Report and Accounts

for the year ended 31 March 2022

Registered Society
Registered Number: 16561R

Regulator for Social Housing
Registered Number: L0699

Contents

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Board members, Committee members, Executives and Advisers

Board members

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

Pat Billingham, Vice Chair (Vice Chair until 17 June 2021, resigned 30 September 2021)

Terry Hartwell

Mike Jones

Alison Knocker (resigned 19 March 2022)

Anne Markey (resigned 19 March 2022)

Ian McDermott (resigned 30 September 2021 and re-appointed 1 April 2022)

Thelma Stober (appointed 1 April 2021)

Christine Turner (appointed 1 April 2021)

Cary Wakefield, Vice Chair (appointed Vice Chair 17 June 2021)

Andrew Wells (resigned 31 March 2022)

Graham Woolfman

Paul Loft (appointed 1 April 2022)

Catalyst Executive Committee

Ian McDermott, Chief Executive (until 30 September 2021 and seconded to Peabody Trust 1 October 2021)

Sarah Thomas, Chief Operating Officer (Chief Executive from 1 October 2021 until 31 March 2022)

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

Phil Jenkins, Group Development Director (until 31 March 2022)

Tim Jennings, Executive Director of Finance (until 31 March 2022)

Kirsty Pepper, Executive Director of Customer Services (from 1 October 2021 until 31 March 2022)

Deborah Pike, Chief Executive Rosebery Housing Association (until 31 March 2022)

Peter Evans, Group Director Property Services (from 1 October 2021 until 31 March 2022)

Amanda Gonsalves, Executive Director of People and Culture (from 1 October 2021 until 31 March 2022)

Peabody Executive Committee

Ian McDermott, Chief Executive (appointed 1 April 2022)

Stephen Burns, Executive Director Care, Supported Housing and Inclusion (appointed 1 April 2022)

Peter Evans, Executive Director Property Services and Assets (appointed 1 April 2022)

Ash Fox, Deputy Chief Executive Officer (appointed 1 April 2022)

Bob Heapy, Chief Executive of Town and Country Housing (appointed 1 April 2022)

Eamonn Hughes, Chief Financial Officer (appointed 1 April 2022)

Sarah Cameron, General Counsel and Group Secretary (appointed 1 April 2022)

Phil Jenkins, Executive Director of Development (appointed 1 April 2022)

David Lavarack, Executive Director Corporate Services (appointed 1 April 2022)

John Lewis, Executive Director of Thamesmead (appointed 1 April 2022)

Sarah Thomas, Chief Operating Officer (appointed 1 April 2022)

Audit and Risk Committee

Graham Woolfman, Chair

Mak Akinyemi (appointed 1 April 2021)

Terry Hartwell

Mike Jones

Jack Stephen (resigned 26 September 2021)

Andrew Wells (resigned 14 April 2021)

Finance and Treasury Committee

Mike Jones, Chair

Brian Darling

Nigel Perryman (appointed 1 April 2021)

Graham Woolfman

Andrew Wells (appointed 14 April 2021)

Remuneration and Succession Planning Committee

Pat Billingham, Chair (resigned 17 June 2021)

Gary Barrett (resigned 30 June 2021)

Sukhraj Dhadwar (appointed 1 April 2021)

Alison Knocker (resigned 30 September 2021)

Ravi Rajagopal (appointed 1 April 2021)

Cary Wakefield, Chair (appointed 17 June 2021)

Andrew Wells (resigned 31 March 2022)

Customer Experience Committee

Alison Knocker, Chair (resigned 19 March 2022)

Lydia Benedek-Koteles (appointed 17 June 2021)

Usma Collins (resigned 18 December 2021)

Phyllida Culpin

Sara Garnham (resigned 31 March 2022)

John Kehoe

Mathew Martin (appointed 18 December 2021)

Janet Sutherland

Cary Wakefield

Simon Wilkinson (resigned 31 March 2022)

Investment Committee (previously known as Development Committee)

Terry Hartwell, Chair

Ravi Rajagopal (appointed 1 April 2021)

Mike Jones

Anne Markey (resigned 19 March 2022)

Lindsay Todd (appointed 1 April 2021)

Andrew Wells (resigned 31 March 2022)

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

Christine Turner, Chair

Mak Akinyemi

Sukhraj Dhadwar

Florence Barras, Vice Chair
(resigned 18 September 2021)

Mike Jones (appointed 1 April 2021)

Aaron Osborne Taylor (appointed 19 September 2021)

Nigel Perryman (appointed Vice Chair 19 September 2021)

Deborah Pike (resigned 9 May 2022)

Lindsay Todd

Auditor

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

Bankers

National Westminster Bank plc
1 The Mall
London W5 2PL

Secretary and Registered Office

Sophie Atkinson (until 17 June 2021)

Suzanne Maguire (appointed 17 June 2021, resigned 28 July 2021)

Argiri Papathos (appointed 28 July 2021)

Ealing Gateway
26-30 Uxbridge Road
London W5 2AU

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Chair's and Chief Executive's statement

Looking back on the last financial year, we're reminded of just how much we have achieved. As we continue recovering from the impact of COVID-19, we continue to be impressed by the professionalism, strength and resilience of the Catalyst workforce.

2021/22 was really a year of restoring our services. A hybrid working approach helped us adapt to a changeable landscape and keep our people safe, while honouring the need for greater flexibility.

We also announced our merger with the Peabody Group, which presents so much potential for our customers and colleagues. Approved following customer consultation, the merger means we can go further and faster with our plans to improve services, invest in communities and create solutions to ongoing challenges. As a larger, more influential business there'll be lots more opportunities for professional advancement for colleagues, with diversity and inclusion, and learning and development, all top priorities for the new organisation.

Throughout the year, we rolled out the Together programme, our customer and community service delivery model. This represents a significant milestone on the road to 'getting closer to our customers' and creates the blueprint for the locality model, which will inform the design of the New Peabody.

Reflecting on organisational culture always makes us wonder, what sets us apart? And the answer we always come back to is our strong social purpose. Our shared values and culture were one of the key drivers for merger with Peabody and together we are committed to helping people flourish.

Following a visit in November from The Regulator of Social Housing, our ratings were revised, as we retained our G1 for governance (the highest regulatory rating) and were regraded from V1 to V2 for viability. V2 is a compliant rating which reflects our commitment to deliver new homes.

We maintain our continued commitment to environmental, social and governance (ESG). Our continued commitment to ESG keeps us in the strongest position. We retained our front runner status of Certified Sustainable Housing label from RITTERWALD and SHIFT Gold Award.

These scores and certificates, along with many other strands of work, prove once again that sustainability is the engine that powers so much of what we do. Take the Sidney Close development, for example, our greenest scheme to date, and now complete. Sitting in the heart of the Chiltern Hills, Sidney Close has 19 affordable homes for rent to people in the local area. Its environmental credentials, wide-ranging and impressive, include bat boxes, solar panels and electric vehicle charging ports.

Linked to this, in the sense that any investment in the environment falls short without also investing in those who will inherit it, lots of fantastic projects involving young people have been underway.

As part of the Government's Kickstart Scheme, seven local residents aged 16-24 joined us for paid six-month positions. Using their knowledge of their own neighbourhoods, they mapped out community services, consulted community listening exercises, connected with socially-isolated people and organised projects to boost wellbeing. We were so impressed with these young people's creativity and focus that two of them now work for Catalyst full time.

Further involvement with youth and communities saw us join London's Violence Reduction Unit. Along with nine other housing associations, we worked with local areas to help reduce violence by providing services like mentoring support, counselling and conflict management programmes for young people, and we provided training for parents and members of the wider community to identify risks and opportunities.

> **"Looking back on the last financial year, we're reminded of just how much we have achieved."**

The challenges of the past couple of years are well known and now we are facing a cost-of-living crisis. In response to this, we reviewed and updated our rent and service charge communications, to include more helpful information for customers.We also ran a multi-channel financial support campaign. And our Advice and Wellbeing team still offers a range of free and confidential support. Tragic world events will continue to impact everyone, and the knock-on effect cannot be underestimated.

So, there we have it – it really was a busy year, with strong work taking place across every part of our business. However, it is not without it's challenges and our unwavering focus will be on improving our services, getting the basics right and ensuring that integration goes smoothly across the Peabody merger.

It's exciting to be part of this momentous time for Catalyst and Peabody. We've made good progress, but there is still much to do as we strive to deliver excellence for our customers.

Ian McDermott

Chief Executive

Ravi Rajagopal

Chair

Reflecting on organisational culture always makes us wonder, what sets us apart? And the answer we always come back to is our strong social purpose.

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Strategic report

Doing the right thing
Celebrating diversity
Being kind

Pulling together
Loving new ideas
Keeping our promises

About Catalyst

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

Catalyst became a subsidiary of Peabody on 1 April 2022. 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.

Our strategic priorities

We have set three strategic priorities that we'll all work towards:

We are all about our people and place Equality, Diversity and Inclusion at the core of our culture. We ensure our customers feel heard through meaningful engagement, and our new Academy will enable colleagues and customers to develop and grow together.

We are focused on getting the basics right, including providing an effective repairs service, investing more in our existing homes and providing simple and easy access to our services through the new locality operating model and digital offer.

We are passionate about creating a sustainable organisation, working with customers to co-design solutions to tackle climate change. We are committed to developing new social homes, investing in communities and care and support services and becoming a sector leader in placemaking.

Our values

Our culture is about how we get things done: the shared values, attitudes and behaviours that we use to interact with each other and our customers. It's also about the ways and systems of working that we use to help us to get those things done. Our new values are locally focused and include:

- Doing the right thing;
- Celebrating diversity;
- Being kind;
- Pulling together;
- Loving new ideas, and
- Keeping our promises.

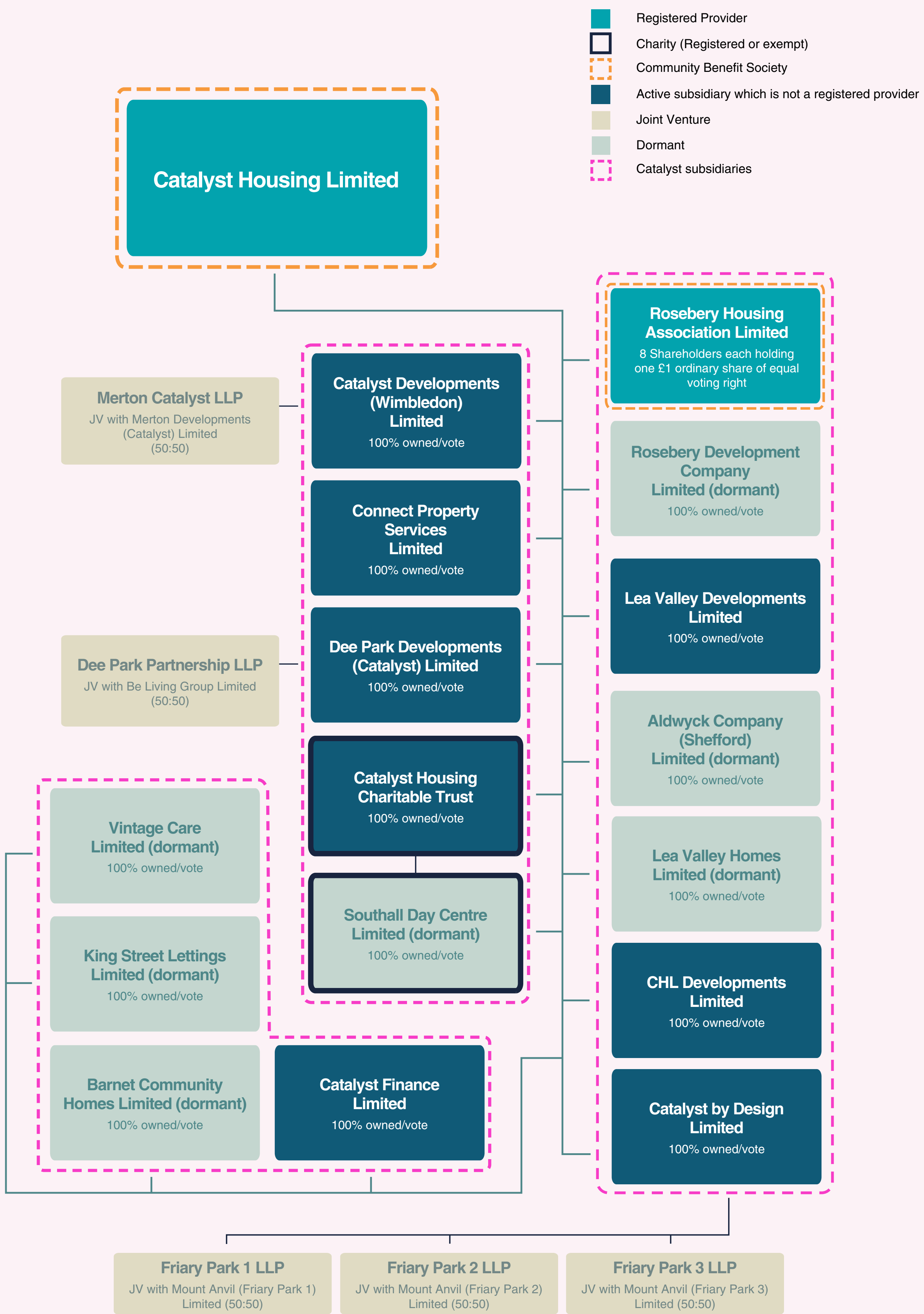
Business model

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

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

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

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



Number of homes managed

	2021/22	2020/21²	2019/20	2018/19¹	2017/18¹
Social housing homes etc. – general needs	22,242	20,325	20,276	13,169	12,862
Shared ownership and leasehold	7,560	7,096	7,017	4,840	4,898
Supported housing, key worker, intermediate rent	3,773	3,432	3,394	1,396	1,675
Other homes³	3,760	2,877	3,026	1,493	1,615
Total homes	**37,335**	**33,730**	**33,713**	**20,898**	**21,050**

¹ Numbers exclude Aldwyck Housing Group as this entity became a wholly owned subsidiary of Catalyst Housing Limited on 1 May 2019.
² Numbers exclude Rosebery Housing Association Limited as this entity became a wholly owned subsidiary of Catalyst Housing Limited on 1 April 2021.
³ Other homes include those that benefit from equity loans products.

Main areas of operation

Everything we achieved last year was guided by the objectives of our corporate strategy: five key areas of focus underpinning and informing our purpose, vision and values.

As we continue to bounce back after COVID-19, and following the merger with Peabody, these objectives will help us stay focused in a complex and challenging environment.

Objective one: Get closer to customers and deliver great services

At a glance
We are a customer-centric organisation. We want to deliver an excellent service, so we must listen and work closely with our customers.

By learning from their experiences and adapting our ways of working, we will continue to grow, change and deliver the services they need and want.

Objective one comprises three connecting pieces: complaints, customer experience and community investment. The last 12 months have seen significant developments across each of these areas. We want to deliver an excellent service, so we must listen closely to our customers.

We want to deliver an excellent service, so we must listen closely to our customers.

Customer experience
Our Customer Experience Strategy, 'Hello', gave us the necessary structure and discipline to get closer to our customers.

Last year we brought Hello to life with the launch of 'Together', our new operating model. Being big and feeling local was the ambition, and we are now on the road to achieving this.

Hello will keep evolving with the external environment and with service innovation, informed by the ongoing feedback of our customers and colleagues.

"It's activities like the Customer Experience Committee and customer involvement that help push service improvements, and I'm proud to be a part of it."
– Alison Knocker, Customer Experience Committee member

Key projects from the year include:

- **Catalyst Voice** - Our community of over 1,200 customers gave us regular and detailed feedback on the London and South East regions
- **Community feedback initiative** - This group of over 60 customers helped us identify common themes and look for opportunities. Through our Build Back Better sessions, held online in September, we heard first-hand about where we can improve and how customers want us to communicate with them
- **The Garden** - Our new online engagement platform helps customers share what they think about our services. They can also connect with each other to create new solutions. Over 5,000 people have now visited The Garden, an increase of almost 2,000 since the platform was first launched in February 2021
- **Customer procurement panels** - This year, our customers helped us choose four new service partners. Through two procurement exercises, they told us they value great service over price, and a rigorous approach to health and safety. Contracts were then awarded to partners who rated highly with customers in these areas
- **Rent increase support** - Following customer feedback, we reviewed and updated our rent and service charge letters to include more detail and support information, to help cope with higher costs of living. We also updated helpful content on our website, e.g. FAQs and a glossary of terms and ran a financial support campaign across print and digital channels.

Being big and feeling local was the ambition, and we are well on the road to achieving this.

"I was able to get a paid job working in a café, which was a big step for me. I would never have done this without their support." – Ferial, Supported Housing customer

Complaints
In January, informed by a customer consultation, we updated our Complaints Policy and Procedure. This is in line with the Housing Ombudsman's Complaint Handling Code and the Regulator of Social Housing's Tenant Involvement and Empowerment Standard.

Strategic report
Strategy and objectives (continued)

The new policy is now clearer and simpler and helps ensure complaints are dealt with more efficiently. There's now greater scope to learn from customers and build on service improvement.

Key changes include:

- Investment in text analysis tools means complaints are easier to interpret. This new way of working makes it easier to spot important comments, and emerging trends and themes
- Complaints are now dealt with in two stages rather than three, with the second and final stage leading to appeals
- The overall process is in line with recommendations, as laid out by the Housing Ombudsman and the social housing white paper.

There's now greater scope to learn from customers and build on service improvement.

Community investment
Investment in communities is essential to our purpose and position as a social landlord. Over the past two years, we've worked closely with 400 customers and colleagues to develop a community investment strategy that can withstand and respond to the many challenges of our industry.

The strategy has three main priorities:

1. Advice and wellbeing services

Based on feedback from customers who valued our welfare calls during lockdowns, we've now established a Wellbeing team to offer a range of continuing support. We had almost 2,500 referrals last year, an increase of over 1,250 since the service was first launched.

Customers can book an online or face-to-face appointment on our website, to get help with things like:

- tenancy issues;
- budgeting;
- benefits;
- employment and skills;
- mental and physical health; or
- isolation and loneliness.

So far the team has helped:

- reduce total rent arrears by over £100k;
- get 17 customers employed;
- people access a total of £50k of funding for essentials like food, energy and white goods; and
- deliver training courses on things like budgeting and bills.

"I am very grateful for all the help and ongoing support. They've helped me improve my situation and assisted me in managing the transition from homelessness to living in my own home." – Mark, Catalyst customer

2. Community programmes and services

In line with the easing of COVID-19 restrictions, we've been able to offer an increasing range of both online and face-to-face projects and services:

- **Summer roadshow** - During the school holidays of summer 2021, we organised a roadshow and visited neighbourhoods all around our region. This helped us reconnect with local people after more than a year of isolation and restrictions
- **Sustrans** - Working in partnership with Sustrans, we received funding for a six-month family cycling hub to support Southall residents to walk and cycle more. The hub offered free bike repairs, a bike loan scheme and cycling proficiency training. Over the course of the programme almost 300 bikes were fixed and serviced, 16 adults learned to ride more safely and 20 were given a bike on loan
- **Kickstart** - We offered seven young people paid six-month placements, as part of the Government's Kickstart Scheme. Tasked with community engagement activities, the young people organised community projects that proved very popular with customers. Two of them now work for Catalyst as full-time permanent colleagues.

"The Community Connector role fitted what I was looking for perfectly, allowing me the opportunity to get out in communities and build connections with local people. The six-month placement dramatically increased my self-confidence and developed me professionally." – Nicole, Community Connector and Catalyst colleague

In the last financial year, Catalyst Communities achieved a total of 903 successful income maximisation outcomes, assisting customers:

i) on UK benefits to increase their entitlement

ii) who were unemployed to access work

iii) who were in part-time work to increase their hours, and

iv) to improve their employability.

3. Funding and strategic partnerships

Over the last financial year we helped secure an external funding total of £830k to improve our local neighbourhoods, including £700k from the Mayor's Green and Resilient Places Fund.

This funding has allowed us to:

- invest in the Southall Grand Union Canal Wellbeing Way, a green corridor that will connect more people with nature. This is a partnership project with Ealing Council and the Canal and River Trust
- award grants to resident groups and charities working in our neighbourhoods, e.g. £5,000 for The Felix Project, a hunger and food waste charity. These funds helped the charity deliver an extra 30,000 free meals in our region.

"I want to create spaces where people can connect via visual arts and help to raise awareness of good mental health." – Shantella, Catalyst customer

Objective two: Build more quality homes

At a glance
Over the past 12 months, the removal of COVID-19 restrictions and the end of the stamp duty holiday have made for a slightly easier operating environment.

We built more than 500 new homes, over 98% of which were affordable. And, as we enter the merger, we'll continue to deliver our legacy schemes while developing new opportunities. We remain focused on maintaining the quantity and improving the quality of homes across our region. The war in Ukraine was a sad and unexpected end to the year. Its impact has serious consequences for build cost inflation. In such times, safe, affordable and sustainable housing is needed more than ever.

Safe, affordable and sustainable housing is needed more than ever.

Development highlights timeline

- May 2021: we topped out the first phase of our redevelopment of the Littlemore Park NHS site in Oxford, which will deliver a total of 270 new homes over four phases. Working with construction partners Hill, we'll deliver a further 168 homes over the remaining three phases with the project due to complete in summer 2023
- May 2021: we announced a new partnership with Telford Homes for the Capital Interchange Way development in Brentford. The project will deliver 420 new homes, 209 of which will be for affordable rent or shared ownership
- September 2021: we completed 61 new affordable homes at The Printworks in Dunstable, and reflected the area's heritage in their design
- September 2021: the Greater London Authority awarded us over £118 million to deliver 1,000 new affordable homes in London
- By March 2022: we invested £128 million in development and completed over 500 new homes, most of which (98%) were affordable.

Key developments from the year:

Counties

- The Littlemore Park development has seen its first completions. Situated just outside of Oxford city centre, this new community will deliver 270 affordable homes, with 108 for social rent and 162 for shared ownership. NHS key workers will have priority purchase options
- In partnership with Oxford City Council, we've been working on a planning application to regenerate part of the Blackbird Leys estate. The application team has spent a lot of time engaging with the local community, to help build a sustainable vision for the future of the area
- Sales are now complete at the Rutherford Fields development. Built on a former RAF site, Rutherford has 39 homes for affordable rent, 49 for shared ownership and 90 for market sale. It also includes two fully equipped play areas
- 61 new homes, 23 affordable rent flats and 38 shared ownership houses, including one wheelchair-adapted property, were completed and sold in Dunstable. The architecture reflects the town's heritage and we worked with a local school to include children's nature and wildlife drawings at the entrance to the development
- Over the next three years, in partnership with Taylor Wimpey, we're building 187 affordable homes at The Lanes at Thornfields in Bedfordshire. The development comprises 50 flats for affordable rent and 137 two, three and four-bedroom homes for shared ownership
- In Buckinghamshire, we built a new community of 19 homes for affordable rent. With its two-bedroom houses surrounding a central, landscaped garden, Sidney Close was recognised by the Architects' Journal for Innovative Design
- Significant progress has been made on the Roan Place development in Hertfordshire, due for completion next financial year. With 24 much-needed homes in the

Investment in communities is essential to our purpose and position as a social landlord.

pipeline, we will provide places for people on the housing register, to help local families stay in the area.

The application team has spent a lot of time engaging with the local community, to help build a sustainable vision for the future of the area.

London

- In partnership with Mount Anvil, delivery at Friary Park is going well, with the building schedule on target for completion next financial year. Marketed as The Verdean in Acton, the market sale homes mark an exciting new chapter for the Friary Park estate. This large-scale regeneration will deliver almost 1,000 homes, 45% of which will be affordable
- Our partnership with the Greater London Authority resulted in the purchase of a large site next to St Ann's Hospital. Bought by the Mayor in 2018 as part of the Mayor's Land Fund, the site is marked for redevelopment to deliver around 930 new homes, 60% of which will be affordable
- The next phase of Wornington's landmark Ph2B development has started, with 200 new homes underway
- Shared ownership properties at The Switch were successfully launched as part of our joint venture with Galliard Homes.

Marketed as The Verdean in Acton, the market sale homes mark an exciting new chapter for the Friary Park estate.

Sales and marketing
In the face of ongoing challenges, our Sales and Marketing team have worked hard to ensure we continue to sell our homes. Using new digital methods, the team has been able to focus on preparations for future releases.

Working within the parameters of changing government guidelines, potential customers were able to view homes remotely. That said, we're grateful for the return of face-to-face appointments – the sales team can now build more quality relationships in person.

In the face of ongoing challenges, our Sales and Marketing team have worked hard to ensure we continue to sell our homes.

Awards and recognition

- Best Shared Ownership Home at the Evening Standard New Homes Awards 2021, for The Etch at The Printworks
- Sidney Close was recognised in the Architects' Journal for innovative design on a constrained site
- Bond Mansions (part of Portobello Square) in Kensington received a Bronze in the Affordable Housing Category at the World Architecture News Awards 2021.

Objective three: Safe and sustainable

At a glance
As we continue to learn important lessons in the wake of the Grenfell tragedy, the safety and wellbeing of our customers remains our greatest concern. Our focus last year was on preparing for the forthcoming Building Safety Bill, which proposes significant changes to how we build and manage our homes. We also progressed our Sustainability Strategy across many areas, further developing our plans to become carbon neutral by 2050.

The forthcoming Building Safety Bill proposes significant changes to how we build and manage our homes.

The Building Safety Bill
After Grenfell, the Government commissioned reviews of building safety and introduced the building safety programme. This resulted in corrective work on many buildings, including some of our own.

The Building Safety Bill is the next step for these important reforms, giving customers and homeowners greater rights, powers and protection, and making homes around the country safer than ever before.

The Bill will:

- establish a building safety regulator to oversee a new safety regime for higher-risk buildings
- amend the Building Act 1984 to improve building regulations. (The Government intends to use these reforms to introduce a new 'gateway' scheme for the design and construction of higher-risk buildings)
- create new roles for the management of higher-risk buildings, including accountable people
- make lasting, generation-spanning changes to building safety, by setting out clear pathways and standards for the construction and maintenance of residential homes.

Fire and building safety
We continue to prioritise customer safety through our fire remediation programme. Aligned with the latest government advice, our approach is designed to manage all risks proportionately and pragmatically. We continually monitor emerging legislation, advice and best practice, and respond to relevant developments with the interests of our customers and stakeholders in mind.

Our high-rise remediation programme is on track for completion in 2024. So far, fire engineers have conducted over 300 fire safety surveys. The results showed over 90% of our buildings do not need remedial work.

On behalf of 238 leaseholders, we secured £36 million to remove flammable materials from our buildings. This included £14 million from the ACM Grant Fund and £22 million from the non-ACM Grant Fund and allowed us to accelerate our high-rise remediation programme.

The funding will help minimise the financial burden on leaseholders, who may have been liable for repair costs under the terms of their lease. We'll keep monitoring developments across the sector to secure further funding where we can.

We're aiming for 100% compliance on internal property standards for gas, electric, fire, Legionella and asbestos.

We have also:

- created a Building Safety Board, to ensure all strategic objectives align with regulatory changes
- created an operational working group focused on operations and compliance
- developed a resident engagement strategy, with a 'roadmap' for better communication with customers on fire and building safety
- set up a private group on The Garden, for customers to share news and views on what's happening in their buildings.

The funding will help minimise the financial burden on leaseholders, who may have been liable for repair costs under the terms of their lease.

Health and wellbeing initiatives

- In partnership with Ealing Council and the Canal and River Trust, the £1 million Open Havelock project will create new spaces for Southall communities. 36 empty garages in the Willowbrook blocks will be refurbished to become things like a gym, toy library and play garden, for the benefit of both customers and the wider Southall community
- The regeneration of Friary Park prioritises the importance of health and community integration. Through collaboration with organisations like The Eden Project and Mind, the design includes innovative spaces developed to bring people together, like:

  - a library of things
  - a community kitchen
  - an edible garden
  - a potting shed
  - a cycle hub
  - a residents' lounge.

"The communal garden is my little project. It keeps me positive out there and takes my mind off my treatment." – Scott, supported housing customer

"Please pass on my thanks to the whole team. They've installed my new cooker hob, and my wellbeing has improved 100 per cent." – Louise, Catalyst customer

Sustainability
Our Sustainability Strategy 2020-25 is all about:

- developing a combined approach to environmental management
- improving our asset data
- trialling new technologies to retrofit solutions
- building our in-house skills and expertise
- working towards becoming carbon neutral by 2050.

We'll deliver these objectives through three key areas of focus:

- creating **sustainable homes** that are resource-efficient, future-proofed, warm and affordable
- building **sustainable communities** where customers can lead happy, healthy lives
- becoming a more **sustainable business**, resource efficient with minimal environmental impact.

Front runners in sustainability
Last year we retained our Certified Sustainable Housing label, achieving Frontrunner status across all categories - Environmental, Social and Governance (ESG) - for the second year in a row. Awarded by RITTERWALD, Europe's leading sustainable housing strategy consultants, the Certified Sustainable Housing label is the first tool that measures the positive impact of affordable housing companies. Further proof of the value we add to our customers and communities.

We also retained our SHIFT Gold accreditation, a position we've held since 2012. For the very first time last year's award covered all our newly merged assets and activities.

Sustainable homes
Over the last 12 months we have actively leveraged our commitment to better sustainability for new and future schemes and emerging developments (at pre-construction stage), and to providing the necessary tools for performance evaluation and continuous improvement, leading to an enhancement in sustainability standards.

The merger with Peabody will help accelerate this work and we share a vision for the sustainable performance of new homes.

We retained our Certified Sustainable Housing label, achieving Frontrunner status across all categories.

Achieving excellence
We're committed to building low-carbon, resource-efficient new homes that don't require substantial investment to reach higher sustainability standards.

Last financial year, 525 new homes achieved an average SAP (Standard Assessment Procedure) of 85 (on a scale of 1-100, 100 being the most efficient). This rating results in an EPC (Energy Performance Certificate) B (on a scale of A-G, A being the best possible score).

Our Planned Investment Programme helps improve the environmental impact of our homes. In 2021, their average SAP increased from 73.1 to 73.2.

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

Last financial year, we helped almost 300 customers with their household bills, through:

- Pocket Power – an initiative to help customers find the cheapest deals and apply for household bill discounts
- Home energy advice – working in partnership with Groundwork, we provided personalised support to help reduce the cost of energy at home
- Energy Redress Scheme – a government-funded scheme to help vulnerable customers struggling to pay their energy bills. In 2021/22 we issued over 300 vouchers.

Sustainable business
We want to ensure our business operations are sustainable and efficient with a minimal environmental impact.

To help us achieve this goal:

- we replaced almost 500 light fittings in residential communal areas with more efficient LED lights
- we're still trialling an electric vehicle for our Estate Services fleet, with the ultimate aim of achieving 100% electric vehicles. Estate Services also have access to bikes, saving almost 19,000 litres of diesel each year, while helping our people keep fit
- we replaced petrol-powered gardening equipment with electric machinery. We'll continue to do this as old machines wear out
- our main electricity contract is still with Ecotricity, a 100% renewable electricity provider.

We want to ensure our business operations are sustainable and efficient with a minimal environmental impact.

Objective four: Revolutionise our data and technology

At a glance
The pandemic has permanently changed the way we work. As we continue to adjust to its effects, and get used to hybrid working, our Workplace Management Team still ensures we have the right IT equipment at home.

Now we're no longer bound by restrictions, we're all in the office a bit more, too. InHouse, our new office booking app, lets colleagues book desks and meeting rooms to support more flexible working patterns.

Working closely with our colleagues at Peabody, we're integrating a new programme of work. Through several workstreams and ambitious timescales, we'll deliver an updated IT landscape for the newly merged organisation.

Spotlight
As part of Together, the Spotlight programme - an initiative to integrate our systems and data to support changes to the way we work - was rolled out, with just a few remaining stages yet to be completed. To date, Spotlight has delivered new systems for housing, asset, financial and document management, procurement and reporting.

We also delivered:

- a new dynamics-based sales and marketing system from Crimson
- a new dynamics programme and projects tool, to shape the way change projects are delivered
- an enterprise architecture review in preparation for a new digital customer portal
- design work for a new website.

The Spotlight programme was a huge achievement for the Change Team, although its prioritisation did postpone a few other important deliverables such as the digital customer portal where they align with new organisational goals, these deliverables will come under various integration workstreams.

We've also worked hard on cyber security, achieving very high assurance from several audits and external reviews. As hacking technology becomes more sophisticated, this remains an important area of work.

Awards and recognition

- Best Use of Interactive Tools at the First Time Buyer Readers' Awards 2021, celebrating the integration of technology within the home buying journey.

Through several workstreams and ambitious timescales, we'll deliver an updated IT landscape for the newly merged organisation.

Repairs

- Over £22 million was spent on day-to-day repairs and almost £5 million on planned programmes
- Over 80,000 were completed within an average of just over two weeks
- 96% of emergency repairs were completed within our set target.

Objective five: Invest in our people and define our culture

At a glance
The effects of the pandemic still impact our colleagues and customers. During the last financial year, we implemented several initiatives to help improve their health and wellbeing.

Based on the principle that work is something we do, not somewhere we go, the blended ways of working programme helped us to continue to deliver our services.

We managed our workplaces well and kept our people safe and secure, all while reducing our carbon footprint. We also consulted with colleagues on workplace design and agile principles.

Remote working guidelines helped colleagues feel less overwhelmed by living life online. And a wide range of resources, toolkits and modules helped encourage a more positive mindset.

An annual pay award for colleagues on our lowest salaries and a hardship fund for customers will help us keep providing support through the cost-of-living crisis.

Remote working guidelines helped colleagues feel less overwhelmed by living life online.

'Before working with the team at Catalyst, I didn't know about the paperwork or resource needed. They guided me with getting the Companies House registration with the council as a food business.' – Nocketa, resident and social enterprise owner, Earth Living.

Equality, Diversity and Inclusion
Our Equality, Diversity and Inclusion (EDI) Strategy 2020-2023 helps ensure we're an inclusive employer and a registered social housing provider with integrity.

We monitor our EDI promises against five strategic objectives:

- strengthen the leadership and governance of equality, diversity and inclusion
- deliver high quality services that are accessible to all
- create a culture of inclusion and belonging
- employ a diverse workforce that reflects the communities we serve
- tackle stigma and eliminate discrimination.

Key EDI projects and outcomes:

- We appointed an EDI Champion to the Board to ensure our commitments are fully considered throughout decision-making processes
- The diversity of Board and Committee members has improved (21% are from Black, Asian or minority groups and 55% are women)
- We increased the diversity of senior colleagues with the proportion of women in senior positions rising to almost 54%, minority people to over 15% and colleagues with disabilities to almost 6%
- A colleague-led EDI reference group will review EDI initiatives, like new e-learning modules, to help us understand where we need to improve

- We made it easier to collect diversity data (over 95% of colleagues have now provided this information)
- New guidance and mandatory training helps managers understand the impact of unconscious bias. We also adopted new DEI principles for recruitment campaigns
- A mentoring programme helps colleagues from different backgrounds understand and learn from each other
- We implemented a Disability Confident Scheme.

A mentoring programme helps colleagues from different backgrounds understand and learn from each other.

Gender and Ethnicity Pay Gap
Our gender pay gap report shows further improvements in this area, with Catalyst's mean pay gap at 6.76% and median pay gap of -0.3%. We also published our ethnicity pay gap report, with a -3.9% median and 11.49% mean.

We continue to track our talent and succession plans, and analyse internal hires and quarterly recruitment data.

Peabody merger
We've already started work to support the Peabody merger, and at time of publication, have appointed all Directors across the group and have leadership structures and integration plans in place. Based on feedback from all colleagues, we have launched a new shared purpose, values and priorities for the new organisation.

Awards and recognition

- Best Marketing Initiative at the Housebuilder Awards, for our Time for a Place of your Own campaign.

Cleaning, caretaking and gardening

Last financial year we:

removed and disposed of **1,400tn** of fly tipping

carried out over **5,500** emergency light tests

changed **10,000** lightbulbs

conducted over **18,000** estate inspections

There has been a considerable impact on the surplus for the year resulting mainly from the non-cash gift arising from Rosebery Housing joining the group, alongside the additional investment in fire safety to ensure our customers' homes remain safe.

Our operating surplus before disposals slightly reduced to £53.1 million (2021: £54.6 million), and our overall operating surplus improved to £81.1 million (2021: £67.5 million). Following our investment in fire safety, our operating margins have slightly reduced, with the Social Housing operating margin being 27.6% compared to 29.7% last year. We continue to generate value from our development activities to support delivery of our social purpose.

We sold 323 new-build homes (market sales and first tranche shared ownership sales) generating revenue of £65 million which is broadly in line with our target.

We performed well in respect of staircasing sales across our shared ownership portfolio, completing 223 sales during 2021/22 compared to 138 targeted. These sales generated proceeds of £35.3 million compared to £20.9 million last year and a surplus of £12.4 million (2021: £7.8 million). We generated a surplus of £4.5 million from redemptions of the equity loans (2021: £2.9 million).

Consolidated statement of comprehensive income (extract):

£ millions	2022	2021
Turnover	**299.1**	**298.2**
Cost of sales	(60.0)	(94.4)
Operating costs	(186.0)	(149.2)
Operating surplus before disposals	**53.1**	**54.6**
Surplus on disposal of fixed assets	24.8	12.9
Share of joint venture operating results	3.2	-
Operating surplus	**81.1**	**67.5**
Gain arising from Gift of Net Assets	125.4	-
Net interest payable	(43.3)	(43.3)
Movement in fair value of investment properties	0.2	(0.1)
Movement in fair value of derivative financial instruments	7.4	10.1
Surplus for the year	**170.8**	**34.2**
Taxation	-	0.3
Actuarial gain/(loss) on defined pension benefit schemes	7.7	(6.6)
Movement in fair value of derivative financial instruments	8.7	11.5
Total comprehensive income for year	**187.2**	**39.4**

	2022
[1]Adjusted for fire safety investment **Operating Margin (before disposals)**	**19.2%**
[2]Adjusted for fire safety investment **Social Housing Operating Margin**	**29.7%**

[1] Operating margin (operating surplus less fire safety deficit divided by turnover less leaseholders fire safety grants x 100)
[2] Operating margin for social housing lettings (operating surplus on social housing lettings less fire safety deficit divided by turnover from social housing lettings less leaseholders fire safety grants x 100)

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

The Group's gearing remains low at 41.5% compared to the sector, with the median across the G15 being 47.0% in 2020/21.

The Group strengthened its financial position with total assets net of current liabilities increasing to £3.5 billion (2021: £3.4 billion). Our operating cash flows remained strong at £98 million (2021: £160 million), enabling us to invest £128 million into developing new homes and £28 million in existing homes.

Cash flow and balance sheet (extract):

£ millions	2022	2021
Net book value of housing properties (note 11)	3,370	3,069
Total loans (note 27)	1,497	1,426
Cash and cash equivalent (note 21)	98	160
Gearing %	41.5%	41.3%

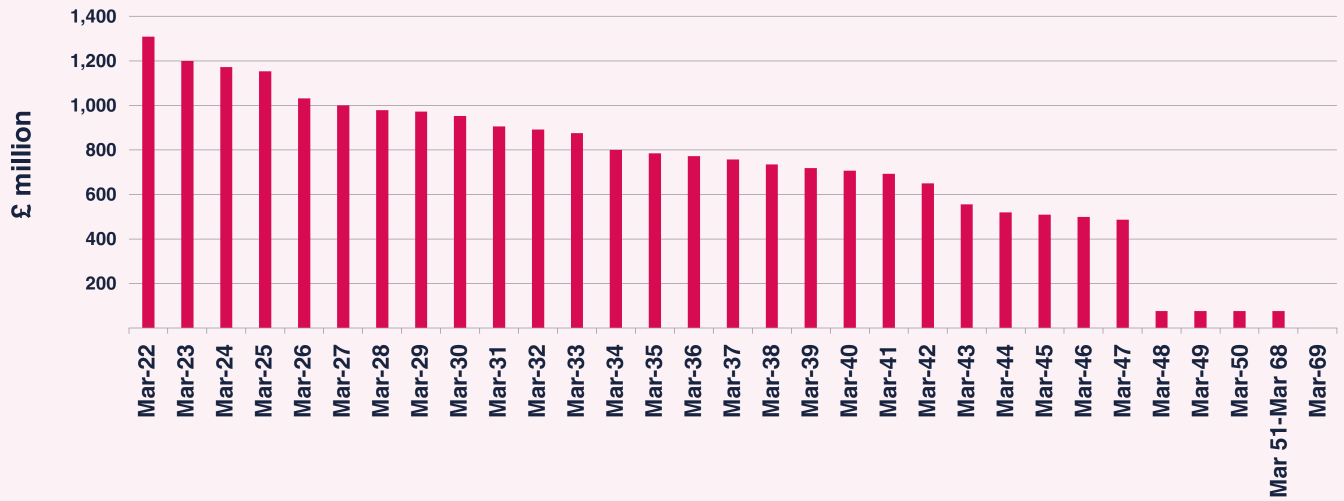
At Catalyst, we protect our financial resilience through strong treasury management. Treasury activities are managed by a centralised treasury function, whose primary responsibilities include managing the Group's liquidity, interest rate, counterparty and other treasury risks. Alongside the cash surpluses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

The Finance and Treasury Committee oversees treasury activities and makes recommendations to the Board in respect of the Treasury Strategy and relevant policies.

For the year ended 31 March 2022, the Group had total committed loan facilities of £1.77 billion with £1.3 billion drawn down. Approximately 85% (2021: 98%) of the loan portfolio is subject to fixed rate interest arrangements, which includes standalone interest rate swaps with a notional principal of £30 million.

During the year, Catalyst cancelled standalone derivatives reducing the notional from £160.5 million to £30.0 million. Prior to merger with Peabody, £32.5 million of fixed rate loans were prepaid and, together, these actions reduced the weighted average interest rate by 0.49%. Mark to market reduced from £81.5 million in March 2021 to £14.4 million in March 2022, while the total impact on SOCI was limited to £16.1 million. In addition, £118 million of revolving credit facilities were extended during the year.

Debt maturing £ms



Cash flows
The principal cash outflows of the Group support the development and asset management activities, on which we spent £136 million in the year (2021: £123 million).

Current liquidity
On 31 March 2022, in addition to £462.2 million of undrawn loan facilities, the Group held deposits of £65.2 million.

Unencumbered assets
On 31 March 2022, 36% (by units) of the Group's stock remained unencumbered.

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

Key assumptions underpinning the projections are reviewed and scrutinised by being subject to stress testing and sensitivity analysis. We carried out tests on the financial plan to assess the impact of a range of scenarios and its resilience in a downturn market. The regulator of Social Housing's Sector Risk Profile identifies the key risks faced by organisations in the sector and this was used to tailor the stress testing and mitigating actions required to address these risks. The key considerations included the housing market – house price reductions, ongoing staircasing and exposure via joint venture partners; development costs; Asset Management Expenditure and Welfare reform. A 'severe' stress test including a combination of these demonstrated our resilience and our ability to withstand adverse economic conditions whilst enabling us to identify the best course of action to ensure ongoing compliance with regulatory standards and our lending covenants.

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

Corporate strategy

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

What does Value for Money mean for Catalyst?

At Catalyst, we see Value for Money as core in everything we do. By adopting a Value for Money approach, we drive the performance of the organisation to deliver cost savings, improve efficiency and increase the quality of services for our customers.

This approach helps us provide the best value to achieve our purpose, which is to provide homes people love, for all our customers regardless of tenure type, and to create communities and neighbourhoods that can flourish and grow.

We define Value for Money as follows:

- Economy: careful use of resources to minimise cost and time.
- Efficiency: delivering a high-quality service for less cost or time.
- Effectiveness: delivering a better service or getting a better return for the same cost or time.

How we monitor and measure Value for Money performance

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

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

Customer Surveys
On a monthly basis, we undertake customer surveys to obtain feedback on our performance. These surveys include questions to gain customer views on whether their rent and service charges offer Value for Money. Surveys also include some perception questions to help improve our understanding of customer satisfaction so we can continue to develop our services.

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

COVID-19
Through the year, we continued with the additional challenge of managing the impacts of COVID-19, whilst still focusing on Value for Money and achievement of our corporate objectives. The impacts have been measured using a comprehensive weekly dashboard of operational KPIs, alerting the Executive and Board to any impact on underlying business performance.

Peer Group Comparison
Once a year, we undertake a formal review of our Value for Money metrics against a range of comparators: G15 members, housing associations operating in our geographical areas, and all housing associations in the sector. The review indicates areas of relative strength and areas with potential for improvement.

Efficiency savings
We strive for continuous improvement, and reduction in costs for the benefit of our customers. This includes a detailed review of budgets each year, a procurement approach focused on value and service quality, and a robust review of 'invest to save' projects.

We also have a dedicated team helping the organisation identify and progress on, performance improvement opportunities.

In the last financial year, we modernised our IT systems, to make sure everyone has access to the same platforms to carry out activities in key areas like housing management, property services, finance and day-to-day purchasing.

The integration programme, which merged systems, processes and data, is now more efficient and enables our colleagues to work in a more agile way.

Corporate Objectives
Our Corporate Strategy is underpinned by five objectives that contribute to our purpose, vision and values. To improve our performance and demonstrate Value for Money, we set clear measurable targets against these objectives.

So how did we perform against our corporate objectives?

Get closer to customers and deliver great services

Corporate Target %	2021-22 actual	2021-22 target
Customer satisfaction rented	73%	76%
Customer satisfaction shared owner	41%	64%
Customers who trust us	62%	73%
Customers who love their homes	82%	81%
Increase in engaged customers	39%	25%

Our satisfaction results are lower than our targets. This is largely due to the repairs process and call handling, which is a key factor in customer satisfaction. We are focusing on improving our action around listening and acting on customers views. We are confident the improvements being made across the organisation will lead to increased level of customer satisfaction.

Our customer engagement has continued to improve as we establish our online community, The Garden.

The Garden has resulted in cost savings, by reducing the need to hold face-to-face focus groups. It has also encouraged more customers to get involved with us, including those who wouldn't usually travel to our London or Counties offices and community spaces due to distance, financial or health concerns, or time commitments. The Garden doesn't seek to replace face-to-face engagement, it enables us to reach a wider and more diverse group of customers. It's also helping us be more efficient, for example by reducing the amount of postal and email communications, and customer phone calls.

We have been working with a group of customers to review closed, redacted complaints through our Complaints Experience Project. Customers share with us how it feels to have a complaint resolved by Catalyst and recommend ways we can improve. The key finding that came out of this work is the need for us to be more proactive in sharing updates and responses.

This feedback has fed into the work of our Customer Resolution team, helping them show greater empathy and understanding in their formal responses to complaints. The team now has a summary which includes everything the customer has told them, so customers know we have listened and acted on what they have told us. We are now using standard templates, so our responses are clear and consistent. The Catalyst Promises are also included in every response so we are proactively communicating what customers can expect from us. This supports the guidance from the Housing Ombudsman's Complaints Handling Code and the Social Housing White Paper.

We have also been working with customers to select our new service partners for fire safety, mechanical and electrical works. Customers told us they value great service over price, and a high-quality health and safety approach. We are now selecting partners based on these criteria.

Build more quality homes

Corporate Target	2021/22 actual	2021/22 target
New homes	569	677
External design awards achieved	5 awards	2 awards
Customer satisfaction (new build homes %)	81%	91%

With the aim of moving our programme tenure mix to include more rented and shared ownership homes, we set ourselves a target mix of 55% rented, 30% shared ownership and 15% market sale.

The impact of COVID-19 on our build programme lessened through the year but has still caused some delays on sites through the 'pingdemic' phase of the crisis.

Our target for 22/23 is helping us maintain momentum. We are aiming to build more than 500 units a year for the next two years, a sizeable increase from 20/21.

Investment decisions on new homes are taken by our Investment Committee, based on robust methodology. This methodology reflects a range of financial and non-financial criteria, and ensures that Value for Money sits at the heart of our strategy, and supports our work to build affordable homes for our customers.

Safe and sustainable

We achieved our 2021/22 target of an average Energy Performance Certificate (EPC) rating B, with a score of 85.

This rating is awarded to any providers with a Standard Assessment Procedure (SAP) score between 81 and 91. The target is based on an average score across all new homes built and handed over within the financial year.

Following on from the Catalyst Sustainability Strategy 2020-2025, we published our Development Sustainability Strategy in 2021 for all our new homes. This strategy uses hierarchical data to help us consistently achieve higher sustainability performance across all our new and emerging schemes, while also giving us the necessary tools for performance benchmarking and continuous improvement.

Over the last 12 months, we have used this strategy to improve the sustainability of our schemes. We can already see evidence of improved sustainability standards and performance across new schemes progressing through our development process (at the pre-construction stage).

This year, we were also awarded the 'Certified Sustainable Housing Label', achieving 'Frontrunner' status in all three dimensions – Environmental, Social and Governance (ESG) for a second year running. The Certified Sustainable Housing Label scrutinises how sustainability is considered across the entire operations of an organisation, looking at over 40 different ESG criteria focused on the United Nations´ Sustainable Development Goals.

The award provides external verification, by German-based real estate consultancy RITTERWALD, that our ESG credentials continue to be strong, delivering social and environmental value to our customers and communities.

Following Catalyst and Peabody's merger in April, the integration of our New Homes Sustainability Strategies is under review. Catalyst and Peabody share a similar ethos and culture with regards to sustainable performance for new homes. Like Catalyst, Peabody prioritises 'Fabric First' and low-carbon (i.e. electrical) heat generation.

Our Fire Remediation Programme continues with customer safety as a priority. During the year, we have avoided re-charging leaseholders for cladding replacement works, who may otherwise have been liable for costs under the terms of their lease.

We have secured £36 million from the Government's Building Safety Fund and the ACM Grant Fund on behalf of 238 leaseholders. This helped us accelerate our original programme of fire remediation work on our high-rise buildings. We are closely monitoring sector developments and will aim to continue securing grants where available, to avoid re-charging leaseholders large sums.

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

Invest in our people and define our culture

Engagement and culture surveys
Following on from our 2021 Colleague Engagement Survey, and our rating as a Sunday Times Top 100 company, we ran more than 60 focus groups to plan with colleagues across all our directorates.

Arising from this, 30 Great Place to Work Leads were mobilised and, working closely with their relevant Directors, trained to provide support in their local areas to define, enable and drive local improvement plans. This group has continued to meet and progress on their actions.

We carried out a cultural survey in Connect Property Services and have since done more work to develop our culture and ways of working – looking at areas such as leadership and manager capability, engagement opportunities, strengthening compliance and safety, and our onboarding experience.

As part of this, we further extended our systems automation by introducing digitalised onboarding in Connect. A more efficient and effective way to onboard new starters, the new system also creates a better experience for new joiners and supports managers to provide a more robust onboarding journey and probation.

In addition, we designed and introduced a new induction framework for Connect that incorporates stronger health and safety induction elements, eLearning support and new, tailored, health and safety training modules delivered by in-house health and safety professionals.

Finally, we have developed a Connect-specific Management Development Programme. This will further develop our people management capability and help us implement our Culture Action Plan in Connect, and will be rolled out in early 2022/23.

The wider business
The wellbeing of everyone working at Catalyst remains a top priority for us, particularly with the added stresses of the last couple of years.

We rolled out a Wellbeing Programme to colleagues at all levels in 2021/22, to enhance the support and resources made available during the pandemic and during this new hybrid working phase. This has included elements focused on digital behaviours and working effectively in a virtual environment, as well as creating opportunities for colleagues to engage with one another at a broad level. We offer apprenticeships and on-the-job learning, qualifications and training for colleagues looking to build on their skills. This includes tailored training for colleagues. We are also training managers to help us provide support and leadership through change, help us implement our blended working approach, and support us with effective hybrid working. As well as general management training, our new Management Development Programme will start being rolled out in early 2022/23.

On top of these programmes, we have invested in a digital learning and skills hub that gives managers and colleagues access to additional digital content and resources. We see this as being an efficient and flexible way for colleagues to learn, with easy access to content on a range of topics such as management, customer service, communications and wellbeing.

The Together Programme
To help embed our Together Programme, we launched a Service Leaders' Programme this year, which is currently being delivered to all front-line managers. This training will give our managers the knowledge, skills and tools they need to deliver excellent services to our customers, with appropriate engagement with their teams.

Alongside this, 200 customer service colleagues will have access to a six-month training programme, to build their skills in customer service, communication, effective engagement and problem solving.

Senior managers are also receiving training on how to support their direct reports in managing performance, customer and colleague engagement, and achieving growth.

Revolutionise our data and technology
Our investment in technology and focus on data – both from a quality perspective and use of insights to improve our services to customers – has continued at good pace, despite the continued impact of COVID-19.

During the year, the focus was on integrating our systems after the Catalyst-Aldwyck merger in December 2019. This significant project resulted in us successfully integrating our housing management and accounting systems.

With all data now on the same systems, we can continue to progress our strategy to revolutionise our data and technology.

Financial performance
The achievement of our corporate objectives is underpinned by strong financial performance. We use the Regulator's Value for Money metrics and Sector Scorecard metrics in monitoring performance against our targets. We continually challenge ourselves to deliver Value for Money across all business activities, and strive to reduce costs and free up capacity to help us fulfil our corporate objectives.

Our overall financial performance continues to be affected by the need to invest in fire safety measures for our properties. We expect G15 median to also deteriorate in light of increased fire safety spend, economic climate etc. In addition, COVID-19 restrictions have resulted in delays to our capital expenditure programme. Both have led to variances to some of our financial performance metrics.

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

Measure**	2021/22 Actual	2021/22 Target	2020/21 Actual	2020/21 G15 Median*	2020/21 Sector Median*
EBITDA MRI interest cover %	97.0%	86.8%	124.2%	122.0%	183.0%
Gearing %	41.5%	42.5%	41.3%	48.5%	43.9%
Social housing operating margin %	27.6%	31.0%	29.7%	29.4%	26.3%
Operating margin %	17.8%	21.0%	18.3%	22.5%	23.9%
Return on capital employed %	2.3%	2.6%	2.0%	2.7%	3.3%
Headline social housing cost per unit £	£5,148	£5,630	£4,586	£5,170	£3,730
Reinvestment %	4.6%	7.4%	4.6%	4.4%	5.8%
Social homes developed as % of homes owned	1.7%	2.2%	0.9%	1.5%	1.3%
Non-social homes developed as % of homes owned	0.04%	0.20%	0.20%	0.46%	0.00%

* Peer group figures are always one year in arrears as data is not available at the time of publication of results.
** The performance measures used in the table above are calculated as defined by the Regulator of Social Housing in its value for money standard.

The **EBITDA – MRI** metric is a measure of cash generation as a percentage of interest (net of amortised cost) and is a key indicator of liquidity and investment capacity. It seeks to measure the level of surplus generated compared to interest payable, avoiding any distortions stemming from the depreciation charge. Our performance of 97.0% is better than our target of 86.8% but worse than the G15 median. This result reflects our ongoing commitment to complete additional fire safety work as quickly as possible and to a high standard. When removing exceptional fire safety costs, our EBITDA MRI improves to 117.6%.

The **gearing metric** measures how much of our adjusted assets are made up of debt and the degree of dependence on debt finance. Our performance of 41.5% is better than target of 42.5% and the G15 median, as well as broadly in line with the previous year. This indicates further borrowing capacity to help deliver our ambitious development plans.

The **social housing operating margin** measures the surplus we generate from our core landlord services. Performance of 27.6% is below target and the G15 median, although this has also been impacted by additional fire safety spend. When removing exceptional fire safety spend, this measure improves to 29.7%. Improvements are targeted in future years with an ambition to be top quartile in the G15, driven by a continued focus on tight budgetary control and operating efficiencies.

The **operating margin** measures the surplus we generate from our social and non-social activities. The performance of 17.8% is below target, but also impacted by the fire safety spend and the beginning of high inflation. When removing exceptional fire safety spend, this metric improves to 19.2%.

The **return on capital employed** metric compares the operating surplus (including the disposal of fixed assets) to total assets (less current liabilities). Our performance of 2.3% was below our target of 2.6%. This is principally due to lower margins as explained above.

Our **headline social housing cost per unit** metric measures total property costs (including capital expenditure) per property owned or managed. Our performance of £5,148 was better than target of £5,630. This is due to an underspend in people costs where vacancies were held as we planned for the Peabody merger.

A detailed breakdown of these costs is noted below:

Detail	2021/22 Actual	2021/22 Target	2020/21 Actual	2020/21 G15 Median	2020/21 Sector Median
Management cost per unit	£1,477	£1,729	£1,404	£1,268	£1,069
Service charge cost per unit	£904	£877	£792	£838	£426
Maintenance cost per unit	£1,255	£754	£964	£1,394	£1,070
Major repairs cost per unit	£1,185	£1,960	£973	£955	£656
Other costs per unit	£327	£310	£453	£641	£670
Headline social housing cost per unit	**£5,148**	**£5,630**	**£4,586**	**£5,170**	**£3,730**

The **reinvestment** metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. Our performance of 4.6% was lower than our target but better than the G15 median. This was due to development delays as the construction industry began its recovery from COVID-19.

The **new supply of homes** metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end. We completed 555 social homes, which is an increase of 1.7% to our stock. This is below our target of 2.2% but still represents a strong performance during a period of recovery from the COVID-19 pandemic.

We also completed 14 non-social homes, which is an increase of 0.04% in our stock, albeit lower than the original target of 0.2%

In summary, despite a challenging operating environment we report results which are better than target on four of the Value for Money metrics. The performance of the remaining five metrics is due to a combination of the recovery from COVID-19, the beginning of high inflation and additional fire safety spend.

Sector Scorecard

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

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

Measure	2021/22 Actual	2021/22 Target	2020/21 Actual	2020/21 G15 Median	2020/21 Sector Median
Occupancy %	99.5%	99.0%	99.7%	99.4%	99.2%
Customer satisfaction - General Needs %	73%	76%	76%	76%	86%
Rent collected %	98.6%	99.0%	99.3%	99.4%	100.0%
Ratio of responsive to planned repairs spend	0.4	0.5	0.9	0.6	0.7
Overheads as a % of turnover	12.7%	12.5%	12.4%	11.0%	13.4%
Community investment £000s	£2,953	£3,448	£2,681	£3,100	£144

Strategic report
Value for money (continued)

Environmental Performance

Streamlined Energy and Carbon Reporting (SECR)

We use the Streamlined Energy and Carbon Reporting (SECR) guidance to measure and report on our carbon footprint. This standard helps us gauge energy and carbon performance across our whole organisation, and also highlights what we need to change and where.

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

How is our Carbon Footprint measured?

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

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

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

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

For Catalyst, we have focused on the carbon emissions from the homes we manage, which we consider to be the most significant component of our Scope 3 emissions.

Methodology

The methodology used to calculate our emissions follows the guidance from the revised edition of the GHG Protocol Corporate Accounting and the Reporting Standard, and the UK Government Guidance on SECR.

For Scopes 1 and 2, we have used energy and fuel consumption data from our suppliers and partners, using The UK Government Department for Business, Energy and Industrial Strategy's (BEIS) 2021 conversion factors to calculate the CO_2e emissions. As per SECR guidance, a location-based approach was used to calculate emissions. At the time of reporting, complete gas and electricity consumption data was unavailable for some properties in Q4 FY21/22. Data from 2021 was used as a proxy where deemed appropriate.

Where business travel is recorded as fuel purchases, average UK fuel prices provided by BEIS for FY2021/22 were used to calculate the associated consumption. For our Scope 3 Homes, we have used our CROHM model (Parity Projects) which is based on regulated emissions using SAP2012 and RdSAP994 methodology.

Carbon Intensity Ratios

Our Scope 1, 2 and 3 emissions are also measured against factors that indicate the size of the organisation. For Catalyst, these are the number of homes we manage, the number of employees and the organisation's financial turnover. This provides us with three 'carbon intensity ratios' that help us understand our carbon footprint relative to our size. It means we can not only benchmark against future reports if we change size, but we can also compare ourselves directly to other similar organisations.

Carbon footprint 2021-22 summary

- Our location-based carbon footprint for Scope 1 and 2 is 8,315 tCO_2e, a reduction of 5% from last year.
- Our total carbon footprint (Scopes 1, 2 and 3) is 58,834 tCO_2e, a minor reduction (1%) from last year.
- Our homes contribute to 85% of our total carbon footprint, our gas consumption contributes to 9% and our electricity consumption makes up 4%.
- Our carbon intensity ratio against the number of homes we manage is 0.36, compared to 0.39 last year.
- Emissions related to energy consumption at our Head Office (Ealing Gateway) saw a significant increase of around 60%. This change can be attributed to many of our employees returning to the office after a long period of agile working as a result of the COVID-19 pandemic.
- Emissions related to business travel were previously reported as part of Scope 1. These are now being reported as part of Scope 3, in line with the recommendations of the GHG Protocol.

Energy Consumption		2021-22	2020-21	YOY change
Energy Consumption used to calculate emissions (kWh)	Gas	27,305,773	27,942,479	-2%
	Electricity	11,808,339	12,243,805	-4%
	Transport Fuel (diesel)	2,989,024	2,826,606	6%
	Transport Fuel (petrol)	95,961	-	-
	Total	**42,199,097**	**43,012,890**	**-2%**
Carbon emissions (Scope 1 and 2)				
Emissions from gas (tCO_2e)		5,001	5,138	-3%
Emissions from transport fuel for fleet cars (tCO_2e)		807	716	13%
Emissions from purchased electricity (tCO_2e)		2,507	2,855	-12%
Carbon emissions (Scope 3)				
Emissions from business travel in rental cars or business mileage claims (tCO_2e)		**180**	156	15%
	Total	**8,495**	**8,865**	**-4%**
Carbon Intensity Ratios: measures total gross carbon emissions relative to the following three criteria:				
Catalyst homes managed (social housing including supported and intermediate)	24,625	0.37	0.39	-6%
Catalyst employees	1,199	7.09	7.94	-11%
Catalyst Housing Limited turnover (£ million)	299	28.41	29.73	-4%
Carbon emissions (Other Scope 3)				
Emissions from generation of electricity that is lost in transmission and distribution (tCO_2e)	Transmission and distribution losses	222	248	-11%
Emissions from leased assets, franchises, and outsourced activities (tCO_2e)	Regulated emissions from homes	49,654	49,841	-0.4%
	Head Office (leased asset) emissions – Gas, Electricity, Water	462	287	61%
	Total	**50,338**	**50,376**	**0%**
Summary				
Carbon emissions (tCO_2e)	(Scope 1 and 2)	8,315	8,709	-5%
Carbon emissions (tCO_2e)	(Scope 3)	50,519	50,532	0%
Total Carbon Emissions (tCO_2e)	**Total (Scope 1, 2 and 3)**	**58,834**	**59,241**	**-1%**

Strategic report
Value for money (continued)

Energy efficiency actions

In 2021/22, we implemented the following initiatives to improve energy efficiency and reduce the associated GHG emissions.

- 484 light fittings were replaced in residential communal areas with more efficient LED lights
- Electric vehicles were trialled for our Estate Services fleet and plans were set in place to electrify the entire fleet
- Catalyst's Estate Services team also operates a pool of bicycles which save approximately 18,900 litres of diesel a year, as well as contributing positively to colleagues' health
- Some of the petrol-powered gardening equipment was replaced with electric machinery. This will continue as existing petrol-powered equipment wears out.

These measures align with our ongoing net zero carbon targets which are reviewed on a regular basis. Key performance indicators are set based on these targets, and include achieving:

- operational energy intensity of less than 35%
- space heating energy demand of less than 15%, and
- a grade A EPC rating across 92% of all properties managed.

Electric vehicles were trialled for our Estate Services fleet and plans were set in place to electrify the entire fleet

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

2021/22 saw further maturity of our risk management framework, and continued refinement of the identified risks on our Corporate Risk Register and Risk Universe. An additional focus was placed on ensuring effective mitigation to manage key business area risks, in addition to regular testing of key controls across all areas of the business.

Cohesion between all risk and control functions, including financial control, compliance, IT security and health and safety continues to be a priority, to strengthen our second line of defence in managing risk. This is both at a senior level, with strong leadership, accountability and 'tone at the top', as well as, being embedded throughout the organisation.

Our assurance functions, including our internal audit, risk, and insurance teams, are well integrated and provide an effective risk management support mechanism to each directorate.

Risk management process and practice, and existing control effectiveness across different types of risks, are well understood and integrated across Catalyst. Roles and responsibilities have been further strengthened, and the importance of risk escalation is emphasised in the policy. The existing linkages of risk to strategy, policy and business plans provide a foundation for ensuring we take an effective risk-based approach. This provides assurance to the Executive Board, Audit and Risk Committee and Board that in-place processes and controls are managing risks effectively.

Our Risk Management Ethos
Catalyst's Strategic Assurance Framework ensures that as an organisation we are prepared for, and respond effectively and appropriately to, challenges and opportunities.

Consolidating our approach to risk, this framework encompasses the critical components of effective assurance, including risk management, stress testing, internal controls, business continuity, internal audit, insurance, and governance.

The framework enables Board and Committee members, and our leadership teams, to better understand, manage and review our assurance arrangements. It also ensures the outcomes of assurance activity are used constructively to inform strategic decisions, and protect and improve the business.

A suite of monitoring arrangements, activities and reviews ensure decisions are based on intelligent risk management and an appreciation of the impacts these decisions have on our corporate objectives, customers and colleagues.

Our Board has ultimate accountability and responsibility for making sure we have appropriate and effective assurance and risk management arrangements in place, and delegates authority for specific elements of oversight to the Audit and Risk Committee.

Catalyst's Key Risks

The Board and Executive Team have identified the following 'key risks', which are aligned to the delivery of Catalyst's corporate objectives:

Corporate Risk Theme	Net Risk Score	Key Controls	Board's Risk Appetite
Injury or loss of life occurs, through non-compliance with Health and Safety legislation or safeguarding requirements		• H&S performance reported quarterly to Executive Committee and Board. • H&S programmes in place for major compliance risks (e.g. fire, legionella, asbestos, gas, electrical safety and lifting equipment). • Public and employers liability insurance cover in place. • Incident reporting oversight and reporting. • Tracking of H&S remedial action including fire safety and trend analysis though performance reporting to Executive Committee and Building Safety Board. • Dedicated structure to monitor, address and communicate asset safety issues through the Building Safety Board. • Centralised process and controls to refer safeguarding cases to relevant agencies.	AVERSE
Inaccurate appraisal of fire risk or non-adherence with current or evolving fire safety guidance results in injury or loss		• Dedicated structure to monitor, address and communicate fire safety current and emerging issues through the Building Safety Board. • Internal H&S team provides specialist department-specific advice. • Taller Building and Fire Safety Framework in place. • Programme of Fire Risk Assessment completed by competent contractors. • Programme of major works to remediate tall buildings based on priority risk rating which will be practically complete in the next 24 months.	AVERSE
Large-scale retrofit energy performance solutions and remedial fire safety works, new building standards or a significant unexpected stock investment requirement, adversely impact ability to fund growth strategy or make customer service improvements		• Programme in place to complete remedial fire safety works by risk priority, monitored by the Building Safety Board. • Sustainability Strategy in place (approved by Board September 2020). • Work commissioned to improve stock condition data. • Work commissioned on carbon footprinting, including guidance on reaching zero carbon by 2050.	MEASURED
Response to the COVID-19 Pandemic and socio-economic lockdown impacts		• Day-to-day response managed by Silver Command Team, with monthly meetings by the Gold Command Team. • Regular wellbeing discussions and Employee Assistance Programme. Planned repairs recommenced.	CAUTIOUS
Inability to fund Catalyst's Development Programme		• Effective treasury management. • Regular reporting to Board on the Group's financial position. • Capacity test, approved by the Board. • Robust budget and forecast reporting systems in place with financial covenants tested monthly. • Treasury Policy golden rules in place to protect liquidity. • Stress tests within the financial plan to ensure business activities do not lead to a breach in covenants. • Intra-group lending positions are tested quarterly.	MEASURED
Changes in the operating environment including: • Government policy • Legislation and regulation • Sustainability Agenda		• Effective business continuity planning. • Horizon scanning, which forms part of the CEO update to the Board. • The Annual Internal Audit plan includes internal audits which relate to regulatory requirements (Value for Money, rent setting etc.). • Stress testing on individual and multiple variate stresses. • A legislation register is in place that links to the policy framework.	CAUTIOUS

Catalyst scores each identified risk against a 5 x 5 matrix, which measures Likelihood and Impact of the risk event occurring. The maximum risk score is therefore 25 for a 5-x likelihood and 5 x impact risk event. The net risk scores shown above take account of Catalyst's internal controls.

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

It comprises a minimum of five and a maximum of 12 members. The composition reflects the skills requirements agreed by the Remuneration and Succession Planning Committee, which includes the skills necessary to chair committees. Board and Committee members are listed on pages 4 to 7.

Role of the Board
As of 31 March 2022, the Board comprised eight non-executive members. The Board meets at least six times a year and its composition is intended to ensure it is enhanced by independent perspectives.

Standing Committees
As of 31 March 2022, the Board had six committees:

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

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

3. Investment Committee
The role of the Investment Committee is to oversee Catalyst's investment in existing properties and the development of new homes. It scrutinises development and sales activity, asset management strategy and investment, and sustainability.

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

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

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

6. Remuneration and Succession Planning Committee
The role of the Remuneration and Succession Planning Committee is to oversee the Group's succession, nomination and remuneration functions in line with best practice and legal and regulatory requirements. It also monitors the Group's People Strategy and pay arrangements, including the remuneration of Board and Committee Members, the Chief Executive and Executive Directors. All Terms of Reference for the Committees have been reviewed to ensure that decisions are made in the most appropriate forum whilst maintaining oversight and control. There was almost full attendance at Board meetings by non-executive directors throughout the period and all Committee meetings have been quorate.

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

Merger with Peabody
Following Catalyst becoming a subsidiary of Peabody Trust on 1 April 2022, the new Group has adopted a new Governance Framework, which defines the role for each board and committee in the new group and clearly sets out the scheme of delegation. The Catalyst Board continues to provide leadership and oversight for Catalyst and through the new Governance Framework, the Board delegates to the Group Committees the functions previously undertaken by the standing committees.

The Group Committees consist of members from the Peabody Trust Board, Catalyst Board and Rosebery Housing Association Board, chosen for their skills, knowledge and experience. A priority for the Group in accordance with its Equality Diversity and Inclusion Action Plan is diversity of attributes and backgrounds.

The Group Committees since 1 April are:

- Nominations and Renumeration;
- Audit and Risk;
- Customer Experience;
- Finance and Treasury;
- Development;
- Thamesmead;
- Care and Support;
- Peabody Community Foundation (together the 'Non-Executive Committees');
- Executive Committee; and
- Capital Management Group.

Shareholders
Catalyst has 23 shareholders, eight of which are current Board members and one share is allocated to the parent, the Peabody Trust. We review our performance with our shareholders each year at the Annual General Meeting and share relevant communications with our shareholders throughout the year.

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, The Hive. We carry out several colleagues surveys each year to gather feedback and suggestions to help us understand any concerns, and use the findings to improve our service and performance.

Through 'Our Voice', our colleague representative group, we inform and consult 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 carry out stakeholder engagement mostly on a Group-wide basis to ensure our leadership team understands the views of stakeholders when making decisions and setting strategy.

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

Our values and behaviours are consistent when engaging with stakeholders.

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

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

The key elements of the Group's system of internal control includes:

- a governance framework that 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
- an Audit and Risk Committee that meets regularly to set and review the outputs from the internal audit programme, to satisfy itself that the system of internal control is operating effectively and that any 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 Board review and approval
- regular monitoring of loan covenants and requirements for new loan facilities via the Finance and Treasury Committee
- an approved whistleblowing policy for colleagues to raise concerns on a confidential basis. Procedures are in place to investigate concerns independently and in a timely manner
- policies and procedures for anti-fraud, bribery and corruption that are provided to all colleagues. These cover the prevention, detection and reporting of fraud. Incidences of fraud are reported to the Audit and Risk Committee, which also reviews the Annual Fraud Report on behalf of the Board.

Compliance with the Governance and Financial Viability Standard
The Board has received assurance and is satisfied that all reasonable steps have been taken to ensure compliance with the requirements of the Governance and Financial Viability Standard under the Regulator of Social Housing Regulatory Framework during the financial year 2021/22.

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 2021/22 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 during the year. Catalyst Housing Limited complied with the provisions of the Code. As good practice the Group expects its unregistered subsidiaries to adopt the same Code, while also recognising that not all provisions of the Code are relevant to subsidiaries.

Auditors
BDO LLP were the auditors for the year and their independent report is included on pages 46-53.

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

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

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

The Board members are responsible for:

- keeping adequate accounting records which are sufficient to show and explain the Association's and Group's transactions. These records need to disclose with reasonable accuracy, at any time, the financial position of the Association and Group's financial position, and comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022
- safeguarding the Association and Group's assets
- taking reasonable steps for preventing and detecting fraud and other irregularities
- ensuring the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018.

Accounts are published on Catalyst's website in accordance with UK legislation governing the preparation and dissemination of accounts, which may vary from legislation in other jurisdictions. The maintenance and integrity of Catalyst's website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the accounts contained therein.

By order of the Board

Ravi Rajagopal, Chair

Date: 3 August 2022

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's and the Association's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Catalyst Housing Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit & Risk Committee.

Independence

Following the recommendation of the Audit & Risk Committee, we were first appointed by the board in 2006 to audit the financial statements for the year ending 31 March 2007 and reappointed for subsequent financial years. The period of total uninterrupted engagement is 16 years, covering the years ending 31 March 2007 to 31 March 2022.

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

Conclusions relating to going concern

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

- obtaining management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern;
- considering the appropriateness of management's forecasts by testing their mechanical accuracy, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis;
- obtaining an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- assessing the facility and covenant headroom calculations, and re-performing sensitivities on management's base case and stressed case scenarios; and
- reviewing the wording of the going concern disclosures, and assessed its consistency with management's forecasts.

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

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

Overview

Coverage	100% (2021: 100%) of Group profit before tax 100% (2021: 100%) of Group revenue 100% (2021: 100%) of Group total assets		
		2022	**2021**
Key audit matters	Net realisable value of property developed for sale	✓	✓
	Business Combination	✓	×
Materiality	*Group financial statements as a whole* £6.7 million (2021: £6.1 million) based on 7.5% (2021: 7.5%) of adjusted operating surplus		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes. We identified four components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components.

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

The only components not subject to a full scope audit by BDO UK were the Group's joint ventures which comprise less than 1% of the Group's assets and less than 2% of the Group's surplus before tax.

Key audit matters

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

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

Key audit matter		How the scope of our audit addressed the key audit matter
Net realisable value of property held for sale	As explained in the accounting policies on page 73, properties developed for sale, which are disclosed in Note 18 of the financial statements and include shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £105,507,000 per group BS (2021 - £127,655,000). For all schemes developed for sale at the balance sheet date, management has performed an assessment of their recoverable amount using external valuations, including an assessment of the actual costs incurred against budget. Due to the level of judgement involved in estimating both selling price and costs to complete we considered there to be a significant risk over the recoverable amount of property developed for sale and therefore a key audit matter.	For a sample of property developed for sale, we have: 1. For sales price: • compared anticipated selling prices to sales prices achieved after the year end, sales prices achieved for similar units in the year, valuation of properties for marketing purposes and other selling prices of similar properties in the locality. • where valuations were used, we assessed the expertise of the valuers and confirmed their work was appropriate for our use. 2. For costs to complete: • obtained the latest valuers report and assessed the construction costs against the total contract value taking into account contract variations. • obtained details of the expected costs to complete from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation. • considered Development Committee minutes and made enquiries of Scheme Project Managers for indications of cost overruns, contractor disputes or solvency issues in relation to the schemes tested. • compared the incurred expenditure (including costs incurred after the reporting date) to the estimated amount to ensure that the cost to complete estimate reflects actual costs. • assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year. 3. For costs to sell: • considered computations of selling costs and compared against known selling costs that have been incurred in the year. Key observations: Based on our procedures we noted no exceptions.
Business combination	As explained in the accounting policies and Note 1 and the Business Combination disclosure in Note 38 to the financial statements, Catalyst Housing Limited Group combined with Rosebery Housing Association on 1 April 2021. The business combination established Catalyst Housing Limited as the group parent. Management has assessed that acquisition accounting should be applied to the business combination on 1 April 2021 and therefore a fair value exercise of the assets and liabilities acquired was performed on Rosebery Housing Association at 1 April 2021. Due to the level of judgement and estimate involved in determining the fair values at acquisition we considered there to be a significant risk that these amounts are materially misstated and that the related disclosures are inadequate.	Our work on the business combination included (but was not limited to) the following: • we reviewed the assumptions and estimates involved in determining fair values and agreed these adjustments to the underlying supporting documentation • where third party valuations were used in assessing the fair value of housing properties and fixed rate loans, we identified the valuers and checked that they were independent and that their experience, expertise and work were suitable for our purposes. • where assets or liabilities were brought in at book value, we considered whether any fair value adjustments were required, and assessed these values at the acquisition date. • we reviewed how management has aligned the accounting policies, estimation techniques and reconciled differences in approach to estimation and uncertainty and the effect this may have on key areas of the financial statements. • we considered whether the disclosure requirements for a business combination of this nature had met UK GAAP requirements. Key observations: Based on our procedures we noted no exceptions.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

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

	Group financial statements		Parent Association financial statements	
	2022 £m	2021 £m	2022 £m	2021 £m
Materiality	6.7	6.1	6.0	5.5
Basis for determining materiality	7.5% of adjusted operating surplus as defined by the entities lending covenants.			
Rationale for the benchmark applied	Management reports its performance to key stakeholders and monitors the business based on adjusted operating surplus as defined by the loan covenants. This involves adjusting operating profit for depreciation, amortisation and capitalised major works. It is therefore appropriate to adjust materiality in order to respond to the risk of covenant breach.			
Performance materiality	4.7	3.7	4.2	3.3
Basis for determining performance materiality	70% of materiality (2021: 75% of materiality) The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements.			

Component materiality
We set materiality for each component of the Group based on a percentage of up to 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £33 to £6.0m. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold
We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £134,000 (2021: £110,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The Board are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

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

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

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements.

We gained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022).

In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to fire safety, environmental, occupational health and safety and data protection.

All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates.

Our audit procedures included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment, useful lives of depreciable assets, fair value measurement of investment properties, shared ownership, recoverable amount of properties developed for sale (see key audit matter above), business combinations (see key audit matter above) and defined benefit pension scheme obligations;
- Identifying and testing journal entries to supporting documentation, in particular any journal entries posted with unusual account combinations and specific user postings;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings and papers provided to the Audit & Risk Committee throughout the period and to the date of approval of the financial statements for instances of non-compliance with laws and regulation and fraud; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit & Risk Committee and any correspondence received from regulatory bodies.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
BDO LLP
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BDO LLP
Statutory Auditor
Gatwick

Date: 3 August 2022

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

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Consolidated statement of comprehensive income

Consolidated statement of comprehensive income year ended 31 March

	Note	2022 £'000	2021 £'000
Turnover	2	299,066	298,213
Cost of sales	2	(59,953)	(94,411)
Operating costs	2	(185,949)	(149,259)
Surplus on disposal of fixed assets	7	24,793	12,898
Share of joint venture operating result	17	3,178	6
Operating surplus	2,6	**81,135**	**67,447**
Gain arising from Gift of Net Assets	38	125,347	-
Interest receivable and similar income	8	31	299
Interest payable and financing costs	9	(43,306)	(43,558)
Movement in fair value of investment properties	14	195	(69)
Movement in fair value of derivative financial instruments	28	7,433	10,046
Surplus before taxation		**170,835**	**34,165**
Taxation on surplus	10	(8)	291
Surplus for the financial year		**170,827**	**34,456**
Movement in fair value of derivative financial instruments	28	8,700	11,531
Actuarial gain/(loss) on defined benefit pension schemes	30	7,663	(6,586)
Total comprehensive income for year		**187,190**	**39,401**

The notes on page 68 to 125 form part of these financial statements.

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Association statement of comprehensive income

Association statement of comprehensive income year ended 31 March

	Note	2022 £'000	2021 £'000
Turnover	2	260,058	239,631
Cost of sales	2	(33,989)	(32,931)
Operating costs	2	(174,410)	(150,981)
Surplus on disposal of fixed assets	7	25,045	13,449
Operating surplus	2,6	**76,704**	**69,168**
Interest receivable and similar income	8	5,935	6,930
Interest payable and financing costs	9	(45,396)	(49,222)
Movement in fair value of investment properties	14	195	(69)
Movement in fair value of derivative financial instruments	28	7,045	9,472
Surplus before taxation		**44,483**	**36,279**
Taxation on surplus	10	(8)	291
Surplus for the financial year		**44,475**	**36,570**
Movement in fair value of derivative financial instruments	28	9,088	12,105
Actuarial gain/(loss) on defined benefit pension schemes	30	7,154	(6,586)
Total comprehensive income for year		**60,717**	**42,089**

The notes on page 68 to 125 form part of these financial statements.

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Consolidated and Association statement of financial position

Consolidated and Association statement of financial position as at 31 March

	Note	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Fixed assets					
Tangible fixed assets – housing properties	11	3,370,454	3,069,037	3,114,118	3,037,449
Tangible fixed assets – other	12	9,213	9,544	9,475	9,840
Intangible fixed assets	13	15,090	11,920	14,884	11,920
Investment properties	14	17,182	25,493	17,182	25,493
Investments – HomeBuy loans	15	74,259	82,068	74,259	82,068
Investments – subsidiaries	16	-	-	2	2
Investments – joint ventures	17	35,783	32,795	-	-
		3,521,981	3,230,857	3,229,920	3,166,772
Current assets					
Stocks	18	105,507	127,655	70,111	68,867
Debtors – receivable within one year	19	37,432	33,717	139,202	153,300
Investments	20	85	85	85	85
Cash and cash equivalents	21	97,519	159,734	72,700	133,757
		240,543	321,191	282,098	356,009
Creditors: amounts falling due within one year	22	(217,592)	(134,576)	(201,863)	(121,335)
Provisions for liabilities and charges	31	(280)	-	-	-
Net current assets		22,671	186,615	80,235	234,674
Total assets less current liabilities		3,544,652	3,417,472	3,310,155	3,401,446
Creditors: amounts falling due after more than one year	23	(1,736,353)	(1,722,965)	(1,516,673)	(1,592,359)
Provisions for liabilities and charges	31	(782)	-	-	-
Derivative financial instruments	28	(14,358)	(81,528)	(14,358)	(81,528)
Net assets excluding pension liability		1,793,159	1,612,979	1,779,124	1,727,559
Pension liability	30	(4,622)	(11,632)	(2,480)	(11,632)
Net assets		**1,788,537**	**1,601,347**	**1,776,644**	**1,715,927**
Capital and reserves					
Called-up share capital	32	-	-	-	-
Income and expenditure reserve		1,163,495	1,091,107	1,377,408	1,325,498
Revaluation reserve		613,664	507,562	390,065	390,346
Cash flow hedging reserve		11,378	2,678	9,171	83
		1,788,537	**1,601,347**	**1,776,644**	**1,715,927**

The notes on page 68 to 125 form part of these financial statements.
The financial statements were approved by the Board and authorised for issue on 3 August 2022 and signed on their behalf by:

Ravi Rajagopal
Chair

Ian McDermott
Chief Executive

Argiri Papathos
Company Secretary

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Consolidated statement of changes in reserves

Consolidated statement of changes in reserves for the year ended 31 March 2022

	Income and expenditure reserve £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Total £'000
Balance at 1 April 2021	1,091,107	507,562	2,678	1,601,347
Surplus for the year	64,444	106,383	-	170,827
Movement in fair value of derivative financial instruments	-	-	8,700	8,700
Actuarial surplus on defined benefit pension schemes	7,663	-	-	7,663
Reserves transfers:				
Transfer from revaluation reserve to income and expenditure reserve	281	(281)	-	-
Balance at 31 March 2022	**1,163,495**	**613,664**	**11,378**	**1,788,537**

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

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

The notes on page 68 to 125 form part of these financial statements.

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Association statement of changes in reserves

Association statement of changes in reserves for the year ended 31 March 2022

	Income and expenditure reserve £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Total £'000
Balance at 1 April 2021	1,325,498	390,346	83	1,715,927
Surplus for the year	44,475	-	-	44,475
Transfer from Group entity	-	-	-	-
Movement in fair value of derivative financial instruments	-	-	9,088	9,088
Actuarial surplus on defined benefit pension schemes	7,154	-	-	7,154
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**

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

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

The notes on page 68 to 125 form part of these financial statements.

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Consolidated statement of cash flows

Consolidated statement of cash flows year ended 31 March

	Note	2022 £'000	2021 £'000
Cash flow from operating activities		**194,602**	**160,418**
Cash flow from investing activities			
Purchase of fixed assets – housing properties	11	(135,541)	(123,325)
Purchase of fixed assets – other	12	(518)	(745)
Purchase of intangible fixed assets	13	(5,427)	(5,338)
Purchase of investment properties	14	(164)	(216)
Investment in joint ventures	17	-	(1,018)
HomeBuy loans issued	15	-	(484)
Received grant	24	10,827	12,762
Repaid grant	25	-	(641)
Interest received	8	31	299
Arising on acquisition	38	4,702	-
Net cash used in investing activities		**(126,090)**	**(118,706)**
Cash flow from financing activities			
Interest paid		(57,936)	(52,086)
Loan drawdowns	27	103,000	150,002
Other financing cashflows	27	-	26,555
Swap termination fees	28	(51,037)	-
Debt issue costs	27	(15)	(1,402)
Repayment of loans – bank	27	(124,739)	(83,863)
Net cash used in financing activities		**(130,727)**	**39,206**
Net (decrease)/increase in cash and cash equivalents		**(62,215)**	**80,918**
Cash and cash equivalents at beginning of the year	21	159,734	78,816
Cash and cash equivalents at end of the period	21	**97,519**	**159,734**

Reconciliation of movement in net borrowings	Cash £'000	Debt £'000	Net Debt £'000
Opening balance	159,734	(1,401,506)	(1,241,772)
Arising on acquisition	4,702	(77,400)	(72,698)
Fair value adjustment	-	(21,605)	(21,605)
	164,436	(1,500,511)	(1,336,075)
Movements in the year			
Net cash	(66,917)	-	(66,917)
Loan drawdowns	-	(103,000)	(103,000)
Loan repayments	-	124,739	124,739
Non cash movements	-	4,901	4,901
Closing balance	**97,519**	**(1,473,871)**	**(1,376,352)**

The notes on page 68 to 125 form part of these financial statements.

Consolidated statement of cash flows year ended 31 March

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

	Note	2022 £'000	2021 £'000
Cash flow from operating activities			
Surplus for the financial year		170,827	34,456
Less gift of assets		(125,347)	-
Depreciation of fixed assets – housing properties	11	34,302	30,569
Depreciation on replaced components	3	670	1,965
Depreciation of fixed assets – other	12	910	961
Amortisation of intangible fixed assets	13	2,531	1,678
Amortised grant	24	(5,769)	(1,972)
Share of (surplus)/loss in joint ventures	17	(3,178)	(6)
Interest payable and finance costs	9	43,306	43,558
Interest received	8	(31)	(299)
Movement in fair value of investment properties	14	(195)	69
Surplus on the sale of fixed assets – housing properties	7	(18,152)	(10,292)
Surplus on the sale of fixed assets – HomeBuy	7	(4,483)	(2,881)
(Surplus)/loss on the sale of fixed assets – other	7	(2)	257
(Surplus)/loss on the sale of investment properties	7	(2,155)	18
Proceeds from sale of fixed assets net of selling cost – housing properties	7	45,829	25,472
Proceeds from sale of fixed assets net of selling cost – HomeBuy	7	12,292	8,852
Proceeds from sale of fixed assets net of selling cost – other	7	2	-
Proceeds from sale of investment properties	7	10,826	944
Difference in net pension expense and liability	30	(2,498)	(2,302)
Movement in ineffective derivative financial instruments	28	(7,433)	(10,046)
Movement in trade and other debtors		(2,175)	(9,527)
Movement in stock		23,962	64,597
Movement in trade and other creditors		20,571	(15,444)
Cash from operations		**194,610**	**160,627**
Taxation paid	10	(8)	(209)
Net cash generated from operating activities		**194,602**	**160,418**

The notes on page 68 to 125 form part of these financial statements.

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Notes to the accounts

1. Accounting policies

Rosebery Housing Association Limited and Catalyst Housing Limited merged on the 1 April 2021. The merger was accounted for as an acquisition of Rosebery Housing Association Limited by Catalyst Housing Limited. Fair values have been applied to the assets and liabilities of Rosebery Housing Association Limited as at 1 April 2021, as required by FRS 102. The adjustments to fair value are recognised on consolidation.

A review of the accounting policies and estimates was undertaken to ensure uniformity and the classification of transactions across the new Group. Any adjustments made as a result of a change in accounting policies or application of fair value are detailed in Note 38b to the financial statements.

1.1 Statement of compliance

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

The financial statements have been prepared in accordance with applicable law and the requirements of United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Parent company disclosure exemptions

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

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented, as the reconciliations for the Group and the parent company would be identical
- No cash flow statement has been presented for the parent company.

1.2 Legal status

Catalyst Housing Limited is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. It qualifies as a public benefit entity.

The Group and Association are incorporated in England. These consolidated financial statements are presented in GBP, which is the Group and Association's functional currency.

Basis of preparation

The preparation of financial statements in compliance with FRS 102 requires management to exercise its judgement in applying the Group's accounting policies and the use of certain key accounting estimates. Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are explained in the key accounting judgements and estimation uncertainty section below.
There are publically traded securities within the Group and therefore a requirement to disclose information about the Group operating segments under IFRS8. Segmental information is disclosed in note 3 and as part of the analysis of housing properties in note 12. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group rather than geographical locations. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The Group Board do not routinely receive segmental information disaggregated by geographical location.

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.

We carried out tests on the financial plan to assess the impact of a range of scenarios and its resilience in a downturn market. The regulator of Social Housing's Sector Risk Profile identifies the key risks faced by organisations in the sector and this was used to tailor the stress testing and mitigating actions required to address these risks. The key considerations included the housing market - house price reductions, ongoing staircasing and exposure via joint venture partners; development costs; Asset Management Expenditure and Welfare reform.

1. Accounting policies (continued)

A 'severe' stress test including a combination of these demonstrated our resilience and our ability to withstand adverse economic conditions whilst enabling us to identify the best course of action to ensure ongoing compliance with regulatory standards and our lending covenants.

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

1.4 Basis of consolidation

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

Joint ventures are those entities over which Catalyst exercises joint control through a contractual arrangement. Joint venture investments are accounted for using the equity method on consolidation. The Group's share of joint venture profit or loss for the year is included in the consolidated statement of comprehensive income. A list of joint venture investments is included in note 17 to these financial statements.

Business combinations

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

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

1.5 Turnover and income recognition

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

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

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

1.6 Services charges

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

1.7 Management of units owned by others

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

1.8 Schemes managed by agents

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

1.9 Current and deferred taxation

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

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

Notes to the accounts

1. Accounting policies (continued)

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

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

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

1.10 Value added tax

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

1.11 Finance costs

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

1.12 Qualifying charitable donations

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

1.13 Employee benefits

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

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.

1.14 Pension costs

The Group's employees and past employees are members or pensioners of several pension schemes operated by the Group. The assets of each pension scheme are held separately from those of the Group. The defined benefit pension schemes include the Ealing Family Housing Association Pensions Scheme (EFH PS), the Surrey County Council Superannuation Scheme (SCCSS) and the Social Housing Pension Scheme (SHPS DB).The Group currently contributes to a Scottish Widows Pension, SHPS defined contribution and Standard Life defined contribution pension schemes for certain employees. Contributions to the Group's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

EFH PS

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

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

1. Accounting policies (continued)

SCC SS

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

The Group's share of the surplus or deficit is recognised in full in the Group's balance sheet, with assets measured at market value and liabilities measured using the projected credit method. Actuarial gains and losses are recognised in Other Comprehensive Income.

Current and past service costs are recognised as an operating expense. The unwinding of the discount on scheme liabilities along with the difference between the actual and expected return on scheme assets is included in the Statement of Comprehensive Income account as 'other finance expense/income'.

SHPS DB

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

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 Group is potentially liable for other participating employer's obligations in the event that those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis following withdrawal from the scheme. The scheme is closed to new entrants

1.15 Government grant

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

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

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

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

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

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

1.16 Donated land

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

1. Accounting policies (continued)

financial position as a liability. Where the donation is from a non-public source the value of the donation is included as income.

1.17 Stock of materials and properties held for sale

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

1.18 Investment properties

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

1.19 Intangible fixed assets

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

1.20 Tangible fixed assets – housing properties

Housing property cost

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

Any completed housing property units (along with the retained equity in shared ownership units) acquired from acquisitions, are fair valued to their existing use value for social housing. The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition, which may include an appropriate amount for staff costs and other costs of managing development. Directly attributable costs of acquisition include capitalised interest calculated, on a proportional basis, using the weighted average finance costs on borrowing or the specific borrowing rate on loans drawn down to finance the construction or acquisition of an individual development scheme.

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

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

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

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

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

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

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

1. Accounting policies (continued)

Housing property depreciation

The cost of completed social rented housing property assets are depreciated over the useful economic lives of the components. Land is not depreciated on account of its indefinite useful economic life. Shared ownership properties are not depreciated on the expectation that the net realisable value at the time of disposal will be in excess of the historic cost. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefit is expected to be consumed.

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

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

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

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

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

Shared ownership properties

Under shared ownership arrangements, the Group disposes of a long lease on low-cost 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 Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the statement of comprehensive income.

Notes to the accounts

1. Accounting policies (continued)

Stock swaps and properties acquired from another social landlord

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

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

1.21 Deemed cost and revaluation reserve on transition to FRS 102

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

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

1.22 Tangible fixed assets – others

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

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

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

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

1.23 Impairment of fixed assets

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified a detailed assessment is undertaken to compare the carrying amount of assets or cash-generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option that produces the highest net realisable value.

In line with the Group's objectives, social housing properties are held for their service potential and not purely for economic return. Therefore, the Group follows the guidelines of the SORP and uses the depreciated replacement cost of the property as a reasonable estimate of the recoverable amount. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating surplus.

1. Accounting policies (continued)

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

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

1.24 Recycled Capital Grant Fund

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

1.25 Concessionary loans

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

- to further its public benefit objectives
- at a rate of interest that is below the prevailing market rate of interest
- not repayable on demand.

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

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

i. HomeBuy

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

ii. MyChoice HomeBuy

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

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

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

iii. Rent and service charge agreements

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

1.26 Financial instruments

The Group has elected to recognise and measure its financial assets and liabilities in accordance with the measurement and disclosure requirements of sections 11 and 12 of FRS 102 Financial Instruments.

Debtors and creditors

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

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

1. Accounting policies (continued)

Interest rate swap financial instruments and hedging activities

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

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

1.27 Financial assets

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

Cash and cash equivalents

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

Investment and short-term deposits

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

Rental debtors

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

1.28 Financial liabilities

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

Loans

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

Trade creditors

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

1.29 Leased assets: lessee

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

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

1.30 Leasehold sinking funds

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

1. Accounting policies (continued)

1.31 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 Group are credited to the Statement of Comprehensive Income.

1.32 Reserves

The revaluation reserve was created from the surplus on asset revaluation arising on the adoption of deemed cost valuation for some classes of housing properties on transition to FRS 102. The consolidated revaluation reserve also includes the fair value adjustment to housing properties from the acquisition of Aldwyck Housing on 1 May 2019 and Rosebery Housing Association Limited on 1 April 2021. 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.

1.33 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.

1.34 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 Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on depreciated replacement cost. Construction costs are calculated using current standard build costs used in appraising projects. The depreciation applied to the costs takes into account the physical deterioration of the asset and any obsolescence of the original design. The members have also considered impairment based on their assumptions to define cash or asset generating units
- The anticipated costs to complete on a development scheme and the expected sales value of the properties upon completion. There is judgement involved in assessing the cost to complete based on the anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, officers then determine the recoverable amount of the properties developed for outright sale and/or land held for sale. This judgement is based on third party valuations for the estimated sales values based on economic conditions within the area of development and is re-assessed on a regular basis
- Whether leases entered into by the Group, either as a lessor or a lessee, are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis
- The appropriate allocation of costs for mixed tenure developments. If the cost is not identifiable to a specific tenure, an allocation of costs is made based on proportion of floor area
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset or intended use of the asset at the time of the assessment
- What constitutes a cash-generating unit when indicators of impairment require there to be an impairment review. The Group defines cash-generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to Group schemes into larger cash-generating units
- The estimates for variable forward interest rates used for the amortised cost calculations of basic financial instruments are benchmarked with our treasury advisors
- A provision is recognised only where probable that there is a legal or constructive obligation to transfer economic benefits. The provision is recognised at the best estimate of the amount required.

Key sources of estimation uncertainty

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as condition of the asset and future use of the asset are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. For the housing property assets, the assets are broken down into components based on management's assessments of the properties. Individual useful economic lives are assigned to these components.
- Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

  Key inputs into the valuations were:

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

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

Other areas of estimation uncertainty include:

- Apportionment of costs on a property basis for disposal of properties. The allocation of costs not assigned to a specific property are based on proportion of floor area of the property
- Development costs are capitalised to the extent they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of in-house development, architect and surveyor costs (including the cost of our own employees), and a proportion of the cost of colleagues in other departments who work on development activities. Decisions on whether to capitalise costs include whether income will be generated or increase, and if the life of the assets is extended
- When a project becomes unfeasible. Feasibility of a project is reviewed on a regular basis with reference to hurdle tests (using net present value and profit margin calculations) at a tenure and location level
- The 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
- At the date of acquisition on 1 May 2019 for Aldwyck Housing Group and 1 April 2021 for Rosebery Housing Association Limited, completed housing property units, along with the retained equity in shared ownership units acquired, were fair valued to their existing use value for social housing. Jones Lang LaSalle (JLL), carried out valuation using a discounted cash flow model on the entire housing portfolio. The key inputs into the valuations were the passing rent and the relevant cost bases associated, the discount rate, rent and expenditure growth rates. There are ongoing implications from the valuation for carrying value, depreciation, disposals, grants and amortisation
- The Aldwyck Housing Group and Rosebery Housing Association Limited, fixed rate loans were measured using a fair value method at acquisition on 1 May 2019 and 1 April 2021 respectively. The specialist treasury firm, Centrus carried out the valuation using underlying assumptions based on market price where available or based on recent transactions using similar financial instruments. There are ongoing implications from the valuation for carrying value and its release in future year's amortisation.

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

Consolidated	2022 Turnover £'000	2022 Cost of sales £'000	2022 Operating costs £'000	2022 Surplus/ (deficit) on disposals £'000	2022 Surplus/ (deficit) on joint venture £'000	2022 Operating surplus/ (deficit) £'000
Social housing income and expenditure from lettings (note 3)	222,912	-	(161,331)	-	-	61,581
Other social housing activities						
Community investments	111	-	(2,953)	-	-	(2,842)
Supporting people contract income	1,987		(1,987)	-	-	-
HomeBuy fees	443	-	(443)	-	-	-
Shared ownership first tranche sales	37,515	(33,797)	-	-	-	3,718
Provisions for the properties held for sale	-	-	-	-	-	-
Staircasing activity on shared ownership	-	-	-	12,390	-	12,390
Interest and fees on MyChoice HomeBuy	849	-	(349)	-	-	500
Surplus on void disposals of fixed assets	-	-	-	10,248	-	10,248
Development activity	-	-	(694)			(694)
Other	-	-	-	-	-	-
	263,817	(33,797)	(167,757)	22,638	-	84,901
Non-social housing activities						
Lettings	2,849	-	(2,490)	-	-	359
Market sales	27,497	(24,514)	-	-	-	2,983
Investment property sales	-	-	-	2,155	-	2,155
Development activity	-	-	(7,651)	-	-	(7,651)
Other	4,903	(1,642)	(8,051)	-	-	(4,790)
Share of surplus in joint venture	-	-	-	-	3,178	3,178
Total	299,066	(59,953)	(185,949)	24,793	3,178	81,135

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

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

Association	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
Provisions for the properties held for sale	-	-	-	-	-
Staircasing activity on shared ownership	-	-	-	12,644	12,644
Interest and fees on MyChoice HomeBuy	849	-	(349)	-	500
Surplus on void disposals 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

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

3. Income and expenditure from social housing lettings

Consolidated	General needs £'000	Key workers £'000	Shared ownership £'000	Supported and housing for older people £'000	Temporary accommodation £'000	Other £'000	Total 2022 £'000	Total 2021 £'000
Turnover from lettings								
Rents net of identifiable service charges	146,875	2,783	26,993	8,545	2,283	247	187,726	167,825
Service charge income	9,512	350	5,828	4,179	117	99	20,085	18,002
Amortised government grants	1,529	-	4,212	24	1	3	5,769	1,972
Net rents receivable	157,916	3,133	37,033	12,748	2,401	349	213,580	187,799
Revenue grants from authorities and other agencies	-	-	5,834	41	-	238	6,113	-
Management fee income	63	-	909	425	-	19	1,416	1,371
Other income	54	-	782	509	-	458	1,803	2,976
Income from social housing lettings	158,033	3,133	44,558	13,723	2,401	1,064	222,912	192,146
Expenditure on lettings								
Management	(34,632)	(370)	(8,723)	(953)	(593)	(201)	(45,472)	(39,614)
Service charge costs	(15,911)	(860)	(5,577)	(5,180)	(91)	(214)	(27,833)	(22,357)
Routine maintenance	(25,511)	(112)	(1,342)	(1,737)	(72)	(66)	(28,840)	(26,025)
Major repairs	(7,712)	(121)	(324)	(403)	-	(10)	(8,570)	(5,823)
Planned maintenance	(2,035)	-	(7,336)	(142)	(296)	(17)	(9,826)	(1,185)
Rent losses from bad debts	(1,941)	(60)	-	(200)	-	-	(2,201)	(2,247)
Property lease charges	-	-	-	-	(223)	-	(223)	-
Depreciation housing properties	(31,315)	(498)	(250)	(1,734)	(222)	(236)	(34,255)	(30,485)
Depreciation on replaced components	-	(512)	-	(124)	(27)	(7)	(670)	(1,962)
Depreciation on other fixed assets	(686)	(17)	(141)	(60)	(5)	(1)	(910)	(961)
Amortisation of intangible fixed assets	(1,918)	(48)	(361)	(171)	(23)	(10)	(2,531)	(1,678)
Other costs	-	-	-	-	-	-	-	(2,694)
Operating costs for social housing lettings	(121,661)	(2,598)	(24,054)	(10,704)	(1,552)	(762)	(161,331)	(135,031)
Operating surplus on social housing letting activities	36,372	535	20,504	3,019	849	302	61,581	57,115
Rent losses from voids	(1,295)	(1,017)	(311)	(408)	(36)	(26)	(3,093)	(2,578)

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

Association	General needs £'000	Key workers £'000	Shared ownership £'000	Supported and housing for older people £'000	Other £'000	Total 2022 £'000	Total 2021 £'000
Turnover from lettings							
Rents net of identifiable service charges	135,898	2,783	25,918	7,516	130	172,245	167,825
Service charge income	9,019	350	5,300	3,927	94	18,690	18,002
Amortised government grants	1,267	-	5,283	14	-	6,564	2,936
Net rents receivable	146,184	3,133	36,501	11,457	224	197,499	188,763
Revenue grants from authorities and other agencies	-	-	5,834	41	238	6,113	-
Management fee income	64	-	909	425	19	1,417	1,371
Other income	54	-	782	509	458	1,803	2,976
Income from social housing lettings	146,302	3,133	44,026	12,432	939	206,832	193,110
Expenditure on lettings							
Management	(32,239)	(371)	(8,420)	(664)	(170)	(41,864)	(39,572)
Service charge costs	(15,040)	(860)	(5,347)	(4,991)	(212)	(26,450)	(22,357)
Routine maintenance	(24,027)	(112)	(1,338)	(1,713)	(65)	(27,255)	(26,025)
Major repairs	(8,000)	(121)	(324)	(403)	278	(8,570)	(5,823)
Planned maintenance	(573)	-	(7,330)	-	(288)	(8,191)	(1,185)
Rent losses from bad debts	(1,960)	(60)	-	(197)	-	(2,217)	(2,247)
Depreciation housing properties	(30,279)	(498)	(250)	(1,579)	(215)	(32,821)	(30,698)
Depreciation on replaced components	-	(364)	-	(119)	(7)	(490)	(1,962)
Depreciation on other fixed assets	(657)	(17)	(139)	(57)	(1)	(871)	(958)
Amortisation of intangible fixed assets	(1,810)	(48)	(351)	(161)	(7)	(2,377)	(1,678)
Other	-	-	-	-	-	-	(2,694)
Operating costs for social housing lettings	(114,585)	(2,451)	(23,499)	(9,884)	(687)	(151,106)	(135,199)
Operating surplus on social housing letting activities	31,717	682	20,527	2,548	252	55,726	57,911
Rent losses from voids	(1,263)	(1,017)	(306)	(403)	(2)	(2,991)	(2,578)

Notes to the accounts

4. Directors' emoluments and expenses

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

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Aggregate emoluments payable to the directors (including pension contributions and benefits in kind)	1,445	1,132	1,445	1,132
Emoluments payable to the highest paid director (excluding pension contributions but including benefits in kind)	265	223	265	223
Payments to directors as a compensation for loss of office	98	-	98	-
Total expenses reimbursed to the directors not chargeable to income tax	2	1	2	1

In 2022, the highest paid director was the former Executive Director of Finance. In 2021, the highest paid director was the Chief Executive. Payment to the former Executive Director of Finance in 2022 included payments of £76k which was due in respect of loss of office.

Remuneration payable to the Non-Executive Group Board members for the year were:	Salaries £'000	Total 2022 £'000	Total 2021 £'000
Andrew Wells	10	10	10
Anne Markey	10	10	10
Alison Knocker	14	14	14
Cary Wakefield	16	16	11
Christine Turner	14	14	-
Graham Woolfman	14	14	14
Jack Stephen	2	2	10
Mike Jones	14	14	14
Pat Billingham	9	9	18
Ravi Rajagopal	26	26	10
Richard Brown	-	-	25
Thelma Stober	10	10	-
Terry Hartwell	14	14	14
Simon Wilkinson	3	3	6
	156	156	156

The Board received £4,258 (2021: £267) for expenses during the year.

4. Directors' emoluments and expenses (continued)

Gross salary paid to the Chief Executive divided by total number of homes owned and managed at the year-end was £7.43 (2021: £7.75). The remuneration paid to Catalyst Executive Officers and Chief Executive was as follow:

	Total 2022 £	Total 2021 £
Total emoluments to directors and former directors (including pension contributions and benefits in kind)	1,445,453	1,140,857
Emoluments paid to Chief Executive		
Ian McDermott from 1 April 2021 to 30 September 2021	127,113	265,976
Sarah Thomas from 1 October 2021 to 31 March 2022	150,363	-

The pension contribution for the Chief Executives was £21,727 (Ian McDermott £10,863 and Sarah Thomas £10,864 respectively) (2021: £20,851).

5. Employee information

	Consolidated 2022 Number	Consolidated 2021 Number	Association 2022 Number	Association 2021 Number
The average monthly number of persons expressed in full-time equivalents during the year was:				
Office employees	863	816	784	787
Wardens, caretakers, cleaners and technical services employees	336	300	206	180
	1,199	1,116	990	967

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

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Employee costs (for the above persons)				
Wages and salaries	51,296	46,427	43,795	41,315
Social security costs	5,194	4,542	4,397	4,113
Costs of pension schemes	3,702	3,411	3,280	3,210
	60,192	54,380	51,472	48,638

Gross salary of the lowest earner compared to gross salary of the highest earner for the year was 1:13 (2021: 1:13).

5. Employee information (continued)

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

Range £'000	2022 Number	2021 Number
60–69	54	58
70–79	33	30
80–89	14	22
90–99	20	5
100–109	3	2
110–119	2	5
120–129	9	6
130–139	2	3
140–149	-	5
150–159	2	2
160-169	4	-
170–179	-	1
180–189	2	1
190–199	1	1
200–209	-	1
210-219	-	-
220-229	-	-
230-239	-	-
240-249	1	1
250-259	1	-

6. Operating surplus

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Is stated after charging/(crediting):				
Depreciation – housing properties (note 11)	34,302	30,569	32,863	30,782
Depreciation – on replaced components (note 3)	670	1,965	490	1,965
Depreciation – other fixed assets (note 12)	910	961	871	958
Amortisation – intangible fixed assets (note 13)	2,531	1,678	2,377	1,678
Auditors' remuneration (excluding VAT):				
- in their capacity as auditors	232	190	204	190
- in respect of other services	2	36	-	36
Operating lease charges for land and buildings	2,765	2,778	2,702	2,778
Operating lease charges for office equipment and computers	22	-	10	-
Operating lease charges for motor vehicles	933	739	-	-
Operating lease income	(666)	(670)	(666)	(670)
Defined contribution pension cost	3,702	3,411	3,280	3,210

The remuneration paid to the BDO auditors in respect of non-audit services was £2,000 (2021: £35,875).

7. Surplus on disposal of fixed assets

Consolidated	Shared ownership 2022 £'000	Other housing properties 2022 £'000	Investments (HomeBuy) 2022 £'000	Total 2022 £'000	Total 2021 £'000
Disposal proceeds	35,265	11,397	12,353	59,015	35,307
Cost of disposals	(18,232)	(4,522)	(7,809)	(30,563)	(17,324)
Selling costs	(266)	(567)	(61)	(894)	(983)
Grants recycled	(4,377)	(546)	-	(4,923)	(3,827)
Surplus on disposal of housing assets	12,390	5,762	4,483	22,635	13,173
Surplus/(loss) on disposal of other fixed assets				2	(257)
Surplus/(loss) on disposal of investment properties				2,155	(18)
Total				24,792	12,898

Association	Shared ownership 2022 £'000	Other housing properties 2022 £'000	Investments (HomeBuy) 2022 £'000	Total 2022 £'000	Total 2021 £'000
Disposal proceeds	33,392	11,397	12,353	57,142	35,307
Cost of disposals	(16,937)	(4,525)	(7,809)	(29,271)	(17,209)
Selling costs	(261)	(565)	(61)	(887)	(985)
Grants recycled	(3,550)	(546)	-	(4,096)	(3,389)
Surplus on disposal of housing assets	12,644	5,761	4,483	22,888	13,724
Surplus/(loss) on disposal of other fixed assets				2	(257)
Surplus/(loss) on disposal of investment properties				2,155	(18)
Total				25,045	13,449

8. Interest receivable and similar income

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Interest receivable from group members	-	-	5,908	6,647
External interest receivable	31	299	27	283
	31	299	5,935	6,930

9. Interest payable and financing costs

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
On loans	48,113	49,887	50,847	54,714
Amortised cost*	1,387	404	1,387	404
On index-linked loans and deferred interest loans:				
Interest paid	-	19	-	19
Sundry loan costs	3,167	2,964	2,273	2,964
Amortisation of funding costs	360	-	360	-
	53,027	53,274	54,867	58,101
Less:				
Capitalised in housing properties (note 11)	(5,962)	(3,656)	(5,858)	(3,656)
Capitalised in first tranche sales properties (note 11)	(3,948)	(5,419)	(3,948)	(5,419)
Capitalised in properties developed for sale	(202)	(837)	-	-
Add:				
Transfer to Recycled Capital Grant Fund (note 25)	107	54	107	54
Net interest on net defined benefit liability	284	142	228	142
	43,306	43,558	45,396	49,222

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

10. Tax on surplus on ordinary activities

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'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	(291)	8	(291)
Adjustments in respect of prior years	-	-	-	-

Factors affecting tax charge for the current year

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Surplus on ordinary activities before taxation	170,835	34,165	44,483	36,279
Current tax at 19% (2021: 19%)	32,458	6,491	8,452	6,893
Effects of:				
Surplus subject to charitable exemption	(34,174)	(7,488)	(8,444)	(7,184)
Tax losses carried forward	1,721	706	-	-
Marginal relief	3	-	-	-
Total tax (credit)/charge (see above)	8	(291)	8	(291)

Non-charitable Group members that were liable for corporation tax during the year ended March 2022 and 2021 included Barnet Community Homes Limited, Catalyst Finance Limited, Vintage Care Limited, CHL Developments Limited, Dee Park Developments (Catalyst) Limited, Catalyst by Design Limited, Catalyst Developments (Wimbledon) Limited, Connect Property Services Limited, Lea Valley Developments Limited.

Any surplus made by non-charitable members has been offset by capital allowances, non-taxable income and the balance donated to their parent company.

11. Tangible fixed assets - housing properties

Consolidated	General needs completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Non-social housing properties for letting completed £'000	Key worker accommodation completed £'000	Total £'000
Cost or valuation							
At 1 April 2021	2,568,015	96,014	501,118	129,050	11,961	39,011	3,345,169
Additions:							
- Construction costs	-	81,144	-	47,019	-	-	128,163
- Replaced components	27,392	-	-	-	-	529	27,921
Reclassification of capital retentions and capital creditors	-	-	(1,608)	-	-	-	(1,608)
Completed schemes	70,289	(70,289)	89,327	(89,327)	-	-	-
Transfer (to)/from properties held for sale	-	(3)	-	(21,406)	-	-	(21,409)
Disposals:							
- Demolished	(3,033)	2,276	-	-	-	-	(757)
- Staircasing sales	-	-	(18,308)	-	-	-	(18,308)
- Replaced components	(4,482)	-	-	-	(16)	(1,102)	(5,600)
- Right to buy	(486)	-	-	-	-	-	(486)
- Right to acquire	(196)	-	-	-	-	-	(196)
- Planned (void)	(4,025)	-	-	-	-	-	(4,025)
- Other	(8)	(119)	-	-	-	-	(127)
Arising on acquisition of Rosebery	196,917	3,686	25,321	50	231	-	226,205
At 31 March 2022	2,850,383	112,709	595,850	65,386	12,176	38,438	3,674,942
Depreciation							
At 1 April 2021	(261,960)	-	(4,396)	-	(572)	(4,141)	(271,069)
Charge for the year	(33,480)	-	(280)	-	(45)	(497)	(34,302)
Reclassification of properties	1	-	-	-	1	-	2
Eliminated on disposals:							
- Staircasing sales	-	-	76	-	-	-	76
- Replaced components	4,379	-	-	-	-	551	4,930
- Right to buy	64	-	-	-	-	-	64
- Right to acquire	17	-	-	-	-	-	17
- Planned (void)	104	-	-	-	-	-	104
- Other – Demolished	753	-	-	-	-	-	753
At 31 March 2022	(290,122)	-	(4,600)	-	(616)	(4,087)	(299,425)
Impairment							
At 1 April 2021	(2,219)	-	(2,844)	-	-	-	(5,063)
Charge in the year	-	-	-	-	-	-	-
At 31 March 2022	(2,219)	-	(2,844)	-	-	-	(5,063)
Net book value:							
At 31 March 2022	2,558,042	112,709	588,406	65,386	11,560	34,351	3,370,454
At 31 March 2021	2,303,836	96,014	493,878	129,050	11,389	34,870	3,069,037

11. Tangible fixed assets - housing properties (continued)

On the acquisition of Rosebery Housing Association Limited, Catalyst Housing Limited carried out a valuation on the completed housing properties portfolio acquired, using that amount as the fair value. Catalyst engaged JLL Valuers Limited to value housing properties on an Existing Use Value for Social Housing (EUV-SH) basis. As a result of the acquisition, £29,399,000 of grant was transferred to reserves and becomes a contingent liability. When the property the grant relates to has been disposed of or ceases to be used for social housing purposes, the contingent liability is transferred to the Recycled Capital Grant Fund as a liability and a cost of disposal in the Statement of Comprehensive Income.

Association	General needs completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Non-social housing properties for letting completed £'000	Key worker accommodation completed £'000	Total £'000
Cost or valuation							
At 1 April 2021	2,526,373	99,878	505,442	133,111	11,208	39,011	3,315,023
Additions:							
- Construction costs	-	79,925	-	47,824	-	-	127,749
- Replaced components	26,069	-	-	-	-	529	26,598
Reclassification of capital retentions and capital creditors	-	-	(1,608)	-	-	-	(1,608)
Completed schemes	67,016	(67,016)	89,327	(89,327)	-	-	-
Transfer (to)/from properties held for sale	-	-	-	(21,253)	-	-	(21,253)
Disposals:							
- Demolished	(3,033)	2,276	-	-	-	-	(757)
- Staircasing sales	-	-	(16,937)	-	-	-	(16,937)
- Replaced components	(3,859)	-	-	-	(17)	(1,102)	(4,978)
- Right to buy	(489)	-	-	-	-	-	(489)
- Right to acquire	(196)	-	-	-	-	-	(196)
- Planned (void)	(4,025)	-	-	-	-	-	(4,025)
- Other	-	-	-	-	-	-	-
At 31 March 2022	2,607,856	115,063	576,224	70,355	11,191	38,438	3,419,127
Depreciation							
At 1 April 2021	(263,385)	-	(4,413)	-	(572)	(4,141)	(272,511)
Charge for the year	32,067	-	(256)	-	(43)	(497)	32,863
Eliminated on disposals:							
- Replaced components	3,937	-	-	-	-	551	4,488
- Right to buy	64	-	-	-	-	-	64
- Right to acquire	17	-	-	-	-	-	17
- Planned (void)	104	-	-	-	-	-	104
- Other	755	-	-	-	-	-	755
At 31 March 2022	(290,575)	-	(4,669)	-	(615)	(4,087)	(299,946)
Impairment							
At 1 April 2021	(2,219)	-	(2,844)	-	-	-	(5,063)
Charge in the year	-	-	-	-	-	-	-
At 31 March 2022	(2,219)	-	(2,844)	-	-	-	(5,063)
Net book value:							
At 31 March 2022	2,315,062	115,063	568,711	70,355	10,576	34,351	3,114,118
At 31 March 2021	2,260,769	99,878	498,185	133,111	10,636	34,870	3,037,449

11. Tangible fixed assets - housing properties (continued)

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Housing property net book value comprises:				
- freeholds	2,716,662	2,308,313	2,475,052	2,318,914
- long leaseholds	653,792	760,724	639,066	718,535
	3,370,454	3,069,037	3,114,118	3,037,449
Additions to housing properties includes capitalised interest of:	9,910	9,075	9,806	9,075
The capitalisation rate used was	4.34%	4.40%	4.18%	4.40%
Cumulative capitalised interest was	107,658	76,494	85,064	75,258
Improvements to existing properties capitalised during the year were	27,921	21,628	26,598	21,672
The total cost charged to the income and expenditure account for planned maintenance in the year was (note 3)	9,826	1,185	8,191	1,185

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'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	3,516,319	3,251,355	3,388,697	3,282,666
Accumulated depreciation	(418,560)	(355,087)	(397,638)	(355,145)
Impairment	(5,063)	(5,063)	(5,063)	(5,063)
	3,092,696	2,891,205	2,985,996	2,922,458
Total Social Housing Grant received or receivable to date is as follows:				
Capital grant – housing properties (note 24)	231,568	216,586	252,147	238,924
Capital grant – HomeBuy investments (note 24)	57,942	63,269	57,942	63,269
Recycled Capital Grant Fund (note 25)	54,081	54,179	52,888	54,179
Revenue grant – I&E	1,119,763	1,085,359	1,065,489	1,063,021
	1,463,354	1,419,393	1,428,466	1,419,393

11. Tangible fixed assets - housing properties (continued)

Impairment

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

During the current year, the Group and Association have recognised an impairment loss of £nil and £nil respectively (Group 2021: £nil and Association 2021: £nil) for housing stock.

Properties held for security

The Group had property with a net book value of £1,766,025,171 pledged as security at 31 March 2022 (2021: £1,525,569,683).

Valuation

On transition to FRS 102, Catalyst Housing Limited and Aldwyck Housing Group took the option of carrying out a one-off valuation on a number of its housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, Catalyst engaged JLL Valuers Limited and Aldwyck engaged Savills (UK) Limited, to value housing properties on an Existing Use Value for Social Housing (EUV-SH) basis. Shared ownership properties were measured at historic cost. Rosebery Housing Association Limited did not take the option to carry out a one-off valuation to any of its housing properties on transition to FRS 102. Housing properties will subsequently be measured at cost, other than those valued under acquisition accounting.

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

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

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

12. Tangible fixed assets – other

Consolidated	Freehold office premises £'000	Leasehold office premises £'000	Leasehold other £'000	Motor vehicles £'000	Furniture and computer equipment £'000	Total £'000
Cost						
At 1 April 2021	6,979	3,210	110	82	8,350	18,731
Additions in year	29	332	-	-	157	518
Disposals	(8)	-	-	(17)	(1,848)	(1,873)
Arising on acquisition of Rosebery	-	1	-	-	60	61
At 31 March 2022	7,000	3,543	110	65	6,719	17,437
Depreciation						
At 1 April 2021	(432)	(2,181)	(29)	(82)	(6,463)	(9,187)
Charge for year (note 6)	(90)	(99)	(2)	-	(719)	(910)
Disposals	8	-	-	17	1,848	1,873
At 31 March 2022	(514)	(2,280)	(31)	(65)	(5,334)	(8,224)
Net book value:						
At 31 March 2022	6,486	1,263	79	-	1,385	9,213
At 31 March 2021	6,547	1,029	81	-	1,887	9,544

On the acquisition of Rosebery Housing Association Limited into the Group, the other fixed assets of Rosebery Housing Association Limited were recognised at book value which was deemed as the fair value.

Association	Freehold office premises £'000	Leasehold office premises £'000	Leasehold other £'000	Motor vehicles £'000	Furniture and computer equipment £'000	Total £'000
Cost						
At 1 April 2021	8,186	3,210	110	82	8,350	19,938
Additions in year	29	332	-	-	145	506
Disposals	(8)	-	-	(17)	(1,848)	(1,873)
At 31 March 2022	8,207	3,542	110	65	6,647	18,571
Depreciation						
At 1 April 2021	(1,344)	(2,181)	(29)	(82)	(6,462)	(10,098)
Charge for year (note 6)	(89)	(98)	(2)	-	(682)	(871)
Disposals	8	-	-	17	1,848	1,873
At 31 March 2022	(1,425)	(2,279)	(31)	(65)	(5,296)	(9,096)
Net book value:						
At 31 March 2022	6,782	1,263	79	-	1,351	9,475
At 31 March 2021	6,842	1,029	81	-	1,888	9,840

13. Intangible fixed assets

Consolidated	IT software £'000
Cost	
At 1 April 2021	19,290
Arising on acquisition of Rosebery	274
Additions in year	5,427
Disposals	(4,883)
At 31 March 2022	20,108
Amortisation	
At 1 April 2021	(7,370)
Charge for year (note 6)	(2,531)
Disposals	4,883
At 31 March 2022	(5,018)
Net book value:	
At 31 March 2022	15,090
At 31 March 2021	11,920

On the acquisition of Rosebery Housing Association Limited into the Group, the intangible fixed assets of Rosebery Housing Association Limited were recognised at book value which was deemed as the fair value.

Association	IT software £'000
Cost	
At 1 April 2021	19,290
Additions in year	5,341
Disposals	(4,883)
At 31 March 2022	19,748
Amortisation	
At 1 April 2021	(7,370)
Charge for year (note 6)	(2,377)
Disposals	4,883
At 31 March 2022	(4,864)
Net book value:	
At 31 March 2022	14,884
At 31 March 2021	11,920

14. Investment properties

Commercial and market rented properties	Consolidated £'000	Association £'000
At 1 April 2021	25,493	25,493
Additions	164	164
Disposals	(8,670)	(8,670)
Revaluations	195	195
At 31 March 2022	17,182	17,182

The Group's investment properties are valued annually on 31 March at fair value, determined by independent valuation specialist TH3 Surveyors Ltd. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' appraisal and valuation manual. In valuing investment properties, a discounted cash flow methodology was adopted. Details on the assumptions made and the key sources of estimation uncertainty are given in the accounting policies. The surplus on revaluation of investment properties in the year for the Group and Association of £195,282 (2021 loss: £69,245) has been recognised in the Statement of comprehensive income for the year.

15. Investments – HomeBuy loans

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
At 1 April	82,068	87,555	82,068	87,555
New loans issued	-	484	-	484
Loans redeemed (note 7)	(7,809)	(5,971)	(7,809)	(5,971)
At 31 March	74,259	82,068	74,259	82,068

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% (2021: 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.

16. Investments in subsidiaries

Association	2022 £	2021 £
Cost		
At 1 April	2,207	2,207
Additions in the year	-	-
At 31 March	2,207	2,207

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

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

[1] Wholly owned subsidiary of Catalyst Housing Charitable Trust

Notes to the accounts

17. Investments - joint ventures

Consolidated	Dee Park Partnership LLP £'000	Merton Catalyst LLP £'000	Friary Park LLP £'000	2022 Total £'000	2021 Total £'000
Share of profits/(loss) from joint ventures	416	2,829	(67)	3,178	6
Share of:					
Current assets	1,683	69,077	24,111	94,871	117,591
Liabilities due within one year	(1,232)	(66,712)	(20,039)	(87,983)	(50,096)
Net assets	451	2,365	4,072	6,888	67,495

Consolidated	2022 £'000	2021 £'000
Opening investments	32,795	31,771
Additions	-	1,024
Disposals	2,988	-
Closing investments	35,783	32,795

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

Dee Park Partnership LLP

Dee Park Developments (Catalyst) Limited was incorporated as a subsidiary of Catalyst Housing Group Limited on 1 March 2007 to enter into a 50:50 joint venture agreement with Inspace Partnerships (Willmott Dixon Holdings Limited) to undertake a regeneration project on the Dee Park estate, Reading, using the special purpose vehicle Dee Park Partnership. Dee Park Developments (Catalyst) Limited became a subsidiary of Catalyst Housing Group Limited in December 2007 and, following the restructure, became a subsidiary of Catalyst Housing Limited from September 2011. The contract was signed and funding agreed in 2010 and the joint venture is proceeding with the regeneration project. The joint venture has made a profit of £0.8 million (2021: £nil) during the year, of which a 50% share is recognised within Dee Park Developments (Catalyst) Limited and the consolidated statement of comprehensive income.

During the year it was agreed for the Dee Park Partnership to be dissolved. A supplementary agreement was signed on 31 March 2022 to enact this resolution.

Merton Catalyst LLP

Catalyst Development (Brent) Limited changed its name on 8 January 2018 to Catalyst Development (Wimbledon) Limited. The entity has entered into a 50:50 joint venture agreement with Galliard Group to deliver 604 new homes and commercial space. The development is being delivered through Merton Catalyst LLP and Catalyst Housing Limited had made an initial investment of £30 million into Merton Catalyst LLP. At the year end the Merton Catalyst LLP has returned a profit of £5.6 million (2021: £0.4 million), 50% of which has been recognised within the consolidated statement of comprehensive income.

Friary Park LLP

Catalyst By Design Limited has entered into a 50:50 joint venture limited liability partnership with Mount Anvil. The Mount Anvil (Friary Park) LLP is further separated into three individual LLPs. This to reflect the long-term nature of the regeneration of Catalyst's Friary Park estate in Acton, delivering around 900 new homes. Catalyst By Design Limited had made an initial investment of £4.3 million into Friary Park LLP. At the year end the Friary Park LLP has incurred expenditure of £0.1 million (2021: £0.4 million), 50% of which has been recognised within the consolidated statement of comprehensive income.

18. Stocks

Consolidated	First tranche shared ownership 2022 £'000	Outright market sales 2022 £'000	Other 2022 £'000	Total 2022 £'000	Total 2021 £'000
Work in progress	41,993	29,884	3,290	75,167	89,832
Completed properties	25,204	5,136	-	30,340	37,823
Properties at cost	67,197	35,020	3,290	105,507	127,655

Capitalised interest included in the year end balance was £4.1 million (2021: £3.1 million).

Association	First tranche shared ownership 2022 £'000	Other 2022 £'000	Total 2022 £'000	Total 2021 £'000
Work in progress	41,806	3,100	44,906	54,199
Completed properties	25,205	-	25,205	14,668
Properties at cost	67,011	3,100	70,111	68,867

Capitalised interest included in the year end balance was £3.9 million (2021: £2.3 million).

19. Debtors

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Amounts receivable within one year:				
Gross rent and service charge arrears	19,081	14,459	18,301	14,459
Less: provision for bad and doubtful debts	(6,957)	(5,197)	(6,454)	(5,197)
	12,124	9,262	11,847	9,262
Prepayments and accrued income	14,333	15,217	11,039	4,463
Other debtors	10,975	9,238	9,139	8,069
Amounts due from Group members (note 36)	-	-	107,177	131,506
	37,432	33,717	139,202	153,300

Notes to the accounts

20. Investments

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Bank deposits	85	85	85	85
	85	85	85	85

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

21. Cash and cash equivalents

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Cash and cash equivalents	97,519	159,734	72,700	133,757
	97,519	159,734	72,700	133,757

All cash balances mature within three months. The balances include £30.7 million (2021: £9.2 million) of bank accounts which are restricted in their use.

22. Creditors

Amounts falling due within one year:	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Housing loans (note 27):				
- secured against group properties	83,658	12,370	78,758	12,370
- funding costs to be amortised	399	369	399	369
	84,057	12,739	79,157	12,739
Trade creditors	4,722	2,982	3,363	2,470
Amount held on behalf of leaseholders	13,074	11,328	13,074	11,328
Capital creditors housing properties	11,363	20,508	10,344	20,072
Capital retentions	8,438	8,322	3,383	3,361
Other creditors and accruals	74,417	53,415	70,012	44,811
Other taxes and social security costs	1,499	955	1,250	793
Amounts due to Group members	-	-	1,169	709
Deferred capital grant (note 24)	2,161	2,158	2,883	2,883
Recycled Capital Grant Fund (note 25)	17,861	22,169	17,228	22,169
	217,592	134,576	201,863	121,335

23. Creditors

Amounts falling due after more than one year:	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Deferred Capital Grant (note 24)	287,349	277,697	307,206	299,310
Recycled Capital Grant Fund (note 25)	36,220	32,010	35,660	32,010
Housing loans (note 27):				
- secured against Group properties	1,390,213	1,389,136	1,150,177	1,236,917
- loan issue costs	(6,239)	(6,957)	(6,238)	(6,957)
- bond issuance surplus to be amortised	28,810	31,079	29,868	31,079
	1,736,353	1,722,965	1,516,673	1,592,359

24. Deferred capital grant

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
At 1 April	279,855	269,585	302,193	293,326
Grants received during the year	10,827	12,762	10,827	12,762
Transfers from the Recycled Capital Grant Fund (note 25)	6,753	4,000	6,615	4,000
Other	(1,790)	-	(1,790)	-
HomeBuy redemptions	(5,204)	(4,265)	(5,204)	(4,265)
Released to income during the year (note 3)	(5,769)	(1,972)	(6,563)	(2,936)
Released on disposal during the year	4,838	(255)	4,011	(694)
At 31 March	289,510	279,855	310,089	302,193

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

Notes to the accounts

25. Recycled Capital Grant Fund

Consolidated

Funds pertaining to activities within areas covered by	Homes England 2022 £'000	GLA 2022 £'000	Total 2022 £'000	Homes England 2021 £'000	GLA 2021 £'000	Total 2021 £'000
At 1 April	39,543	14,636	54,179	33,984	16,576	50,560
Inputs to fund:						
- grants recycled	6,928	3,081	10,009	5,520	2,686	8,206
- interest accrued	72	35	107	39	15	54
Arising on acquisition of Rosebery	1,331	-	1,331	-	-	-
Recycling of grant:						
- new build	(11,190)	(2,280)	(13,470)	-	(4,000)	(4,000)
- other	15	1,910	1,925	-	-	-
Repayment of grant to Homes England/GLA	-	-	-	-	(641)	(641)
At 31 March	36,699	17,382	54,081	39,543	14,636	54,179
Amounts three years or older where repayment may be required	16,603	4,849	21,452	22,091	-	22,091

Association

Funds pertaining to activities within areas covered by	Homes England 2022 £'000	GLA 2022 £'000	Total 2022 £'000	Homes England 2021 £'000	GLA 2021 £'000	Total 2021 £'000
At 1 April	39,543	14,636	54,179	33,984	16,576	50,560
Inputs to fund:						
- grants recycled	6,928	3,081	10,009	5,520	2,686	8,206
- interest accrued	72	35	107	39	15	54
Recycling of grant:						
- new build	(11,052)	(2,280)	(13,332)	-	(4,000)	(4,000)
- other	15	1,910	1,925	-	-	-
Repayment of grant to Homes England/GLA	-	-	-	-	(641)	(641)
At 31 March	35,506	17,382	52,888	39,543	14,636	54,179
Amounts three years or older where repayment may be required	16,287	4,849	21,136	22,091	-	22,091

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

26. Disposal Proceeds Fund

Consolidated and Association

Funds pertaining to activities within areas covered by	Homes England 2021 £'000	GLA 2022 £'000	Total 2022 £'000	Homes England 2021 £'000	GLA 2021 £'000	Total 2021 £'000
At 1 April						
Opening balance	-	-	-	176	12	188
Inputs to fund:						
- interest accrued	-	-	-	-	-	-
Recycling of grant:						
- utilised on purchased properties	-	-	-	-	-	-
- funds transfer to reserves	-	-	-	(176)	(12)	(188)
At 31 March	-	-	-	-	-	-
Amounts three years or older where repayment may be required	-	-	-	-	-	-

27. Loans

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

Housing loans repayable by instalments	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Between one and two years	6,628	36,490	6,628	36,490
Between two and five years	65,577	78,135	45,578	78,135
In five or more years	326,486	398,880	264,777	388,614
Total (note 23)	398,691	513,505	316,983	503,239
Within one year (note 22)	39,057	12,739	34,157	12,739
Total	437,748	526,244	351,140	515,978

Housing loans not repayable by instalments	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Between one and two years	34,982	45,000	34,982	45,000
Between two and five years	78,000	22,800	78,000	22,800
In five or more years	901,111	831,953	743,842	690,000
Total (note 23)	1,014,093	899,753	856,824	757,800
Within one year (note 22)	45,000	-	45,000	-
Total	1,059,093	899,753	901,824	757,800

27. Loans (continued)

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Total loans	1,496,841	1,425,997	1,252,964	1,273,778

On 5 March 2021, the UK's Financial Conduct Authority (FCA) formally announced the cessation of all GBP London Interbank Offered Rate (LIBOR) benchmark settings currently published by ICE Benchmark Administration (IBA) immediately after 31 December 2021. In response, during the current year, the Catalyst Housing Limited has entered into agreements with its lenders to amend the benchmark rate referenced in the agreements from GBP LIBOR to GBP SONIA plus a credit adjustment spread to compensate for the basis differential between the two benchmarks.
The loans were amended in December 2021 with a rate switch date to SONIA effective as of the first applicable roll date from 31 December 2021.

As part of the Groups IBOR reform programme, the derivative instruments hedging the GBP LIBOR interest rate risk were also amended to update the reference benchmark index from GBP LIBOR to SONIA plus an economically equivalent credit adjustment spread. The hedging instruments were amended in December 2021 with a rate switch date to SONIA to align with the hedged loans.

The Group has considered the impact of interest rate benchmark reform ("IBOR reform") on its loan accounting and hedge accounting. The Group has adopted the Amendments to FRS 102 – Interest rate benchmark reform issued in December 2020 ("Phase 2 relief"). Adopting these amendments provides temporary relief from applying specific loan accounting and hedge accounting requirements for hedging relationships directly affected by IBOR reform.

For loan accounting, the reliefs have the effect that the Group can update its effective interest rate for the change to the new risk-free rate without recognising an immediate gain or loss. For hedge accounting, the reliefs have the effect that IBOR reform should not generally cause hedge accounting to cease and updates to hedge documentation relating to IBOR reform will not result in a de-designation event for existing hedge relationships. However, any hedge ineffectiveness should continue to be recorded in the income statement. Qualifying for the reliefs is contingent on the Company's transition, i.e. the new risk-free rate plus credit adjustment spread, being economically equivalent to the previous LIBOR basis.

In accordance with the Phase 2 amendments to FRS 102, the Group has adjusted the effective interest rate on its borrowings resulting in no immediate impact on profit or loss. The Group determined that the amendment to the derivative contracts resolved the uncertainty arising from the timing and cash flows arising from a change in interest rate benchmark and has therefore also updated its hedge documentation with no discontinuation of hedge accounting or immediate release from the cash flow hedge reserve.

The Group has total committed loan facilities of £1,767 million (£1,305 million drawn down) raised through the debt and capital markets, together with loans provided by various banks and building societies. All loans are secured by way of first fixed charges on specified properties. The loans bear interest at fixed rates ranging from 2.4% to 10.2% or at a margin above the SONIA Offered Rate. At 31 March 2022, the Group had undrawn loan facilities of £462 million (2021: £525.2 million). Of the total loan facilities of £1,767 million; £1,111 million was at fixed rates at 31 March 2022. The weighted average interest rate is the aggregate rate of interest paid for the year on Group borrowings which is 3.96% (2021: 4.4%).

Rosebery Housing Association Limited loans were revalued at fair value as defined by section 11 of FRS 102 as at the date of acquisition, 1 April 2021. The fair value impacts Group only.

28. Derivative non-basic financial instruments

Held at fair value	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
At 1 April	81,528	103,105	81,528	103,105
Change in fair value recognised in the surplus for the year	(7,433)	(10,046)	(7,045)	(9,472)
Change in fair value charged to cash flow hedging reserve	(8,700)	(11,531)	(9,088)	(12,105)
Termination	(51,037)	-	(51,037)	-
At 31 March	14,358	81,528	14,358	81,528

Interest rate swap contracts entered into have a weighted average interest rate of 3.88% (2021: 4.6%) over 19 years (2021: 15 years). The notional balance at 31 March 2022 was £30 million (2021: £160.5 million), all in designated hedge relationships (2021: £150.5 million).

During the year, Catalyst cancelled standalone derivatives reducing the notional from £160.5 million to £30.0 million. Prior to merger with Peabody, £32.5 million of fixed rate loans were prepaid and, together, these actions reduced the weighted average interest rate by 0.49%. Mark to market reduced from £81.5 million in March 2021 to £14.4 million in March 2022, with the total impact on SOCI was limited to £16.1 million.

29. Financial instruments

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

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Financial assets				
Concessionary loans (note 1 section 1.25)	74,259	82,068	74,259	82,068
Financial assets measured at historic cost:				
- Trade receivables (note 19)	12,124	9,262	11,847	9,262
- Other receivables (note 19)	25,308	24,455	127,355	144,038
- Investments (note 20)	85	85	85	85
- Cash and cash equivalents (note 21)	97,519	159,734	72,700	133,757
Total financial assets	209,295	275,604	286,246	369,210

29. Financial instruments (continued)

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Financial liabilities				
Financial liabilities measured at amortised cost or fair value:				
- Loans payable (note 27)	(1,496,841)	(1,425,997)	(1,252,964)	(1,273,778)
Financial liabilities measured at historic cost:				
- Trade creditors (note 22)	(4,722)	(2,982)	(3,363)	(2,470)
- Other creditors	(452,382)	(428,562)	(462,209)	(437,446)
Financial liabilities measured at fair value:				
Derivatives non-basic financial instruments (note 28)	(14,358)	(81,528)	(14,358)	(81,528)
Total financial liabilities	(1,968,303)	(1,939,069)	(1,732,894)	(1,795,222)

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 Group's financial instruments are counterparty risk, liquidity risk, interest rate risk and refinancing risk.

Counterparty risk

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

Liquidity risk

Liquidity risk is managed in accordance with the Group's treasury policy. The Group has a policy to maintain sufficient liquidity in cash and undrawn lending facilities to cover at least 18 months of net cash flow and meet all contracted commitments over the coming three years. At the year end 77% of the Group's borrowings were due to mature in more than five years. Funds are drawn as determined by the Group's borrowing requirements. To date all loan payments have been made on time.

Interest rate risk

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

Refinancing risk

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

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

30. Pension costs

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

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

Consolidated	**EFHAPS £'000**	**SCC £'000**	**SHPS £'000**	**Total £'000**
At 1 April 2021	(1,008)	-	(10,624)	(11,632)
Acquired on acquisition of Rosebery	-	(1,468)	(1,399)	(2,867)
Movement recognised in Statement of comprehensive income	(11)	(45)	(311)	(367)
Movement recognised in Other comprehensive income	4,827	214	2,622	7,663
Contributions by employer	950	131	1,500	2,581
At 31 March 2022	4,758	(1,168)	(8,212)	(4,622)

Association	**EFHAPS £'000**	**SHPS £'000**	**Total £'000**
At 1 April 2021	(1,008)	(10,624)	(11,632)
Movement recognised in Statement of comprehensive income	(11)	(264)	(275)
Movement recognised in Other comprehensive income	4,827	2,327	7,154
Contributions by employer	950	1,323	2,273
At 31 March 2022	4,758	(7,238)	(2,480)

30. Pension costs (continued)

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 2022, the scheme had a total membership of 302 (2021: 304).

During the year, Catalyst paid £950,000 (2021: £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 2022 by a qualified actuary. The major assumptions used in this valuation were:

	2022	**2021**	**2020**	**2019**
LPI pension increase	3.5%	3.2%	2.8%	3.2%
Discount rate	2.7%	2.0%	2.3%	2.5%
Inflation assumption	3.8%	3.4%	2.9%	3.4%

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 (2021: CMI_2019 1.25%).

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term (and may be subject to significant change before they are realised), and the present value of the scheme's liabilities – derived from cash flow projections over long periods and thus inherently uncertain – were:

Amounts recognised in balance sheet Consolidated and Association	**At 31 March 2022 £'000**	**At 31 March 2021 £'000**
Present value of funded obligations	(55,156)	(62,325)
Fair value of scheme assets	59,914	61,317
Pension asset/(liability)	4,758	(1,008)

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

30. Pension costs (continued)

Analysis of amount recognised in Other Comprehensive Income Consolidated and Association	At 31 March 2022 £'000	At 31 March 2021 £'000
Actual return less expected return on scheme assets	(1,903)	6,356
Changes in assumptions underlying the present value of scheme liabilities	6,730	(6,120)
Actuarial gain recognised in Other Comprehensive Income	4,827	236

Amounts recognised in income and expenditure account Consolidated and Association	At 31 March 2022 £'000	At 31 March 2021 £'000
Interest on obligation	1,230	1,286
Expected return on scheme assets	(1,219)	(1,249)
Loss on plan changes	-	72
Total	11	109

Changes in the present value of defined benefit obligation Consolidated and Association	At 31 March 2022 £'000	At 31 March 2021 £'000
Opening defined benefit obligation	62,325	56,983
Interest cost	1,230	1,286
Actuarial loss	(6,730)	6,120
Loss on plan changes	-	72
Benefits paid	(1,669)	(2,136)
Closing defined benefit obligation	55,156	62,325

The actuarial gains and losses can be split into:

Actuarial loss due to assumptions change	(6,730)	6,120

Changes in the fair value of scheme assets during the year Consolidated and Association	At 31 March 2022 £'000	At 31 March 2021 £'000
Opening fair value of scheme assets	61,317	54,898
Expected return on scheme assets	1,219	1,249
Actuarial gain/(loss)	(1,903)	6,356
Contributions by employer	950	950
Benefits paid	(1,669)	(2,136)
Closing fair value of scheme assets	59,914	61,317

30. Pension costs (continued)

b) Surrey County Council Superannuation Scheme

The Group, via its subsidiary Rosebery Housing Association Limited from 1 April 2021, participates in the Surrey County Council Superannuation Scheme which is part of the Local Government Pension Scheme Regulations 1997. The SCCSS scheme is a multi-employer scheme and is a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2019 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2022 by a qualified independent actuary. Rosebery Housing Association Limited agreed to pay £131,000 per annum in accordance with the recovery plan agreed with the trustees of the pension scheme.

The employers' contributions to the SCCSS scheme by the Group for the year ended 31 March 2022 were £11,013 (2021: £nil) at a contribution rate of 32.4% of pensionable salaries. The employer contribution rates from 1 April 2022 remains at 32.4% following the 2019 funding valuation. Estimated employers' contributions to the SCCSS scheme during the accounting period commencing 1 April 2022 are £11,341.

Member contributions to the SCCSS scheme were 6.5% based on their whole-time equivalent pensionable pay.

At the balance sheet date there was 1 active member of the SCCSS scheme employed by the Group. The annual pensionable payroll in respect of these members was £33,991 (2021: £nil).

The major assumptions used in the valuation were:

	2022 (% per annum)
Discount rate	2.70
Salary increase rate	4.20
Pension increase rate (CPI)	3.30

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2022 (years)
Males retiring in 2022	22.1
Females retiring in 2022	24.5
Males retiring in 2042	23.1
Females retiring in 2042	26.2

Amounts recognised in balance sheet	At 31 March 2022 £'000	At 31 March 2021 £'000
Present value of funded obligations	(4,556)	-
Fair value of scheme assets	3,388	-
Pension liability	(1,168)	-

30. Pension costs (continued)

Analysis of amount recognised in other comprehensive income Consolidated	At 31 March 2022 £'000	At 31 March 2021 £'000
Actual return less expected return on scheme assets	223	-
Changes in assumptions underlying the present value of scheme liabilities	(9)	-
Actuarial gain recognised in Other Comprehensive Income	214	-

Amounts recognised in income and expenditure account Consolidated	At 31 March 2022 £'000	At 31 March 2021 £'000
Interest on obligation	94	-
Expected return on scheme assets	(67)	-
Total	27	-

Changes in the present value of defined benefit obligation Consolidated	At 31 March 2022 £'000	At 31 March 2021 £'000
Opening defined benefit obligation	-	-
Acquired on acquisition of Rosebery	4,968	-
Service cost	18	
Interest cost	94	-
Contributions by members	2	
Actuarial loss/(gain)	(223)	-
Benefits paid	(303)	-
Closing defined benefit obligation	4,556	-
The actuarial gains and losses can be split into:		
Actuarial loss due to assumptions change	(223)	-

Changes in the present value of defined benefit obligation Consolidated	At 31 March 2022 £'000	At 31 March 2021 £'000
Opening fair value of scheme assets	-	-
Acquired on acquisition of Rosebery	3,500	-
Expected return on scheme assets	67	-
Actuarial gain/(loss)	(9)	-
Contributions by employer	131	-
Contributions by plan participants	2	
Benefits paid	(303)	-
Closing fair value of scheme assets	3,388	-

Notes to the accounts

30. Pension costs (continued)

Asset analysis Consolidated	At 31 March 2022 %	At 31 March 2021 %
Equities	64	-
Bonds	26	-
Property	8	-
Cash	2	-

c) Social Housing Pension Scheme

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

In respect of the shortfall in funding, Catalyst Housing Limited agreed to pay £1,284,212 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 2022 provided by the Pension Trust.

The major assumptions used in this valuation were:

	Catalyst Housing 2022 (% per annum)	Rosebery Housing 2022 (% per annum)	Catalyst Housing 2021 (% per annum)
Discount rate	2.70	2.70	2.18
Inflation (RPI)	3.60	3.60	3.27
Inflation (CPI)	3.17	3.19	2.87
Salary growth	4.17	4.19	3.87
Allowance for commutation of pension for cash at retirement	75% of max allowance	75% of max allowance	75% of max allowance

The mortality assumptions adopted imply the following life expectancies were:

	2022 (years)	2021 (years)
Males retiring in 2022	21.1	21.6
Females retiring in 2022	23.7	23.5
Males retiring in 2042	22.4	22.9
Females retiring in 2042	25.2	25.1

Amounts recognised in balance sheet	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Present value of funded obligations	(57,986)	(52,397)	(51,311)	(52,397)
Fair value of scheme assets	49,774	41,773	44,073	41,773
Pension liability	(8,212)	(10,624)	(7,238)	(10,624)

30. Pension costs (continued)

Analysis of amount recognised in Other Comprehensive Income	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Actual return less expected return on scheme assets	1,078	2,292	1,158	2,292
Experience gains and losses arising on scheme liabilities	(2,679)	1,667	(2,588)	1,667
Changes in demographic assumptions underlying the present value of scheme liabilities	926	(189)	824	(189)
Changes in financial assumptions underlying the present value of scheme liabilities	3,297	(10,592)	2,933	(10,592)
Actuarial gain recognised in Other Comprehensive Income	2,622	(6,822)	2,327	(6,822)

Amounts recognised in income and expenditure account	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Current service cost	(24)	(10)	(12)	(10)
Expenses	(41)	(38)	(35)	(38)
Interest on obligation	(246)	(105)	(217)	(105)
Total	(311)	(153)	(264)	(153)

Changes in the present value of defined benefit obligation	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Opening defined benefit obligation	52,397	43,693	52,397	43,693
Acquired on acquisition of Rosebery	7,030	-	-	-
Current service costs	24	10	12	10
Expenses	41	38	35	38
Interest cost	1,282	1,018	1,130	1,018
Contributions by plan participants	7	3	2	3
Experience gains and losses arising on scheme liabilities	2,679	(1,667)	2,588	(1,667)
Changes in demographic assumptions underlying the present value of scheme liabilities	(926)	189	(824)	189
Changes in financial assumptions underlying the present value of scheme liabilities	(3,297)	10,592	(2,933)	10,592
Benefits paid	(1,251)	(1,479)	(1,096)	(1,479)
Closing defined benefit obligation	57,986	52,397	51,311	52,397

	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
The actuarial gains and losses can be split into:				
Actuarial gain due to assumption change	2,622	(6,822)	2,327	(6,822)

Notes to the accounts

30. Pension costs (continued)

Changes in the fair value of scheme assets during the year	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Opening fair value of scheme assets	41,773	38,535	41,773	38,535
Acquired on acquisition of Rosebery	5,631	-	-	-
Expected return on scheme assets	1,036	913	913	913
Actuarial gain/(loss)	1,078	2,292	1,158	2,292
Contributions by employer	1,500	1,509	1,323	1,509
Contributions by plan participants	7	3	2	3
Benefits paid	(1,251)	(1,479)	(1,096)	(1,479)
Closing fair value of scheme assets	49,774	41,773	44,073	41,773

Asset analysis	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Global Equity	9,552	6,658	8,458	6,658
Absolute Return	1,997	2,306	1,768	2,306
Distressed Opportunities	1,781	1,206	1,577	1,206
Credit Relative Value	1,654	1,314	1,465	1,314
Alternative Risk Premia	1,641	1,573	1,453	1,573
Fund of Hedge Funds	-	5	-	5
Emerging Markets Debt	1,448	1,686	1,282	1,686
Risk Sharing	1,639	1,521	1,451	1,521
Insurance-Linked Securities	1,161	1,003	1,028	1,003
Property	1,344	868	1,190	868
Infrastructure	3,546	2,785	3,140	2,785
Private Debt	1,276	996	1,130	996
Opportunistic Illiquid Debt	1,673	1,062	1,481	1,062
High Yield	429	1,251	380	1,251
Opportunistic Credit	177	1,145	157	1,145
Cash	169	-	150	-
Corporate Bond Fund	3,320	2,468	2,940	2,468
Liquid Credit	-	499	-	499
Long Lease Property	1,281	819	1,134	819
Secured Income	1,854	1,737	1,642	1,737
Liability Driven Investments	13,889	10,617	12,298	10,617
Currency Hedging	(195)	-	(173)	-
Net Current Assets	138	254	122	254
Total assets	49,774	41,773	44,073	41,773

30. Pension costs (continued)

d) Other pension schemes

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

The Group operates a stakeholder pension scheme administered by Standard Life. The employer's contributions are 9% of pensionable salary and amount to £2,640,433 (2021: £2,473,568). At 31 March 2022, outstanding payments due to the scheme were £nil (2021: £nil).

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

The Group contributes to the SHPS defined contribution scheme. The contribution rate for the Group was up to 9% for employer contributions and 5% for employee contributions. The Group and Associations' employer contributions amounted to £631,187 and £631,187 respectively (Group 2021: £733,809 and Association 2021: £733,809). At 31 March 2022 outstanding payments due to the scheme were £nil (2021: £nil), of which £nil (2021: £nil) were employer contributions.

The Group also contributes to a defined benefit scheme administered by Scottish Widows, the contribution rate for the Group was up to 5% for employer contributions and 5% for employee contributions. The employer's contributions for the year amounted to £207,026 (2021: £195,294) for the Group. At 31 March 2022, outstanding payments due to the scheme were £nil (2021: £nil), of which £nil (2021: £nil) were employer contributions.

31. Provisions for liabilities and charges

Consolidated	Dilapidations 2022 £'000	Other 2022 £'000	Total 2022 £'000	Total 2021 £'000
At 1 April	-	-	-	9,048
Additions	98	280	378	-
Arising on acquisition of Rosebery	314	370	684	-
Release of provisions during the year	-	-	-	(9,048)
At 31 March	412	650	1,062	-

Consolidated	Total 2022 £'000	Total 2021 £'000
Amounts due within 1 year	280	-
Amounts due after more than 1 year	782	-
At 31 March	1,062	-

Dilapidations will be utilised on expiry of the property lease. Other provisions are expected to unwind over the next three years. During the prior year we released the provision following confirmation of a funding agreement approved by Homes England in respect of cladding system remediation works.

31. Provisions for liabilities and charges (continued))

Association	Dilapidations 2022 £'000	Other 2022 £'000	Total 2022 £'000	Total 2021 £'000
At 1 April	-	-	-	9,048
Release of provisions during the year	-	-	-	(9,048)
At 31 March	-	-	-	-

32. Called up share capital

Association	2022 £	2021 £
Shares of £1 each issued and fully paid		
At beginning of year	25	31
Issued during year	-	-
Surrendered during the year	(2)	(6)
At end of year	23	25

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

33. Commitments

Capital commitments	Consolidated 2022 £'000	Consolidated 2021 £'000	Association 2022 £'000	Association 2021 £'000
Capital expenditure contracted, which has not been provided for in the accounts	181,773	191,281	115,434	128,488
Capital expenditure, which has been authorised by the Board but has not yet been contracted for	586,130	513,751	267,859	286,618
Total	767,903	705,032	383,293	415,106

33. Commitments (continued)

Capital commitments for the Group will be funded by £74.3 million (2021: £262 million) of Social Housing Grant and £693.6 million (2021: £443 million) from draw-down of existing, or new loan facilities.

Capital expenditure contracted by joint venture entities and partnerships was £131.4 million (2021: £119 million) for Friary Park LLP, £Nil (2021: £20 million) for Merton Catalyst LLP and £56.3 million (2021: £102 million) for Capital Way Brentford Partnership.

Capital commitments divided by tangible fixed assets at year-end was 28% (2021: 23%).

Financial commitments	**Consolidated 2022 £'000**	**Consolidated 2021 £'000**
Properties developed for sale, expenditure contracted or authorised, which has not been provided for in the accounts	40,192	7,585
Total	40,192	7,585

34. Operating lease commitments

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

Amounts payable as lessee	**Consolidated 2022 £'000**	**Consolidated 2021 £'000**	**Association 2022 £'000**	**Association 2021 £'000**
Not later than one year	2,836	3,701	2,668	2,617
Later than one year and not later than five years	7,772	11,873	7,621	9,361
Later than five years	-	-	-	-
Total	10,608	15,574	10,289	11,978

Amount payable as a lessee reflects the rental cost of the Ealing Gateway and Epsom offices, computer and office equipment and motor vehicles.

Amounts payable as lessor	**Consolidated 2022 £'000**	**Consolidated 2021 £'000**	**Association 2022 £'000**	**Association 2021 £'000**
Not later than one year	652	652	652	652
Later than one year and not later than five years	2,611	2,767	2,611	2,767
Later than five years	4,374	4,871	4,374	4,871
Total	7,637	8,290	7,637	8,290

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

35. Number of units

Consolidated	**As at 31 March 2021**	**Units developed or newly built units acquired**	**Units sold/ demolished**	**Transfer and acquisition (to)/from other RP's**	**Other**	**As at 31 March 2022**
Social housing:						
General needs	17,859	33	(16)	1,634	1	19,511
Affordable	2,466	188	(4)	82	(1)	2,731
Shared ownership units	4,851	334	(181)	201	-	5,205
Supported and housing for older people	1,804	-	-	191	(18)	1,977
Temporary accommodation	-	-	-	160	(1)	159
Intermediate rent	386	-	-	21	(1)	406
Leasehold	2,245	-	-	-	110	2,355
Total owned	29,611	555	(201)	2,289	90	32,344
Accommodation managed for others	602	-	-	57	(68)	591
Total social housing units	30,213	555	(201)	2,346	22	32,935
Other shared equity units	1,535	-	(129)	-	-	1,406
Student accommodation	150	-	-	-	-	150
Market rent	17	-	(3)	508	-	522
Leasehold	1,175	-	-	445	10	1,630
Non-Social Managed for Others	-	-	-	-	52	52
Total non-social housing units	2,877	-	(132)	953	62	3,760
Bed spaces used by care provider	103	-	-	-	-	103
Keyworker bed spaces	537	-	-	-	-	537
Total bed spaces	640	-	-	-	-	640
Total units	33,730	555	(333)	3,299	84	37,335

	Consolidated 2022 Number	**Consolidated 2021 Number**
Total units managed by other organisations on behalf of Catalyst	724	712
Housing units under development	1,258	1,221

In addition to the normal yearly movements, the Group has seen an increase in housing stock numbers following the business combination with Rosebery Housing Association Limited. The other category refers to the changes in tenures and movement between the category such as social managed for others to non-social.

35. Number of units (continued)

Association	As at 31 March 2021	Units developed or newly built units acquired	Units sold/ demolished	Other	As at 31 March 2022
Social housing:					
General needs	17,859	33	(16)	-	17,876
Affordable	2,466	177	(4)	(1)	2,638
Shared ownership units	4,851	334	(172)	-	5,013
Supported and housing for older people	1,804	-	-	(18)	1,786
Temporary accommodation	-	-	-	-	-
Intermediate rent	386	-	-	-	386
Leasehold	2,245	-	-	110	2,355
Total owned	29,611	544	(192)	91	30,054
Accommodation managed for others	602	-	-	(68)	534
Total social housing units	30,213	544	(192)	23	30,588
Other shared equity units	1,535	-	(129)	-	1,406
Student accommodation	150	-	-	-	150
Market rent	17	-	(3)	-	14
Leasehold	1,175	-	-	9	1,184
Non-Social Managed for Others	-	-	-	52	52
Total non-social housing units	2,877	-	(132)	61	2,806
Bed spaces used by care provider	103	-	-	-	103
Keyworker bed spaces	537	-	-	-	537
Total bed spaces	640	-	-	-	640
Total units	33,730	544	(324)	84	34,034

	Association 2022 Number	Association 2021 Number
Total units managed by other organisations on behalf of Catalyst	904	712
Housing units under development	1,234	1,216

36. Related party disclosures

The Board included one shared ownership tenant member, who resigned on 13 September 2020. He held a tenancy agreement on normal terms and did not participate in any Board decisions that could result in a conflict of interest.

A Group joint venture, Merton Catalyst LLP, used to carry out construction works and the balance receivable at 31 March 2022 is £31,029,181 (2021: £31,029,181). A Group joint venture, Friary Park LLP, used to carry out construction works and the balance receivable at 31 March 2022 is £4,333,643 (2021: £4,333,643).

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
CHL Developments Limited	1,220	758	800	1,108	-	-
Catalyst Housing Charitable Trust	19	10	-	-	-	-
Catalyst Developments (Wimbledon) Limited	28	-	-	-	1,762	1,668
Catalyst by Design Limited	1,350	619	1,222	1,998	1,865	2.281
Connect Property Services Limited	145	-	-	-	95	50
Lea Valley Developments Limited	30	142	108	224	664	1,307
Total	2,792	1,529	2,130	3,330	4,386	5,306

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

36. Related party disclosures (continued)

Other intra-group charges

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

Intra-group interest

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

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

Payable by Catalyst Housing Limited to:	Management fees		Other charges		Interest charges		Property Sales	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Rosebery Housing Association Limited	3	-	-	-	-	-	-	-
Connect Property Services Limited	-	-	14,160	13,500	-	-	-	-
CHL Developments Limited	-	-	-	-	-	-	50,273	40,700
Lea Valley Developments Limited	-	-	-	-	-	-	-	1,600

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 £14,159,659 (2021: £13,520,186).

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 (2021: £1,634,254) and CHL Developments Limited totalled £50,272,803 (2021: £40,663,698).

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 £2,902 (2021: £nil).

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	55,639	(8,377)	47,262
Catalyst Housing Limited[1]	Catalyst Developments (Wimbledon) Limited	37,684	2,248	39,932
Catalyst Housing Limited[1]	Connect Property Services Limited	2,000	1,800	3,800
Catalyst Housing Limited[1]	Lea Valley Developments Limited	38,000	(25,000)	13,000

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

36. Related party disclosures (continued)

Investments in joint ventures

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	-	4,333

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

37. Contingent liabilities

The Group receives grants from Homes England and from the Greater London Authority, which are used to fund the acquisition and development of housing properties and their components. The Group has a future obligation to recycle such grant once the properties are disposed of.
At 31 March 2022, the value of grant received in respect of these properties that had not been disposed of was £1,120 million (2021: £1,085 million). As the timing of any future disposal is uncertain, no provision has been recognised in the financial information.

Government grants of £29,399,000 associated with housing properties acquired from the business combination with Rosebery Housing Association Limited were included within the Gain arising from Gift of Net Assets within the Consolidated statement of comprehensive income.
As these properties were included at fair value on acquisition, no grant is disclosed within creditors. At the event of the housing properties being disposed, the Group is responsible for the repayment of recycling of the grant.

38. Business combination

a) Consolidated
On 1 April 2021 Catalyst Housing Group combined with Rosebery Housing Association Limited. The business combination established Catalyst Housing Limited as the Group parent. Acquisition accounting has been applied to the business combination and a fair value assessment was completed for the assets, liabilities and activities of Rosebery Housing Association Limited. The key areas impacted by the fair valuation were housing properties (and the release of the associated grants to reserves) and fixed rate loans.

Acquisition accounting requires the recognition of fixed rate loans with an embedded derivative as variable rate loans and standalone derivatives, with the effective market value of the embedded derivatives at market value. This increased the loan value recognised in the books by £21.6 million but does not affect the cash payments required to repay the loan.

The business was transferred to Catalyst Housing Limited as a gift to the value of £125.4 million, being the fair value less any associated costs of the business combination (see section c of this note). This is shown as a 'Gain arising from Gift of Net Assets' within the Consolidated Statement of Comprehensive Income.

38. Business combination (continued)

Balance Sheet as at 1 April 2021	Fair Value £'000	Book Value £'000	Fair Value adjustment £'000
Fixed assets			
Tangible fixed assets – housing properties	226,206	139,748	86,458
Tangible fixed assets – other	61	61	-
Intangible fixed assets	274	274	-
	226,541	140,083	86,458
Current assets			
Stocks	34	34	-
Debtors	1,341	1,341	-
Cash and cash equivalents	4,702	4,702	-
	6,077	6,077	-
Creditors: amounts falling due within one year	(5,348)	(5,028)	(320)
Net current assets	729	1,049	(320)
Total assets less current liabilities	227, 270	141,132	86,138
Creditors: amounts falling due after more than one year	(98,372)	(105,831)	7,459
Other provisions	(684)	(684)	-
Pension provision	(2,867)	(2,867)	-
Net assets	**125,347**	**31,750**	**93,597**
Capital and reserves			
Share capital	-	-	-
Income and expenditure reserve	18,964	31,750	(12,786)
Revaluation reserve	106,383	-	106,383
	125,347	**31,750**	**93,597**

As a result of the business combination, the Consolidated Statement of Comprehensive Income includes the activity of Rosebery Housing Association Limited from 1 April 2021 to 31 March 2022.

38. Business combination (continued)

b) Alignment of accounting policies

Due to the similar nature of Catalyst and Rosebery's business activities, and the harmonising influence of the Regulator resulting from its reporting requirements, the pre-acquisition accounting policies and estimation methodologies were closely aligned; therefore, there was not a significant amount of further harmonisation required for the new combined entity.

The areas that required alignment of accounting policies or estimation methodologies are as follows:

Fixed Asset Component Types and Useful Lives

The housing property component categories were aligned as well as the useful economic life of the components. The impact of the alignment has been to increase the reported surplus by £0.1 million for the financial year 2021/22.

Government Grants Useful Lives

The economic life for the grants attributable to shared ownership properties has been reviewed and aligned. The Group amortises these grants over 33 years. Rosebery previously amortised the grants over 100 years. The impact of the alignment has been to increase the reported surplus by £0.03 million for the financial year 2021/22.

Other

The other areas aligned to ensure uniformity were as follows:

- The useful economic life of other fixed assets – the impact of alignment was not material
- Policy for the capitalisation of development costs – the impact of alignment was not material
- Bad debt provision policy – the impact of alignment was not material.

Both Catalyst and Rosebery accounted for financial instruments in line with the requirements of FRS 102 sections 11 and 12 and the policies in these areas are consistent. So, there were negligible changes to the accounting policy, accounting judgements relating to these and accounting estimation methodology.

c) Non-recurring costs

Rosebery and Catalyst incurred one-off costs associated with the business combination between Rosebery and the Catalyst group. They include the costs of undertaking the due diligence exercise and ensuring that there was a smooth transition to the newly formed entity coming into existence. The one-off costs were exceptional and will not recur going forward as they were incurred to ensure the consummation of this business combination. The costs are comprised of avoidable costs which the Group would not have incurred had the business combination between Catalyst and Rosebery not been pursued.

At a Group level, these costs have been offset against the 'Gain arising from Gift of Net Assets' in the 'Consolidated Statement of Comprehensive Income'.

Below is an analysis of the one-off costs:

	£'000
Legal and due diligence	646
Staff costs	9
Total	655

39. Post balance sheet events

On 1 April 2022 Catalyst Housing Limited became a wholly owned subsidiary of Peabody Trust. The new organisation reflects the values and history of Peabody and Catalyst, and by joining together, we will focus on our plans to improve services and invest in our homes and communities.

As a part of merger conditions, £40 million Pension Insurance Corporation (PIC) Loan, originally due to be repaid in March 2033 was terminated and repaid early in June 2022.

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chg.org.uk

Registered Society
Registered Number: 16561R

Regulator of Social Housing Registered Number: L0699

A charitable housing association

catalyst

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