Chief Financial Officer
Phil Jenkins, Executive Director of Development
David Lavarack, Executive Director Corporate Services
John Lewis, Executive Director of Thamesmead
Sarah Thomas, Chief Operating Officer (resigned 31 March 2023)
Richard Mortimer, Executive Director of Development and Sales (resigned 2 April 2022)

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Bankers
National Westminster Bank plc
1 The Mall
London
W5 2PL

Secretary and Registered Office
Argiri Papathos
45 Westminster Bridge Road, London SE1 7JB

Chair's statement

In our final year of operations as Catalyst Housing Limited, we're reminded of just how much we have achieved.

2022-23 started with Catalyst joining the Peabody Group, which presents so much potential for our customers and colleagues. As part of the new Peabody, throughout the year, we rolled out Local Model, our customer and community service delivery model. This represents a significant milestone on the road to 'getting closer to our customers' and reaffirms our shared values and culture as the key drivers for us joining together to help people flourish.

We maintain our continued commitment to environmental, social and governance (ESG). We were awarded the Certified Sustainable Housing Label 2023 for a second time by the pan-European residential real estate consultancy, RITTERWALD and were accredited with the Gold award in the SHIFT (Sustainable Homes Index for Tomorrow) independent assessment.

The challenges over the last year have been felt by our customers and colleagues. High inflation, increased cost pressures and rising interest rates affect everyone. I am grateful for the work my colleagues are doing to support customers, communities and colleagues. Being part of the Peabody Group has enabled greater financial and operational resilience, than if either Catalyst or Peabody had faced the headwinds of the previous 12 months as separate entities.

We are not immune to the high inflation, increased cost pressures and high interest rates and this, combined with £25.5m of one-off merger costs, made up of loan break fees (£9.3m), redundancy and consultant costs (£1.8m), lease break fees (£7.1m) and non-cash accelerated depreciation (£7.3m), has contributed to our weakened financial performance. Surplus for the year is £571k and would have been £26,029k when excluding merger costs.

Looking back on the year, we are making good progress towards meeting our aims and maximalising the benefits of joining with Peabody. However, it is not without its challenges and our unwavering focus will be on improving our services, getting the basics right and ensuring that integration goes smoothly across Peabody.

We've made good progress, but there is still much to do as we strive to deliver excellence for our customers.

Ravi Rajagopal
Chair

Directors' report

The Board presents the Directors' Report for the year ended 31 March 2023.

Business activity
Catalyst Housing Limited (Catalyst) is a registered Community Benefit Society (CBS) and registered with the Financial Conduct Authority (FCA) on the Mutuals Public Register.

Catalyst became a subsidiary of Peabody Trust (Peabody) on 1 April 2022. On 3 April 2023, Catalyst underwent a transfer of engagements resulting in all assets, liabilities and activities transferring across to Peabody Trust. We have taken an exemption not to disclose a strategic report in accordance with Housing SORP 2018 4.4 as the entity is a social landlord, with more than 5,000 homes, that is a subsidiary within the Peabody Group.

Our purpose is helping people flourish. We do this by providing great homes and services, by making a positive difference to the communities we serve and by providing an inclusive and inspiring place to work. Our new values, principles and behaviours will put customers at the heart of all we do and provide the foundation for the culture of our new organisation.

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.

As of 3 April 2023, Catalyst transferred all of its assets, liabilities and activities to Peabody Trust and following this, the entity is expected to be dormant. It is therefore not considered to be a going concern and the accounts have been prepared on a basis other than that of a going concern.

Value for Money
The Catalyst Board follows the approach laid out in the Group Value for Money Strategy, which is reviewed periodically and available on the Peabody website.

At Peabody and Catalyst, delivering value for money simply means making the most of the resources at our disposal so that we can help people make the most of their lives. Value for money principles are integral to our mission, and we have embedded the Group's value for money principles into all of our activities to ensure that the pursuit of customer value is at the heart of operational decision-making and execution. Full details about what the Group has achieved in delivering value for money and its future value for money objectives can be found in the Group Annual Report and Accounts, available online at the Group's website (www.peabody.org.uk).

Modern Slavery Statement
The Modern Slavery Statement issued by Peabody is applicable to Catalyst. Further information can be found in the Group Annual Report and Accounts, and a statement outlining how Peabody and its subsidiaries deliver its commitment is available to read on the Group's website (www.peabody.org.uk).

Section 172 statement
The Directors are aware of and acknowledge their responsibilities to promote the success of the company in accordance with s172 of the Companies Act 2006. When fulfilling responsibilities in accordance with s172, the Directors have regard to what is in the best interests of the company and what is in the best interests of the Group, including the matters set out in section 172 (1)(a) to (f).

The Directors have engaged with investors, regulatory bodies and other partners as the key stakeholders of the company when acting in a way they consider to be most likely to promote the success of the company for the benefit of its stakeholders. The Directors manage the principal risks

Directors' report continued

facing the Company by engaging with and fostering a successful business relationship with these key stakeholders.

Catalyst Risk management
Successful management of existing and emerging risks is an integral component of our effective corporate governance.

Following the joining together with Peabody the Board proactively managed a strategic risk around major change to ensure that change is effectively governed, prioritised and delivered so that business engagement is maintained and enhanced, merger outcomes and benefits are realised and the overall customer journey is improved.

Our risk, internal control and assurance framework
As part of Catalyst becoming a subsidiary of Peabody, the risk framework for the group was adopted by the Catalyst Board following the recommendation of the Audit and Risk Committee. The Board considered the Group Risk Register and made informed decisions in light of the increasing external risk facing the sector as well as the increased size and complexity of the Group.

The Register had 11 Group risks during the year, reviewed quarterly by the Group Audit and Risk Committee, alongside regular deep dive reviews of individual Group risks, consideration of risk appetite and of areas of increased risk exposure during the year including People, Funding and Liquidity and Development. More details can be found in the Risk Management section of the Group Annual Report on the Peabody website.

Governance Board and Management
The Catalyst 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.

The Catalyst Rules provide for a minimum of five and a maximum of 12 members on the Board. Board members are listed on page 3.

Role of the Board
As of 31 March 2023, the Board comprised eight non-executive members and one executive member, the Chief Executive Officer. 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
Following Catalyst joining the Peabody Group on 1 April 2022, a new Governance Framework was adopted by the Board, which includes delegations to the Peabody Group committees. The Peabody Group committees as at 31 March 2023 were:

- Audit and Risk Committee – responsible for overseeing internal and external audit, monitoring and challenging the Group Risk Register and the proposed mitigations, undertaking deep dives on specific risk areas, overseeing the effectiveness of the internal controls and reviewing the financial statements.
- Nominations and Renumeration Committee – responsible for overseeing the Group's arrangements for remuneration, recruitment, retention, succession and governance arrangements to ensure that they meet regulatory and good practice requirements.
- Finance and Treasury Committee - responsible for exercising oversight and scrutiny of the financial viability and performance of the Group and delegated authority in relation to certain finance and treasury activities, ensuring that the Group adopts sound treasury management, borrowing, investment, and risk management policies and strategies and maintains financial viability, including liquidity, at all times

Directors' report continued

- Development Committee – responsible for providing oversight of the Group's development programme and delivery of its development strategy.
- Customer Experience Committee – responsible for providing assurance to the Peabody Board on the performance, quality and value for money of all services provided to the Group's current and future customers and compliance with the Consumer Standards
- Communities Committee – responsible for strategic oversight of community investment and community development activities
- Care and Support Committee - responsible for overseeing and scrutinising the care and support activities within the Group, approving the Care and Support Strategy
- Thamesmead Committee – responsible for oversight and delivery of the Thamesmead Strategic and Delivery Plans
- Asset Management Committee (introduced November 2022) - responsible for providing oversight of the Group's asset management programme, delivery of its asset management strategy and compliance with decent homes and building safety requirements.

The Catalyst Audit and Risk committee held a final meeting in May 2022 to review and approve the internal audit programme for Catalyst and its subsidiaries for 2023.

Shareholders
As at 31 March 2023, Catalyst had 16 of shareholders, eight of which were current Board members and one share is allocated to the parent, the Peabody Trust. Following the legal merger with Peabody Trust on 3 April 2023, Catalyst has a single shareholder, its parent, Peabody Trust.

Executive members on the Board and Committees
Executive Directors may be appointed to Boards and Committees where the Peabody Board is of the view this will support effective partnership working, strategic decision-making and communication. All Board Members have the same legal status and duties, irrespective of whether they are an employee or not. However, the Group recognises that there is a heightened risk of conflict or perceived conflict/undue influence in respect of an Executive Director that is also a Board or Committee Member. Boards, Committees and employees remain alert to this risk at all times.

Executive Directors / employees cannot be appointed as a member of the Committees responsible for nominations, remuneration or audit.

Colleagues
Catalyst keeps colleagues informed and engaged through our intranet. We carry out several colleagues surveys each year to gather feedback and suggestions to help understand any concerns and use the findings to improve our service and performance.

Through 'colleague representative groups, we inform 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 assessed objectively 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.

Directors' report continued

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 Group 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 covers 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 Group 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 identified weaknesses 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 Peabody 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; and
- 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 2023.

Compliance with the NHF Code of Governance 2020
The Board is committed to integrity and accountability in the stewardship of Catalyst's affairs and, for the 2022/23 financial year, operated under the National Housing Federation's Code of Governance 2020.

A detailed self-assessment has been undertaken against the provisions of the Code for Peabody Trust Group during the year which identified no areas of non-compliance for Catalyst.

As good practice the Group expects its unregistered subsidiaries to adopt the same Code, whilst also recognising that not all provisions of the Code are relevant to the subsidiaries.

Auditors
KPMG were appointed as the auditors during the year and their independent report is included on page 10.

Directors' report continued

Statement of Directors' responsibilities in respect of the Directors report and the financial statements

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Assocation's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Assocation's auditor is aware of that information.

Co-operative and Community Benefit Society law requires the Directors to prepare financial statements for each financial year. Under those regulations the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 financial statements;
- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so (as explained in note 1.3, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Statement of disclosure to the auditor:

(a) So far as the Directors are aware; there is no relevant audit information of which the Association's auditor is unaware and

(b) They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Ravi Rajagopal, Chair

Date: 19 September 2023

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

Opinion

We have audited the financial statements of Catalyst Housing Limited ("the Association") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the Association as at 31 March 2023 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1.3 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the parent, Peabody Trust's, high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board minutes.

- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the low degree of complexity and subjectivity in the Association's material revenue streams leading to minimal opportunity for revenue to be fraudulently manipulated. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted by individuals who do not typically post journal entries, and journal entries posted to seldom-used general ledger accounts relating to revenue or borrowings.

- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in the value of housing stock held in current assets.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative and Community Benefit Societies legislation), taxation legislation, pensions legislation, social housing legislation and the requirements imposed by the Regulator of Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Association 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 or the loss of the Association's license to operate. We identified the following areas as those most likely to have such an effect: health and safety and data protection laws, recognising the regulated nature of the association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board is responsible for the other information, which comprises the Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in their statement set out on page 8, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material Catalyst Housing Limited misstatement, whether due to fraud or error; assessing 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 it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.

Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

19 September 2023

Statement of comprehensive income year ended 31 March 2023

	Note	2023 Excluding exceptional items £'000	2023 Exceptional items £'000	2023 Total £'000	2022 Total £'000
Turnover	2	275,235	-	275,235	260,058
Cost of sales	2	(23,212)	-	(23,212)	(33,989)
Operating costs	2	(205,410)	(16,158)	(221,568)	(174,410)
Surplus on disposal of fixed assets	7	18,505	-	18,505	25,045
Operating surplus	2,6	**65,118**	**(16,158)**	**48,960**	**76,704**
Interest receivable and similar income	8	6,309	-	6,309	5,935
Interest payable and financing costs	9	(48,953)	(9,300)	(58,253)	(45,396)
Movement in fair value of investment properties	14	(25)	-	(25)	195
Movement in fair value of derivative financial instruments	28	3,580	-	3,580	7,045
Surplus before taxation		**26,029**	**(25,458)**	**571**	**44,483**
Taxation on surplus	10	-	-	-	(8)
Surplus for the financial year		**26,029**	**(25,458)**	**571**	**44,475**
Movement in fair value of derivative financial instruments	27	6,040	-	6,040	9,088
Actuarial (loss)/gain on defined benefit pension schemes	29	(2,900)	-	(2,900)	7,154
Total comprehensive income for year		**29,169**	**(25,458)**	**3,711**	**60,717**

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 March 2023

	Note	Association 2023 £'000	Association 2022 £'000
Fixed assets			
Tangible fixed assets – housing properties	11	3,218,212	3,114,118
Tangible fixed assets – other	12	10,083	9,475
Intangible fixed assets	13	5,702	14,884
Investment properties	14	17,126	17,182
Investments – HomeBuy loans	15	69,539	74,259
Investments – subsidiaries	16	2	2
Pension assets	29	3,373	-
		3,324,037	3,229,920
Current assets			
Stocks	17	53,318	70,111
Debtors - receivable within one year	18	110,759	139,202
Investments	19	85	85
Cash and cash equivalents	20	50,489	72,700
		214,651	282,098
Creditors: amounts falling due within one year	21	(207,188)	(201,863)
Net current assets		7,463	80,235
Total assets less current liabilities		3,331,500	3,310,155
Creditors: amounts falling due after more than one year	22	(1,540,027)	(1,516,673)
Derivative financial instruments	27	(4,738)	(14,358)
Net assets excluding pension liability		1,786,735	1,779,124
Pension liability	29	(6,380)	(2,480)
Net assets		**1,780,355**	**1,776,644**
Capital and reserves			
Income and expenditure reserve		1,375,079	1,377,408
Revaluation reserve		390,065	390,065
Cash flow hedging reserve		15,211	9,171
		1,780,355	**1,776,644**

The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on 4 September 2023 and authorised for issue on 19 September 2023 and signed on their behalf by:

Ravi Rajagopal
Chair

Ian McDermott
Chief Executive Officer

Argiri Papathos
Secretary

Statement of changes in reserves for the year ended 31 March 2023

	Income and expenditure reserve	Revaluation reserve	Cash flow hedging reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2022	1,377,408	390,065	9,171	1,776,644
Surplus for the year	571	-	-	571
Movement in fair value of derivative financial instruments	-	-	6,040	6,040
Actuarial loss on defined benefit pension schemes	(2,900)	-	-	(2,900)
Balance at 31 March 2023	**1,375,079**	**390,065**	**15,211**	**1,780,355**

Statement of changes in reserves for the year ended 31 March 2022

	Income and expenditure reserve	Revaluation reserve	Cash flow hedging reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2021	1,325,498	390,346	83	1,715,927
Transfer from Group entity	44,475	-	-	44,475
Movement in fair value of derivative financial instruments			9,088	9,088
Actuarial surplus on defined benefit pension scheme	7,514	-	-	7,514
Reserves transfers:				
Transfer from revaluation reserve to income and expenditure reserve	281	(281)	-	-
Balance at 31 March 2022	**1,377,408**	**390,065**	**9,171**	**1,776,644**

The accompanying notes form part of these financial statements.

Notes to the accounts

1. Accounting policies

Catalyst Housing Limited and Peabody Trust merged on the 1 April 2022. The merger was accounted for as an acquisition of Catalyst Housing Limited by Peabody Trust.
A review of the accounting policies and estimates was undertaken to ensure uniformity and the classification of transactions across the new Group at the date of the merger.

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 (the ‘Association’).

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 2022.

Parent company disclosure exemptions

The Association is exempt from the requirement to prepare group financial statements. These financial statements present information about the Association as an individual undertaking and not about its group. Consolidated financial statements can be obtained from the registered address of Peabody Trust.

In preparing the separate financial statements of the Association, being a wholly owned subsidiary of Peabody Trust as at 31 March 2023, the company has taken advantage of the following disclosure exemptions available in FRS 102:

- exemption to not disclose a separate cash flow statement in accordance with FRS 102 1.12(b) as the company is a qualifying entity and the parent undertaking produces a consolidated cash flow statement;
- We have taken an exemption not to disclose a strategic report in accordance with Housing SORP 2018 4.4 as the entity is a social landlord with more than 5,000 homes that is a subsidiary within a group.

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.

Basis of preparation

The preparation of financial statements in compliance with FRS 102 and as a result of preparing them on a basis other than going concern, 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. No adjustments were required as a result of preparing the accounts on a basis other than that of a going concern.

Notes to the accounts continued

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 the amounts and timing of any fundraising. Key assumptions underpinning the projections are reviewed and scrutinised by being subject to stress testing and sensitivity analysis.

On the 1 April 2022, Catalyst Housing Limited became a wholly owned subsidiary of Peabody Trust. Peabody Trust is also Registered under the Co-operative and Community Benefit Act 2014 and an exempt charity regulated by the Regulator of Social Housing.

Catalyst Housing Limited has transferred all its assets, liabilities and activities from 3 April 2023 to Peabody Trust at book value and following this, the entity is expected to be dormant. It is therefore not considered to be a going concern and the accounts have been prepared on a basis other than that of a going concern. Peabody Trust is a going concern and the Group accounts have been prepared as such.

1.4 Turnover and income recognition

Turnover is measured at the fair value of the consideration received or receivable. The Association 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)

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.

1.5 Service charges

The Association 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.

1.6 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.

Notes to the accounts continued

1.7 Schemes managed by agents

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

1.8 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

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.

1.9 Finance costs

Finance costs are charged to 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.

1.10 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.

Notes to the accounts continued

1.11 Employee benefits

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

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

1.12 Pension costs

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

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

EFHAPS

Contributions to the EFHA PS defined contribution pension scheme are charged to profit or loss in the year in which they become payable. The Association 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 Association. 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 EFHA PS defined benefit pension scheme and the scheme's liabilities, measured on an actuarial basis using the projected unit method, are recognised in the Association'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 Association is able to recover the surplus, either through reduced contributions in the future or through refunds from the scheme.

SHPS DB

The Association 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.

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to 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.
The scheme is classified as a 'last man standing arrangement'. Therefore, the Association 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 continued

1.13 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.

1.14 Government grant continued

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.

1.15 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.

1.16 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.

Notes to the accounts continued

1.17 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.

1.18 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).

1.19 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.

Notes to the accounts continued

1.20 Tangible fixed assets – housing properties continued

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.

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	25
Roofs (pitched)	60
Roofs (flat)	25
Boiler	15
Electrics	30
Windows and Doors	30
Lifts	25
Mechanical systems	30
Renewable energy plants	25

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.

Notes to the accounts continued

1.20 Tangible fixed assets – housing properties continued

Shared ownership properties

Under shared ownership arrangements, the Association disposes of a long lease on low-cost home ownership 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 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 Association is responsible for, it is the Association'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 Association. 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 Association 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 Association 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 Association 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.

Notes to the accounts continued

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:

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 Association 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 Association's objectives, social housing properties are held for their service potential and not purely for economic return. Therefore, the Association 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 Association 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 Association 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.

Notes to the accounts 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 Association 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 Association 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 Association 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 Association 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 Association 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 Association’s own resources and the balance funded by SHG.

In the event that the property is sold, the Association 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 Association 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 Association can suffer no capital loss whereas in the case of MyChoice HomeBuy, the Association 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 Association 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.

Notes to the accounts continued

1.26 Financial instruments

The Association 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 Association 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 Association's activities expose it to the financial risks associated with interest rates. The Association has entered into a variety of derivative financial instruments to manage its exposure. The Association 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.

The Association 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 Association 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 Association 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 Association's 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 Association 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.

Notes to the accounts continued

1.28 Rental debtors

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

1.29 Financial liabilities

The Association 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 Association's accounting policy is as follows.

Loans

All loans held by the Association 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.

1.30 Leased assets: lessee

All leases held by the Association 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 Association 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 review.

1.31 Leasehold sinking funds

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

1.32 Right to Buy

Under the terms of the transfer agreement, proceeds from certain right to buy sales are shared with Epsom and Ewell Borough Council. On completion of a right to buy sale contract only proceeds attributable to the Association are credited to the Statement of Comprehensive Income.

Notes to the accounts continued

1.33 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 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.

1.34 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.

1.35 Key accounting judgements in applying accounting policies and key sources of estimation

Estimates and judgements are regularly evaluated and 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 Association’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.

Notes to the accounts continued

1.35 Key accounting judgements in applying accounting policies and key sources of estimation continued

- Whether leases entered into by the Association, 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 Association defines cash-generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to Association schemes into larger cash-generating units.
- 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.
- We have assessed the probability of pension scheme surplus flowing to the entity .in line with IFRIC 14. There is judgement involved in assessing whether an economic benefit is available to the company. This is probable if there is a reduction in contributions in the case of a scheme open to future accrual, and/or the company has an unconditional right to a refund of the surplus at some point in the future.

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.

Notes to the accounts continued

1.35 Key accounting judgements in applying accounting policies and key sources of estimation continued

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

Notes to the accounts continued

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

	2023 Turnover £'000	2023 Cost of sales £'000	2023 Operating costs £'000	2023 Surplus/ (deficit) on disposals £'000	2023 Operating surplus/ (deficit) £'000
Social housing income and expenditure from lettings (note 3)	218,736	-	(173,275)	-	45,461
Other social housing activities					
Qualifying charitable donations	2,268	-	-	-	2,268
Community investments	208	-	(3,016)	-	(2,808)
Supporting people contract income	1,992	-	(1,992)	-	-
HomeBuy fees	327	-	-	-	327
Shared ownership first tranche sales	42,080	(39,370)	-	-	2,710
Staircasing activity on shared ownership	-	-	-	10,787	10,787
Interest and fees on MyChoice HomeBuy	936	-	(838)	-	98
Surplus on void disposal of fixed assets	-	-	-	7,718	7,718
Development activity	-	-	(3,006)	-	(3,006)
Non-social housing activities					
Lettings	3,165	-	(2,883)	-	282
Other	5,523	-	(20,400)	-	(14,877)
Total	275,235	(39,370)	(205,410)	18,505	48,960

	2022 Turnover £'000	2022 Cost of sales £'000	2022 Operating costs £'000	2022 Surplus/ (deficit) on disposals £'000	2022 Operating surplus/ (deficit) £'000
Social housing income and expenditure from lettings (note 3)	206,832	-	(151,106)	-	55,726
Other social housing activities					
Qualifying charitable donations	1,858	-	-	-	1,858
Community investments	111	-	(2,955)	-	(2,844)
Supporting people contract income	1,987	-	(1,987)	-	-
HomeBuy fees	443	-	(443)	-	-
Shared ownership first tranche sales	37,515	(33,796)	-	-	3,719
Staircasing activity on shared ownership	-	-	-	12,644	12,644
Interest and fees on MyChoice HomeBuy	849	-	(349)	-	500
Surplus on disposal of fixed assets	-	-	-	10,246	10,246
Development activity	-	-	(1,025)	-	(1,025)
Other	-	-	-	-	-
	249,595	(33,796)	(157,865)	22,890	80,824
Non-social housing activities					
Lettings	2,616	-	(2,326)	-	290
Market sales	-	(193)	-	-	(193)
Investment property sales	-	-	-	2,155	2,155
Development activity	-	-	(7,651)	-	(7,651)
Other	7,847	-	(6,568)	-	1,279
Total	260,058	(33,989)	(174,410)	25,045	76,704

Notes to the accounts continued

3. Income and expenditure from social housing lettings

	General needs £'000	Key workers £'000	Shared owner-ship £'000	Supported and housing for older people £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Turnover from lettings							
Rents net of identifiable service charges	140,850	3,296	29,005	7,599	123	180,873	172,245
Service charge income	10,680	648	7,336	4,567	128	23,359	18,690
Amortised government grants	1,106	-	2,538	122	-	3,766	6,564
Net rents receivable	152,636	3,944	38,879	12,288	251	207,998	197,499
Revenue grants from authorities and other agencies	-		8,079	21	207	8,307	6,113
Management fee income	326	-	-	159	-	485	1,417
Other income	9	-	835	565	537	1,946	1,803
Income from social housing lettings	152,971	3,944	47,793	13,033	995	218,736	206,832
Expenditure on lettings							
Management	(35,985)	(835)	(6,486)	(404)	(178)	(43,888)	(41,864)
Service charge costs	(19,444)	(1,328)	(5,753)	(6,306)	(223)	(33,054)	(26,450)
Routine maintenance	(30,388)	(129)	(1,792)	(1,859)	(178)	(34,346)	(27,255)
Major repairs	(10,641)	(44)	(536)	(720)	-	(11,941)	(8,570)
Planned maintenance	(60)	-	(9,593)	-	(37)	(9,690)	(8,191)
Rent losses from bad debts	(2,719)	(195)	(20)	(247)	-	(3,181)	(2,217)
Depreciation housing properties	(29,903)	(521)	(570)	(2,158)	(221)	(33,373)	(32,821)
Depreciation on replaced components	(1,237)	-	(389)	(19)	-	(1,645)	(490)
Depreciation on other fixed assets	(882)	(22)	(210)	(65)	-	(1,179)	(871)
Amortisation of intangible fixed assets	(329)	(191)	(302)	(156)	-	(978)	(2,377)
Other	-	-	-	-	-	-	-
Operating costs for social housing lettings	(131,588)	(3,265)	(25,651)	(11,934)	(837)	(173,275)	(151,106)
Operating surplus on social housing letting activities	21,383	679	22,142	1,099	158	45,461	55,726
Rent losses from voids	(1,479)	(438)	(508)	(669)	(8)	(3,102)	(2,991)

Notes to the accounts continued

4. Directors' emoluments and expenses

Key management personnel were on Peabody contracts throughout the year and were remunerated through Peabody Trust. All Catalyst board non-executive members were remunerated via Peabody Trust, information for this can be found within the Group accounts.

5. Employee information

	2023 Number	2022 Number
The average monthly number of persons expressed in full-time equivalents during the year was:		
Office employees	711	784
Wardens, caretakers, cleaners and technical services employees	205	206
	916	990

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

	2023 £'000	2022 £'000
Employee costs (for the above persons)		
Wages and salaries	42,862	43,795
Social security costs	4,553	4,397
Costs of pension schemes	2,965	3,280
	50,380	51,472

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

Range £'000	2023 Number	2022 Number
60–69	41	54
70–79	21	33
80–89	12	14
90–99	8	20
100–109	3	3
110–119	-	2
120–129	3	9
130–139	1	2
150–159	-	2
160-169	-	4
180–189	-	2
190–199	-	1
240-249	-	1
250-259	-	1

In 2023 the highest paid director was the Group Chief Executive Officer who was paid by Peabody Trust and the total remuneration can be seen in the Peabody Group Annual Report.

Notes to the accounts continued

6. Operating surplus

The remuneration paid to the auditors in respect of non-audit services was £nil (2022: £2,000).

	2023 £'000	2022 £'000
Is stated after charging/(crediting):		
Depreciation – housing properties (note 11)	33,373	32,863
Depreciation – on replaced components (note 3)	1,645	490
Depreciation – other fixed assets (note 12)	1,179	871
Amortisation – intangible fixed assets (note 13)	9,877	2,377
Auditors' remuneration (excluding VAT):		
- in their capacity as auditors	169	204
Operating lease charges for land and buildings	1,584	2,702
Operating lease charges for office equipment and computers	-	10
Operating lease income	(652)	(666)
Defined contribution pension cost	2,965	3,280

7. Surplus on disposal of fixed assets

	Shared ownership 2023	Other housing properties 2023	Investments (HomeBuy) 2023	Total 2023	Total 2022
Disposal proceeds	29,287	9,728	7,615	46,630	57,142
Cost of disposals	(14,970)	(2,688)	(4,214)	(21,872)	(29,271)
Selling costs	(252)	(722)	-	(974)	(887)
Grants recycled	(3,278)	(1,815)	-	(5,093)	(4,096)
Surplus on disposal of housing assets	10,787	4,503	3,401	18,691	22,888
(Deficit)/Surplus on disposal of other fixed assets				(186)	2
Surplus on disposal of investment properties				-	2,155
Total				18,505	25,045

8. Interest receivable and similar income

	2023 £'000	2022 £'000
Interest receivable from group members	5,923	5,908
External interest receivable	386	27
	6,309	5,935

Notes to the accounts continued

9. Interest payable and financing costs

	2023 £'000	2022 £'000
On loans	48,713	50,847
Amortised cost*	779	1,387
On index-linked loans and deferred interest loans:		
Sundry loan costs	3,239	2,273
Loan termination costs	10,087	-
Amortisation of funding costs	(393)	360
	62,425	54,867
Less:		
Capitalised in housing properties (note 11)	(3,050)	(5,858)
Capitalised in first tranche sales properties (note 11)	(2,446)	(3,948)
Add:		
Transfer to Recycled Capital Grant Fund (note 24)	1,313	107
Net interest on net defined benefit liability	11	228
	58,253	45,396

*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

	2023 £'000	2022 £'000
The charge is based on the assessable results for the year and comprises:		
UK corporation tax:		
Current tax on surplus for the year	-	8

Factors affecting tax charge for the current year

	2023 £'000	2022 £'000
Surplus on ordinary activities before taxation	571	44,483
Current tax at 19% (2022: 19%)	108	8,452
Effects of:		
Surplus subject to charitable exemption	(108)	(8,444)
Total tax (credit)/charge (see above)	-	8

Notes to the accounts continued

11. Tangible fixed assets - housing properties

Association	**General needs completed**	**General needs under construction**	**Shared ownership completed**	**Shared ownership under construction**	**Non-social housing properties for letting completed**	**Key worker accommodation completed**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation							
At 1 April 2022	2,607,858	115,063	576,223	70,355	11,191	38,438	3,419,128
Additions:							
- construction costs	-	46,259	-	79,390	-	-	125,649
- replaced components	49,061	-	-	-	-	968	50,029
Reclassification of capital retentions and capital creditors	24	-	-	-	-	-	24
Reclassification from Current Assets	-	-	2,987	-	-	-	2,987
Completed schemes	108,254	(108,254)	45,476	(45,476)	-	-	-
Transfer (to)/from properties held for sale	-	-	-	(21,773)	-	-	(21,773)
Transfer (to)/from under construction	(16,328)	16,328	-	-	-	-	-
Disposals:							
- staircasing sales	-	-	(14,970)		-	-	(14,970)
- on replaced components	(5,266)	-	-	-	-	-	(5,266)
- right to acquire	(464)	-	-	-	-	-	(464)
- planned (void)	(2,413)	(78)	-	-	-	-	(2,491)
- other	(103)						(103)
At 31 March 2023	2,740,623	69,318	609,716	82,496	11,191	39,406	3,552,750
Depreciation							
At 1 April 2022	(290,575)	-	(4,669)	-	(615)	(4,089)	(299,948)
Charge for the year	(32,488)	-	(367)	-	-	(519)	(33,374)
Eliminated on disposals:							
- replaced components	3,580	-	-	-	-	-	3,580
- right to acquire	46	-		-	-	-	46
- planned (void)	220	-	-	-	-	-	220
Transfer (to)/from under construction	5,888	(5,888)	-	-	-	-	-
At 31 March 2023	(313,329)	(5,888)	(5,036)	-	(615)	(4,608)	(329,476)
Impairment							
At 1 April 2022	(2,219)	-	(2,844)	-	-	-	(5,063)
Charge in the year	-		-	-	-	-	-
At 31 March 2023	(2,219)	-	(2,844)	-	-	-	(5,063)
Net book value at 31 March 2023	2,425,075	63,430	601,836	82,496	10,576	34,798	3,218,211
Net book value at 31 March 2022	2,315,064	115,063	568,710	70,355	10,576	34,351	3,114,118

Notes to the accounts continued

11. Tangible fixed assets – housing properties (continued)

	2023 £'000	2022 £'000
Housing property net book value comprises		
- freeholds	2,533,881	2,475,052
- long leaseholds	684,330	639,066
Total Net Book Value	3,218,211	3,114,118

	2023 £'000	2022 £'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	3,516,843	3,388,697
Accumulated depreciation	(435,779)	(397,638)
Impairment	(5,063)	(5,063)
	3,076,001	2,985,996
Total Social Housing Grant received or receivable to date is as follows:		
Capital grant – housing properties (note 23)	258,060	252,147
Capital grant – HomeBuy investments (note 23)	54,195	57,942
Recycled Capital Grant Fund (note 24)	50,172	52,888
Revenue grant – I&E	1,064,162	1,065,489
	1,426,589	1,428,466

Impairment

The Association 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 Association have recognised an impairment loss of £nil (2022: £nil) for housing stock.

Properties held for security

The Association had property with a net book value of £1,931,000k pledged as security at 31 March 2023 (2022: 1,766,000k).

Notes to the accounts continued

11. Tangible fixed assets – housing properties (continued)

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
- 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.

12. Tangible fixed assets – other

	Freehold offices premises £'000	Leasehold office premises £'000	Leasehold other £'000	Motor vehicles £'000	Furniture and computer equipment £'000	Total £'000
Cost						
At 1 April 2022	8,207	3,542	110	65	6,647	18,571
Additions in year	11	1,819	-	-	147	1,977
Disposals	-	(1,851)	-	-	(45)	(1,896)
At 31 March 2023	8,218	3,510	110	65	6,749	18,652
Depreciation						
At 1 April 2022	(1,425)	(2,279)	(31)	(65)	(5,296)	(9,096)
Charge for year (note 6)	(82)	(235)	(2)	-	(859)	(1,178)
Disposals	-	1,660	-	-	45	1,705
At 31 March 2023	(1,507)	(854)	(33)	(65)	(6,110)	(8,569)
Net book value:						
At 31 March 2023	6,711	2,656	77	-	639	10,083
At 31 March 2022	6,782	1,263	79	-	1,351	9,475

Notes to the accounts continued

13. Intangible Fixed assets

	IT software £'000
Cost	
At 1 April 2022	19,748
Additions in year	695
Disposals	-
At 31 March 2023	20,443
Amortisation	
At 1 April 2022	(4,864)
Charge for year (note 6)	(9,877)
Disposals	-
At 31 March 2023	(14,741)
Net book value:	
At 31 March 2023	5,702
At 31 March 2022	14,884

14. Investment properties

Commercial and market rented properties	**£'000**
At 1 April 2022	17,182
Additions	468
Disposals	(499)
Revaluations	(25)
At 31 March 2023	17,126

The Association'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 Association of £25k (2022: surplus of £195k) has been recognised in the Statement of comprehensive income for the year.

15. Investments – HomeBuy loans

	2023 £'000	**2022 £'000**
At 1 April	74,259	82,068
Loans redeemed	(4,720)	(7,809)
At 31 March	69,539	74,259

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% (2022: 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 continued

16. Investments in subsidiaries

	2023 £'000	2022 £'000
Cost		
At 1 April and 31 March	2	2

The following are the wholly owned subsidiaries of the Association at the year end up until 3 April 2023 when the transfer of engagements to Peabody Trust occurred. 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
Rosebery Housing Association Limited	Community benefit society	100%	Social housing provider

17. Stocks

	First tranche shared ownership 2023 £'000	Total 2023 £'000	Total 2022 £'000
Work in progress	45,592	45,592	44,906
Completed properties	7,726	7,726	25,205
Properties at cost	53,318	53,318	70,111

Notes to the accounts continued

18. Debtors

	2023 £'000	2022 £'000
Amounts receivable within one year:		
Gross rent and service charge arrears	22,949	18,301
Less: provision for bad and doubtful debts	(10,005)	(6,454)
	12,944	**11,847**
Prepayments and accrued income	3,037	11,039
Other debtors	10,367	9,139
Amounts due from Group members	84,411	107,177
	110,759	**139,202**

19. Investments

	2023 £'000	2022 £'000
Bank deposits	85	85
	85	85

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

20. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash and cash equivalents	50,489	72,700
	50,489	72,700

21. Creditors

Amounts falling due within one year:	2023 £'000	2022 £'000
Housing loans (note 27):		
- secured against group properties	74,197	78,758
- funding costs to be amortised	537	399
	74,734	79,157
Trade creditors	15	3,363
Amount held on behalf of leaseholders	14,154	13,074
Bank overdraft	208	-
Capital creditors housing properties	10,976	10,344
Capital retentions	4,072	3,383
Other creditors and accruals	61,440	70,012
Other taxes and social security costs	(7)	1,250
Amounts due to Group members	11,437	1,169
Deferred capital grant (note 23)	-	2,883
Recycled Capital Grant Fund (note 24)	30,159	17,228
	207,188	201,863

Notes to the accounts continued

22. Creditors

Amounts falling due after more than one year:	2023 £'000	2022 £'000
Deferred Capital Grant (note 23)	312,255	307,206
Recycled capital grant fund (note 24)	20,012	35,660
Housing loans (note 26):		
– secured against Group properties net of issue costs	1,207,760	1,173,807
	1,540,027	1,516,673

23. Deferred capital grant

	2023 £'000	2022 £'000
At 1 April	310,089	302,193
Grants received during the year	69	10,827
Grants repaid during the year	(1,845)	-
Transfers from the Recycled Capital Grant Fund (note 24)	6,880	6,615
Other	-	(1,790)
HomeBuy redemptions	(3,092)	(5,204)
Released to income during the year	(4,895)	(6,563)
Released on disposal during the year	5,049	4,011
At 31 March	312,255	310,089

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

24. Recycled capital grant fund

	Homes England	GLA	Total	Homes England	GLA	Total
Funds pertaining to activities within areas covered by	**2023 £'000**	**2023 £'000**	**2023 £'000**	**2022 £'000**	**2022 £'000**	**2022 £'000**
At 1 April						
Inputs to fund:	35,506	17,382	52,888	39,543	14,636	54,179
- grants recycled	5,164	3,652	8,816	6,928	3,081	10,009
- interest accrued	1,054	259	1,313	72	35	107
- Transfers from other group members		2,090	2,090			
Recycling of grant:						
- new build	(1,260)	(13,435)	(14,695)	(11,052)	(2,280)	(13,332)
- Other	(190)	(50)	(240)	15	1,910	1,925
Repayment of grant to Homes England/GLA	-			-	-	-
At 31 March	40,274	9,898	50,172	35,506	17,382	52,888
Amounts three years or older where repayment may be required	27,231	2,928	30,159	16,287	4,849	21,136

Notes to the accounts continued

25. Recycled capital grant fund continued

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. 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	2023 £'000	2022 £'000
Between one and two years	21,300	6,628
Between two and five years	32,098	45,578
In five or more years	284,362	264,777
Total (note 22)	337,760	316,983
Within one year (note 21)	7,552	34,157
Total	345,312	351,140

Housing loans not repayable by Instalments	2023 £'000	2022 £'000
Between one and two years	-	34,982
Between two and five years	115,000	78,000
In five or more years	755,000	743,842
Total (note 22)	870,000	856,824
Within one year (note 21)	67,182	45,000
Total	937,182	901,824

	2023 £'000	2022 £'000
Total loans	1,282,494	1,252,964

The Association has total committed loan facilities of £1,550 million (£1,257 million drawn) 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 11.1% or at a margin above the SONIA Offered Rate. At 31 March 2023, the Association had undrawn loan facilities of £293 million (2022: £462 million). Of the total loan facilities of £1,550 million; £1,065 million was at fixed rates at 31 March 2023. The weighted average interest rate is the aggregate rate of interest paid for the year on borrowings which is 4.51% (2022: 3.96%).

Notes to the accounts continued

27. Derivative non-basic financial instruments

Held at fair value	**2023 £'000**	**2022 £'000**
At 1 April	14,358	81,527
Change in fair value recognised in the surplus for the year	(3,580)	(7,045)
Change in fair value charged to cash flow hedging reserve	(6,040)	(9,088)
Termination	-	(51,036)
At 31 March	4,738	14,358

Interest rate swap contracts entered into have a weighted average interest rate of 3.9% (2022: 3.9%) with a weighted average maturity of 7 years (2022: 19 years) due to the short dated nature of new swap contracts. The notional balance at 31 March 2023 was £150 million (2022: £30 million), all in designated hedge relationships.

28. Financial instruments

Association financial instruments may be analysed as follows:

	2023 £'000	**2022 £'000**
Financial assets		
Concessionary loans (note 1 section 1.25)	69,539	74,259
Financial assets measured at historic cost:		
- Trade receivables (note 18)	12,944	11,847
- Other receivables (note 18)	97,815	127,355
- Investments (note 19)	85	85
- Cash and cash equivalents (note 20)	50,489	72,700
Total financial assets	230,872	286,246

	2023 £'000	**2022 £'000**
Financial liabilities		
Financial liabilities measured at amortised cost or fair value:		
- Loans payable (note 26)	(1,282,494)	(1,252,964)
Financial liabilities measured at historic cost:		
- Trade creditors (note 21)	(15)	(3,363)
- Other creditors (note 21)	(464,706)	(462,209)
Financial liabilities measured at fair value		
Derivatives non-basic financial instruments (note 27)	(4,738)	(14,358)
Total financial liabilities	(1,751,953)	(1,732,894)

Notes to the accounts continued

28. Financial instruments continued

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

The main risk arising from the Association'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 Association's treasury policy. The Association 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 77% of the Association's borrowings were due to mature in more than five years. Funds are drawn as determined by the Association'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 Association's treasury policy. The Association'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 Association's treasury management function is responsible for developing and implementing an appropriate funding strategy to ensure the Association 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 Association's assets and reduces refinancing risk by ensuring that refinancing requirements are spread.

Notes to the accounts continued

29. Pension costs

The Association 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.

	EFHAPS £'000	SHPS £'000	Total £'000
At 1 April 2022	4,758	(7,238)	(2,480)
Movement recognised in Statement of comprehensive income	141	(184)	(43)
Movement recognised in Other comprehensive income	(2,476)	(424)	(6,273)
Contributions by employer	950	1,466	2,416
At 31 March 2023	3,373	(6,380)	(6,380)

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 2020 valuation shows that the market value of the scheme's assets was £58.8 million. This excludes assets in relation to deferred members' AVCs and insured pensions. At 31 March 2023, the scheme had a total membership of 299 (2022: 302).

During the year, Catalyst paid £950,000 (2022: £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 2023 by a qualified actuary. The major assumptions used in this valuation were:

	2023	2022	2021	2020
LPI pension increase	3.2%	3.5%	3.2%	2.8%
Discount rate	4.8%	2.7%	2.0%	2.3%
Inflation assumption	3.5%	3.8%	3.4%	2.9%

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 (2022: 1.25%).

Notes to the accounts continued

29. Pension costs (continued)

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 2023 £'000	**At 31 March 2022 £'000**
Present value of funded obligations	(41,550)	(55,156)
Fair value of scheme assets	44,923	59,914
Pension asset	3,373	4,758

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 2023 £'000	**At 31 March 2022 £'000**
Actual return less expected return on scheme assets	(15,904)	(1,903)
Changes in assumptions underlying the present value of scheme liabilities	13,428	6,730
Actuarial (loss)/gain recognised in Other Comprehensive Income	(2,476)	4,827

Amounts recognised in Statement of Comprehensive Income account

	At 31 March 2023 £'000	**At 31 March 2022 £'000**
Interest on obligation	(1,467)	(1,230)
Expected return on scheme assets	1,608	1,219
Total (income)/cost	141	(11)

Changes in the present value of defined benefit obligation

	At 31 March 2023 £'000	**At 31 March 2022 £'000**
Opening defined benefit obligation	55,156	62,325
Interest cost	1,467	1,230
Actuarial loss	(13,428)	(6,730)
Benefits paid	(1,645)	(1,669)
Closing defined benefit obligation	41,550	55,156

The actuarial gains and losses can be split into:

Actuarial loss due to assumptions change	(13,428)	(6,730)

Notes to the accounts continued

29. Pension costs (continued)

Changes in the fair value of scheme assets during the year	At 31 March 2023 £'000	At 31 March 2022 £'000
Opening fair value of scheme assets	59,914	61,317
Expected return on scheme assets	1,608	1,219
Actuarial (loss)/gain	(15,904)	(1,903)
Contributions by employer	950	950
Benefits paid	(1,645)	(1,669)
Closing fair value of scheme assets	44,923	59,914

Assets analysis

	2023 %	2022 %
Equities	18	28
Bonds (including Liability Driven Investment "LDI")	80	70
Insured annuities	1	1
Cash	1	1
Total assets	100	100

b) Social Housing Pension Scheme

The SHPS multi-employer defined benefit pension scheme is closed to future members 0061nd the Association only operates a multi-employer defined contribution scheme with SHPS.

The SHPS Scheme is classified as a 'last-man standing arrangement'. Therefore, Catalyst is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. The last full actuarial valuation for the SHPS Scheme was carried out as at 30 September 2020.

This valuation revealed a deficit of £1,560m. To eliminate this funding shortfall, the trustees and the participating employers agreed a revised deficit funding contribution will be paid from 1 April 2022 with the aim to remove the deficit by 31 March 2028, in combination from all employers, to the scheme. The deficit funding contributions will increase at 5.5% p.a. with the first increase in April 2023.

In respect of the shortfall in funding Catalyst Housing Limited agreed to pay £1,434,036 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 2023 provided by the Pension Trust.

The major assumptions used in this valuation were:

	2023 (% per annum)	2022 (% per annum)
Discount rate	4.86	2.70
Inflation (RPI)	3.19	3.60
Inflation (CPI)	2.77	3.17
Salary growth	3.77	4.17
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:

	2023 (years)	2022 (years)
Males retiring in 2023	86.0	86.1
Females retiring in 2023	88.4	88.7
Males retiring in 2043	87.2	87.4
Females retiring in 2043	89.9	90.2

Amounts recognised in balance sheet

	2023 £'000	2022 £'000
Present value of funded obligations	(35,313)	(51,311)
Fair value of scheme assets	28,933	44,073
Pension liability	(6,380)	(7,238)

Analysis of amount recognised in Other Comprehensive Income

	2023 £'000	2022 £'000
Actual return less expected return on scheme assets	(16,557)	1,158
Experience gains and losses arising on scheme liabilities	(202)	(2,588)
Changes in demographic assumptions underlying the present value of scheme liabilities	85	824
Changes in financial assumptions underlying the present value of scheme liabilities	16,250	2,933
Actuarial (loss)/gain recognised in Other Comprehensive Income	(424)	2,327

Amounts recognised in income and expenditure account

	2023 £'000	2022 £'000
Current service cost	-	(12)
Expenses	(32)	(35)
Interest on obligation	(152)	(217)
Total	(184)	(264)

Changes in the present value of defined benefit obligation

	2023 £'000	2022 £'000
Opening defined benefit obligation	51,311	52,397
Current service costs	-	12
Expenses	32	35
Interest cost	1,383	1,130
Contributions by plan participants	-	2
Experience gains and losses arising on scheme liabilities	202	2,588
Changes in demographic assumptions underlying the present value of scheme liabilities	(85)	(824)
Changes in financial assumptions underlying the present value of scheme liabilities	(16,250)	(2,933)
Benefits paid	(1,280)	(1,096)
Closing defined benefit obligation	35,313	51,311

Notes to the accounts continued

29. Pension costs (continued)

Changes in the fair value of scheme assets during the year

	2023 £'000	2022 £'000
Opening fair value of scheme assets	44,073	41,773
Expected return on scheme assets	1,231	913
Actuarial (loss)/gain	(16,557)	1,158
Contributions by employer	1,466	1,323
Contributions by plan participants	-	2
Benefits paid	(1,280)	(1,096)
Closing fair value of scheme assets	28,933	44,073

Assets analysis

	2023 £'000	2022 £'000
Global Equity	540	8,458
Absolute Return	313	1,768
Distressed Opportunities	876	1,577
Credit Relative Value	1,092	1,465
Alternative Risk Premia	54	1,453
Emerging Markets Debt	155	1,282
Risk Sharing	2,130	1,451
Insurance-Linked Securities	730	1,028
Property	1,245	1,190
Infrastructure	3,305	3,140
Private Debt	1,287	1,130
Opportunistic Illiquid Debt	1,238	1,481
High Yield	101	380
Opportunistic Credit	2	157
Cash	209	150
Corporate Bond Fund	-	2,940
Long Lease Property	873	1,134
Secured Income	1,328	1,642
Liability Driven Investments	13,325	12,298
Currency Hedging	56	(173)
Net Current Assets	74	122
Total assets	28,933	44,073

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

Notes to the accounts continued

30. Called up share capital

	2023 £	2022 £
Shares of £1 each issued and fully paid		
At beginning of year	23	25
Surrendered during the year	-	(2)
At end of year	23	23

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.

31. Commitments

Contracted and authorised capital expenditure for existing commitments has novated across to Peabody Trust as of 03 April 2023. For overall commitments of the merged entity, refer to the annual report for Peabody Group.

32. Number of units

At 31 March	2023 Units	2022 Units
Social	17,774	17,738
Affordable	2,702	2,638
Shared ownership	4,843	4,795
Intermediate market rent	915	923
Supported housing	1,357	1,367
Leasehold managed	3,369	3,514
Non-social housing	1,352	1,569
Total units owned and managed	**32,312**	**32,544**
Managed on behalf of others	567	586
Total units in management	**32,879**	**33,130**
Units owned managed by others	926	904
Total	**33,805**	**34,034**

Notes to the accounts continued

33. Related party disclosures

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
CHL Developments Limited	790	1,220	536	800	-	-
Catalyst Housing Charitable Trust	18	19	-	-	-	-
Catalyst Developments (Wimbledon) Limited	24	28	-	-	1,498	1,762
Catalyst by Design Limited	894	1,350	804	1,222	1,970	1,865
Connect Property Services Limited	187	145	-	-	218	95
Lea Valley Developments Limited	-	30	-	108	339	664
	1,913	2,792	1,340	2,130	4,025	4,386

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.

Notes to the accounts continued

33. Related party disclosures (continued)

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		Property Sales	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Rosebery Housing Association Limited	14	3	-	-	-	-	-	-
Connect Property Services Limited	-	-	18,072	14,160	-	-	-	-
CHL Developments Limited	-	-	-	-	-	-	54,852	50,273
Lea Valley Developments Limited	-	-	16	-	-	-	-	-
	14	3	18,088	14,160	-	-	54,852	50,273

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 £18,072k (2022: £14,160k).

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 £nil (2022: £nil) and CHL Developments Limited totalled £54,852k (2022: £50,273k).

There are intercompany housing management fees charged by Rosebery Housing Association Limited to Catalyst Housing Limited, in respect of housing properties owned by Catalyst Housing Limited that are managed by Rosebery Housing Association Limited on their behalf. Total intercompany housing management fees in the year from Rosebery Housing Association Limited totalled £14k (2022: £3k).

Intra-group loans

Entity granting loan	Entity receiving loan	Opening balance £'000	Movement during the year £'000	Closing balance £'000
Catalyst Housing Limited[1]	Catalyst by Design Limited	47,262	(20,534)	26,728
Catalyst Housing Limited[1]	Catalyst Developments (Wimbledon) Limited	39,932	(29,084)	10,848
Catalyst Housing Limited[1]	Connect Property Services Limited	3,800	200	4,000
Catalyst Housing Limited[1]	Lea Valley Developments Limited	13,000	(11,000)	2,000

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

Notes to the accounts continued

33. Related party disclosures (continued)

Entity granting funds	Entity receiving funds	Opening balance £'000	Movement during the year £'000	Closing balance £'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	4,333	10,731	15,064

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

34. Contingent liabilities

The Association 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. As of 3 April 2023 the assets, liabilities and activities of the Association novated across to Peabody Trust following the Transfer of Engagements. Following this all contingent liabilities reside with Peabody Trust.

35. Post balance sheet events

On 3 April 2023, the assets, liabilities and activities of Catalyst Housing Limited were transferred into Peabody Trust by a transfer of engagements. The first set of the combined entity accounts will be prepared for the year ending 31 March 2024.