



**Leeds Federated Housing Association  
Limited**

**Report and Financial Statements**

**Year Ended**

**31 March 2021**

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY NUMBER  
IP21457R  
HOMES ENGLAND REGISTERED NUMBER LH0989

# Leeds Federated Housing Association Limited

## Report and financial statements for the year ended 31 March 2021

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# Leeds Federated Housing Association Limited

Board Members, Executive Directors and advisors  
for the year ended 31 March 2021

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## Board Members

Stuart Whyte (Chair)

Claire Stone

Jaedon Green

Kim Brear

Martin Warhurst

Robin Machell

Shaid Mahmood

Innocent Moyo (appointed 10<sup>th</sup> September 2020)

Dedra Otchere- Darko (appointed 10<sup>th</sup> September 2020)

Sue Howlett (resigned 10<sup>th</sup> September 2020)

## Executive Directors

Matthew Walker

Chief Executive

Stephen Blundell

Director of Operations

Jason Ridley

Director of Finance and IT

## Secretary

Megan Henderson

## Registered office

15<sup>th</sup> Floor, Pinnacle, 67 Albion Street, Leeds LS1 5AA

## Registered number

Leeds Federated Housing Association Limited is registered under the Co-Operative and Community Benefit Act 2014 No. IP21457R and registered by Homes England No. LH0989

## Auditors

BDO LLP, 29 Wellington Street, Leeds, LS1 4DL

## Bankers

Yorkshire Bank Plc, 94-96 Briggate, Leeds, LS1 6NP

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021

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The Board of Leeds Federated Housing Association Limited is pleased to present its report together with the audited financial statements of the Group and the Association for the year ended 31 March 2021. The Group comprises the Association and its subsidiary undertaking Leeds Federated Property Services Limited.

### **Principal activities**

The Association's principal activity is the management of social housing. It operates through three key business streams including 'general needs' housing for rent, supported housing and care for people and low-cost home ownership. The Group's head office is based in Leeds and its 4,474 properties are predominantly located in Leeds, Harrogate and Wakefield.

As well as managing social housing, the Group also provides non-social housing, in particular accommodation for students in higher education.

Leeds Federated Housing Association has charitable status by virtue of its registration as a charitable social landlord under the Co-Operative and Community Benefit Act 2014.

Leeds Federated Property Services Limited is a non-charitable company which manages design and build projects.

### **Board Members and Executive Directors**

A list of Board members and the Executive Directors of the Group including dates of appointment and resignation, where applicable, are set out on page 1. The Board consists of 9 members as at 31<sup>st</sup> March.

Executive Directors are the Chief Executive, the Director of Operations and Director of Finance and IT. None of the Executive Directors hold any interest in the Association's shares and they act as executives within the authority delegated by the Board. Group insurance policies indemnify Board Members and Executive Directors against liability when acting for the Group.

### ***Pensions***

The Executive Directors are members of the Social Housing Pension Scheme (SHPS). They participate in the scheme on the same terms as all other eligible staff and the Association contributes to the scheme on behalf of its employees.

### ***Other benefits***

The Executive Directors are entitled to other benefits: the provision of a car allowance and health care insurance.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

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### Objectives, strategies and achievement

The Group's vision is "**building futures together**". The achievement of this vision is underpinned by three key goals which are set out in a corporate plan that is reviewed and approved by the Board each year. The Board and senior management team have developed a series of key performance indicators using a Balanced Score Card (BSC) to measure performance against a range of targets in order to monitor achievement of the Group's corporate objectives.

The corporate goals from the current corporate plan fall into the following areas:

#### **Goal 1 – Sustain**

- Provide good quality homes that people want to live in – our properties will be well maintained to a standard which makes us an attractive landlord for existing and prospective customers.
- Provide quality services at an affordable cost – we will balance the quality of the service with the cost of providing that service to ensure customers can sustain their tenancies and recognise both their rights and responsibilities as tenants. Where appropriate such services will extend to the wider neighbourhood.
- Maintain a healthy business in terms of its finances, expertise and governance – we will remain viable by managing our cash flow and budgets, will ensure that staff are competent to do their jobs, and ensure that the necessary skills exist around the Board table to govern the Association well.
- Continue to involve customers in the business where appropriate to ensure our services remain relevant and continue to offer value for money.

#### **Goal 2 – Innovate**

- Make best use of technology to improve the efficiency and effectiveness of services – we will use existing and develop new technology where necessary to support service delivery.
- Find ways to work smarter – we will review how services are delivered and find ways to achieve the same or better ends for reduced or the same cost.
- Adapt to change in our business and operating environment to remain competitive – as the operating context changes we will adapt our plans to ensure our products and services remain attractive to customers. Part of this area will involve our pro-active approach to asset management and the potential disposal/rationalisation of some properties.

#### **Goal 3 - Grow**

- Expand our delivery of good quality homes – we will use our borrowing capacity to increase the amount of development undertaken, delivering 150 new homes per year over the life of this Corporate Plan and the next equalling a total of 1,500 new homes over a 10 year period.
- Grow our capacity, skills and influence to support the business – staff will be given opportunity to develop to enable them to better fulfil their responsibilities. We will engage in partnership working at a local, regional and where appropriate national level to further the organisation's interests with others sharing a common objective.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

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### COVID-19

The World Health Organisation classed COVID-19 as a pandemic on 11 March 2020. Following the announcement the UK Government introduced various measures to address the impact in the UK, resulting in lockdown from 23 March 2020. During the year the Association has consistently followed Government rules and guidance in order to protect and support its customers and staff whilst continuing to deliver its customer services, development programme and critical projects.

We adopted a number of measures to ensure the safety of customers, staff and business partners during this time. We undertook the following:

- With the social distancing measures, we decided to suspend the delivery of planned major works such as kitchens, bathrooms, doors and windows and stop non-emergency repairs until these could be re-mobilised safely in line with Government rules and guidance. We also temporarily reduced gardening and cleaning services, again re-mobilising these in line with Government rules and guidance.
- All construction on our development programmes was temporarily suspended in line with Government guidelines to protect our staff and business partners until they could be resumed safely. All decisions on uncommitted schemes were put on hold and then resumed during the summer.
- Continued with gas safety testing, wherever possible, balancing the risks of carbon monoxide poisoning against the need to protect customers and staff from COVID-19
- Continued with fire safety, asbestos, electrical, lift checks and legionella testing wherever possible
- Contacted older and vulnerable older people to support their wellbeing
- Provided guidance to those customers who faced financial difficulties
- The vast majority of staff successfully transitioned to working from home. Where staff were not able to work from home the Head Office and two of the hubs were available for limited numbers, taking into account social distancing measures.

Whilst these measures had an impact on performance in a number of areas, this impact has not been material in most areas:

- First tranche sales on new development schemes which were in progress as at 23 March 2020 still progressed to completion, and were managed by the team safely and remotely. First tranche surpluses at the end of 2020/21 exceeded budgeted expectations.
- There have been some delays on other new development completions expected during the year
- As a precaution against a possible shortfall in income collection and reduced first tranche sales in quarter 1 2020-21 additional funding was drawn down during March 2020; this resulted in an increased cash balance at 31 March 2020 which has been maintained throughout the year
- Although maintenance spend was impacted in the first national lockdown introduced in March 2020 when non-essential maintenance was suspended, the Association had fully caught up on delivering the backlog of these orders by the end of November and has maintained service delivery since then. There has been an impact in terms of planned works due to re-prioritisation of resources linked to COVID-19 with some works carried forward to 2021/22.
- The planned move from the head office of Arthington House to Pinnacle in Leeds went ahead in the summer of 2020, albeit slightly delayed. The conversion of the Arthington House office to affordable homes was delayed as a result of COVID-19 and the work for this is now planned during 2021/22.

The Business Plan was stress tested in June 2020 using multi-variate scenarios based on potential impacts of COVID-19, covering the impacts described above and also more severe potential impacts. The plan was subsequently reviewed and re-stress tested at midyear using updated COVID-19 scenarios and this plan used as the basis of the Financial Forecast Return return to the regulator. The updated Business Plan has proven resilient with overall performance outperforming the updated Business plan and broadly in line with the original 2020-21 Budget. The most recent 2021/22 business plan, approved by Board in March 2021, was also stress tested against extreme COVID-19 scenarios, and continues to be financially resilient.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

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### Risks and uncertainties

#### Risk Agenda

As a co-regulated provider of social housing operating within a very challenging and uncertain economic environment, Leeds Federated places a high priority on the identification and effective management of the range of existing and potential risks it faces, ensuring that risk management is integrated within decision making by the board and management through the Risk Management Framework. Stakeholders can take assurance that risks are being effectively managed where possible within the board's risk appetite in support of achievement of the organisation's corporate goals. Internal management, external specialist resources and the Association's Audit and Risk Committee work together to ensure the Association's Risk Management Framework is effectively resourced.

#### Risk Assessment

Existing and potential emerging risks associated with the current and planned activities of the organisation are identified and documented using a risk Register.

The current principal strategic risks and uncertainties faced by Leeds Federated, in common with most Housing Associations are;

- COVID-19
- Cyber-attack & business disruption
- maintaining financial viability and maximising financial capacity,
- ensuring regulatory & statutory compliance,
- managing health and safety risks, and,
- responding to government policy changes.

The impact of COVID-19 has been discussed above and whilst the Association has not been significantly adversely impacted in 2020/21, the pandemic and its consequences are expected to remain both a risk and uncertainty through the 2021/22 financial year and beyond. The risk will be closely monitored and assessed financially through stress testing and managed operationally through continued compliance with government guidelines and support for staff and customers.

All Risk consequences are considered and the impact and likelihood reviewed and individually scored before and after the application of internal controls designed to manage the risks within the risk appetite determined by the board. The Association considers Financial, Health and Safety, Legal & Regulatory, Residents & Community, Reputation & Staff implications when assessing the impact of each risk. All board and committee papers consider the relevant risk(s) to the subject of the paper. The risk register and internal controls are regularly reviewed by Audit & Risk Committee and Board and the risk impact of all papers considered by Board discussed at each meeting.

#### Risk Response

The board determines the nature and extent of the risks it is willing to take in achieving its corporate plan through a differentiated risk appetite linked to the corporate objectives as follows;

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

### Risks and uncertainties (continued).

Corporate Plan Goal	Risk Appetite	Risk Approach
Sustain	Averse	Accept minimal risk only, where unavoidable
Grow	Conservative	Accept necessary risk where essential to achieve objectives, but mitigate wherever possible
Innovate	Receptive	Take risk if expected reward warrants, within limits.

Leeds Federated continues to review and develop its approach to risk management and has progressed the decision to adopt, with the support of our Internal Auditors, the three lines of defence approach to identify and document internal controls which includes increased control risk self-assessment by risk owners.

Financial risks are regularly tested through the multi-variate stress testing of the Association's business plan by the Association's Treasury advisors. Business continuity and mitigation plans are maintained and regularly reviewed to ensure that they will enable the Association to recover from or avoid significant disruption.

#### Risk Communication

Leeds Federated uses a Risk Management Framework which is reviewed annually by Board. The Framework sets out responsibilities for risk management by the Board and Audit & Risk Committee, reporting & monitoring, documentation of risk, risk appetite, the methodology used to score the impact and likelihood of risks and the risk register.

Annually the Board, through Audit & Risk Committee will consider and review the Risk Management Framework and receive a report from the Internal Auditors on their work and their view on the effectiveness of the internal control framework and that an appropriate framework is in place for identifying, evaluating and managing the significant risks faced by the Association. The annual assurance is then used for compliance reporting to the Regulator of Social Housing and within the annual Report and Financial Statements.

The detail of regular reporting, review of the controls, risks and links to the Association's balanced scorecard are detailed within the Risk Management Framework for management & risk owners, Audit & Risk Committee and Board.

#### Risk Governance

The Association's approach to Risk Governance forms part of its chosen code of governance and includes meeting the Standards of the Regulator of Social Housing as a registered provider.

The Association uses a Risk Management Framework to set out its approach to the management of risk in conjunction with the terms of reference of the Board and Audit & Risk Committee and to ensure compliance with statutory and regulatory requirements.

Through the use of an external provider of Internal Audit as well as various other specialist 3<sup>rd</sup> party assurance providers the Association is able to obtain independent assurance on the effectiveness of internal controls used to manage key risks.

The Risk Management Framework and regular reporting of risk at Audit & Risk Committee and Board enable risk performance to be monitored and challenged.

Risk management is considered at every Board meeting, both within each individual paper and taking the whole pack into account at the end of each meeting.



# Leeds Federated Housing Association Limited

Report of the board of management and strategic report  
for the year ended 31 March 2021 (*continued*)

## Value for Money Statement 2020/21



Leeds Federated  
Value for Money Statement 2020/21

A version can be found on our website:  
<https://www.lfha.co.uk/>

## 1 Summary

2020/21 was the final year of a Corporate Plan covering the period 2016 – 2021, reflecting a set of corporate priorities with a sharper focus on the need to deliver growth. Through the Corporate Plan, Leeds Federated has clarified its approach to increasing its delivery of new homes by:

- Setting a wider geographical area for development
- Reviewing and revising development scheme appraisal criteria where evidence had shown these to be more conservative than was necessary to effectively manage risk
- Developing new systems to further strengthen the management of risk and financial commitment in relation to our development programme

In addition to sustaining our new levels of ambition in providing new homes, the Corporate Plan maintained a focus on:

- maximising the sustainability and performance of the existing asset base;
- maintaining, and where appropriate, improving the performance of services;
- obtaining maximum business benefit from innovation and the use of technology.

The Association concluded its Vision 21 Programme during the year. This was an ambitious organisational change initiative comprising a portfolio of projects to review and re-focus our approach to service delivery, growth, asset management, working practices and technology.

A headline aim of the Vision 21 Programme was to deliver ongoing efficiencies in the form of a 5% reduction in operating costs, an annual saving of around £650k per annum from 2021/22. Staff from across the business were actively engaged in the Vision 21 work and the voice of the customer has been a key aspect of our work in reviewing the approach to service delivery.

## 2 COVID-19

The Covid-19 pandemic has presented numerous challenges to our business and to our customers during the past year. There was a significant adverse impact on operational service delivery in the early part of 2020/21, however we have successfully restored service performance to pre-Covid levels, and our financial results for the year are robust.

Many customers experienced unexpected changes in their circumstances. We expanded our financial inclusion team during the year to provide additional support to customers experiencing hardship, and have worked to sustain tenancies and reduce the level of rent arrears.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

However, levels of customer satisfaction have declined during the year. We are investing in resident engagement as part of our new corporate plan, to re-establish lines of communication disrupted by the pandemic and to ensure our services reflect and respond to customer needs and priorities.

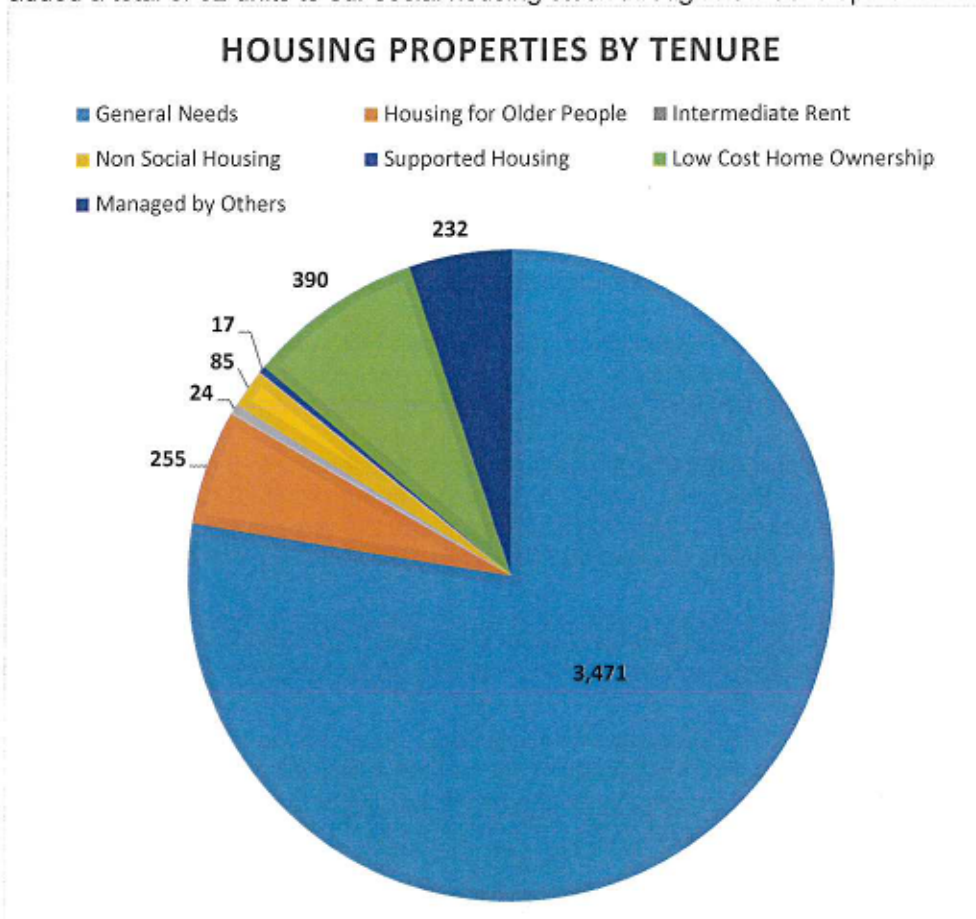
### Note on Benchmarking

Where possible, we have benchmarked our performance for the 2020/21 year. However, this is generally against other organisations' 2019/20 position. We are therefore comparing our performance post-Covid with that of peer organisations pre-Covid, meaning that robust conclusions cannot be drawn. We will revisit our performance position relative to others when benchmarking data is available for the 2020/21 year.

## 3 Key Statistics

### ● Housing Properties by Tenure

The following chart shows Leeds Federated's housing stock by category in 2020/21, a total of 4,474 units/bedspaces<sup>1</sup> of which 85 units are non-social housing and 232 are managed by others. During the year we added a total of 82 units to our social housing stock through new development.



<sup>1</sup> – unit of measurement per the RoSH definition is a bedspace or unit which is lettable.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

### 4 Key Performance Indicators

#### ● Measuring Performance

Key Performance Indicators are a series of targets measured by traffic light system:



#### Performance is tracked and reported using a Balanced Scorecard System

The results are regularly reviewed by staff, customers and by the Association's board:

- every month by the organisation's Leadership Team
- every quarter by the Challenger Panel, made up of Leeds Federated customers
- every quarter by the Operations Committee
- at each full Board meeting

The seven standard metrics relating to Value for Money specified by the Regulator of Social Housing are integrated into the scorecard. We have continued to track performance against these measures.

The following table analyses some of the performance indicators for the 2020/21 year. The Value for Money Statement (pages 7-17) analyses some other performance indicators, as well as giving a summary on overall BSC performance for 2020/21.

# Leeds Federated Housing Association Limited

Report of the board of management and strategic report  
for the year ended 31 March 2021 (*continued*)

Objective	KPI	Target	Outcome
<b>Customer Satisfaction</b>	Overall customer satisfaction with Leeds Federated's services	Minimum of 80% of customers 'satisfied' or 'very satisfied'	79.0% of customers were 'satisfied or 'very satisfied' at the end of the financial year. (March 2021 ytd performance)
	Customer satisfaction with the value for money of rent	A minimum of 85% of customers 'satisfied' or 'very satisfied' that their rent offers value for money	At the end of the financial year, 80.0% of Leeds Federated customers were either 'satisfied' or 'very satisfied' that their rent offers value for money. (March 2021 ytd performance)
<b>Repairs</b>	Appointments Made and Kept	Minimum of 90% of responsive repairs appointments made and kept	Over the course of the year, 95.8% of responsive repairs appointments were made and kept, contributing to high levels of customer satisfaction and the efficient use of resources. (March 2021 ytd performance)
	Customer Satisfaction with individual repair jobs	Minimum of 85% customer satisfaction with the quality of individual repair jobs	Average customer satisfaction with individual repair jobs was 87.3% at the end of the year. (March 2021 ytd performance)
<b>Gas Servicing</b>	Up to date gas safety certificates maintained for all relevant stock	100% of required gas safety certificates to be in place at all times	99.71% of gas safety certificates were in place at the end of the financial year. A total of 11 were overdue, but fully compliant with our escalation procedures. (March 2021 performance)
<b>Housing Management</b>	Minimise the level of rent arrears	Current tenant rent arrears at 6.17% or less	Social housing rent arrears at 5.65% at the end of the financial year, based on our 4-weekly rolling average measure. Excluding legacy arrears relating to housing co-ops, this figure drops to 4.90% (March 2021 performance)
	Minimise lost rent due to empty properties	Keep rent losses within budget	There was a 10.5% positive variance on the void loss budget. (March 2021 performance)

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

Objective	KPI	Target	Outcome
Development	Timely completion of property sales	No more than 15% of properties to remain unsold five months from handover	1 home had been on sale for more than five months at the year end (5% of units available for sale) (March 2021 year end)
	Achievement of sales targets for shared ownership homes	Achieve average sale proportion of 40% at first tranche for homes outside North Yorkshire and 25% for homes in North Yorkshire	Average in Harrogate 25% (Target minimum: 25%) March 2021 ytd performance Average in other areas – 47% (Target minimum: 40%) March 2021 ytd performance

### How We Compare

Leeds Federated has continued to deliver strong performance in achieving good value for money when compared to the social housing sector nationally. When considered in relation to peers nationally, the organisation is delivering strong levels of new social housing supply, and demonstrating efficient use of financial capacity. We have shown our 2020/21 positions against national benchmarks for 2019/20.

Sector Vfm Metric	Leeds Federated				Benchmarking		
	2018/19	2019/20	2020/21 (target)	2020/21 (outturn)	Sector Median 2019/20 <sup>1</sup>	Quartile Position 2019/20	Quartile Position 2020/21 <sup>2</sup>
(1) Reinvestment %	6.10%	7.86%	>=6.74%	4.07% <sup>4</sup>	6.9%	Q3	Q4
(2a) New supply% (SH)	3.97%	3.65%	>=1.40%	1.87%	1.6%	Q2	Q2
(2b) New supply% (NSH) <sup>3</sup>	0%	0%	0% <sup>3</sup>	0%	0%	-	-
(3) Gearing at cost %	24.20%	24.84%	<40.0%	30.58%	41.0%	Q1	Q2
(4) EBITDA-MRI %	340%	331%	>186%	281%	169.9%	Q1	Q1
(5) SH cost per unit	£3,010	£3,145	<£3,721	£3,428	£3,851	Q2	Q2
(6a) Op Margin (SH) %	22.7%	20.85%	>14.60%	23.09%	25.2%	Q3	Q3
(6b) Op Margin(overall) %	25.70%	25.51%	>18.90%	24.55%	23.0%	Q2	Q2
(7) ROCE %	3.80%	3.86%	>2.30%	3.44%	3.0%	Q2	Q2

(SH – Social Housing, NSH – Non-social housing, EBITDA-MRI – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included, ROCE – Return on Capital Employed)

1 – Housemark Sector Scorecard for 2019/20 (national peer group, all participants)

2 – LFHA 2020/21 outturns compared against Housemark Sector Scorecard 2019/20

3 – Leeds Federated does not have current plans to develop new non-social housing

4 – The delivery of planned maintenance programmes was significantly adversely impacted in 2020/21 by Covid-related restrictions on working in customers' homes. We expect this to be the case for other providers.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

### Note on Benchmarking

Where possible, we have benchmarked our performance for the 2020/21 year. However, this is generally against other organisations' 2019/20 position. We are therefore comparing our performance post-Covid with that of peer organisations pre-Covid, meaning that robust conclusions cannot be drawn. We will revisit our performance position relative to others when benchmarking data is available for the 2020/21 year.

## 5 Customer Perceptions

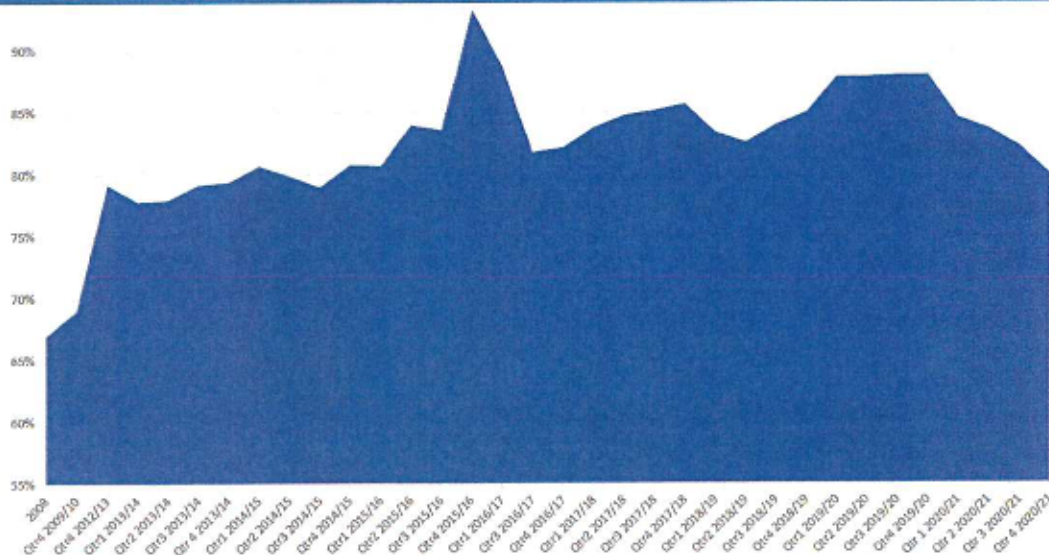
### ● Measuring Performance

Customer perception data is collected on a rolling basis, with a minimum of 600 customers participating in the survey annually. This approach has been in operation for many years allowing a useful longitudinal analysis of performance. Leeds Federated has continued to use the National Housing Federation's STAR methodology, which enables straightforward comparison with other organisations in the sector.

We have observed a decline in customer satisfaction throughout the 2020/21 year. It is certainly the case the service quality has been adversely impacted by Covid-19. However, at the present time it is difficult to ascertain the extent to which this has been a driving factor in falling levels of satisfaction. There is not yet sufficient benchmarking data available from peers to enable us to accurately understand our 2020/21 performance relative to others.

Working with other providers in the sector, we have undertaken research into customers' perception of how effectively Leeds Federated and others have responded to the challenges posed by the Covid crisis. This has provided us with some insight into the relative strengths and weaknesses of the approach we took during the year, and has helped us to establish customer priorities for service improvement.

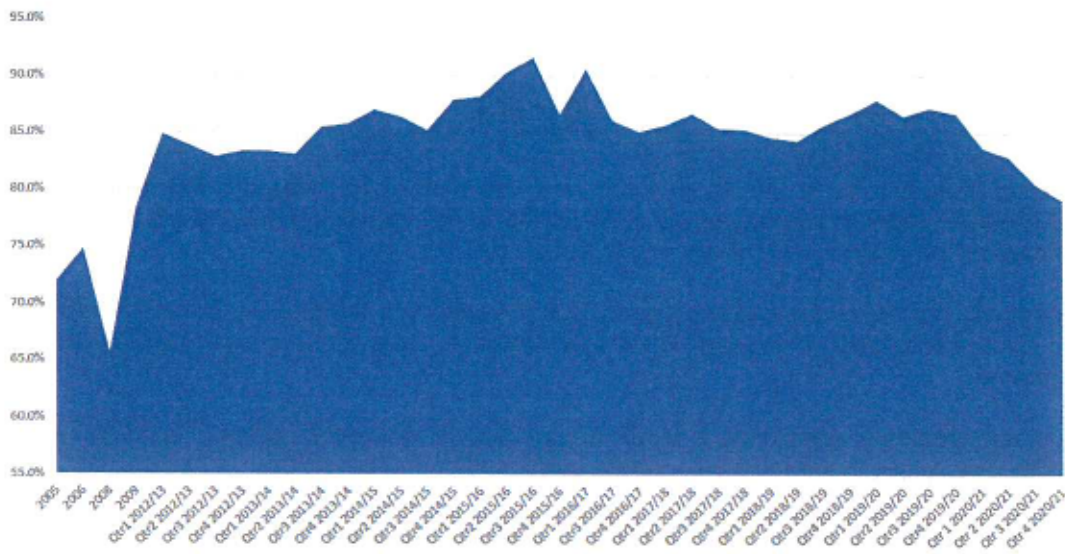
### Satisfaction with rent providing value for money (2008 – 2021)



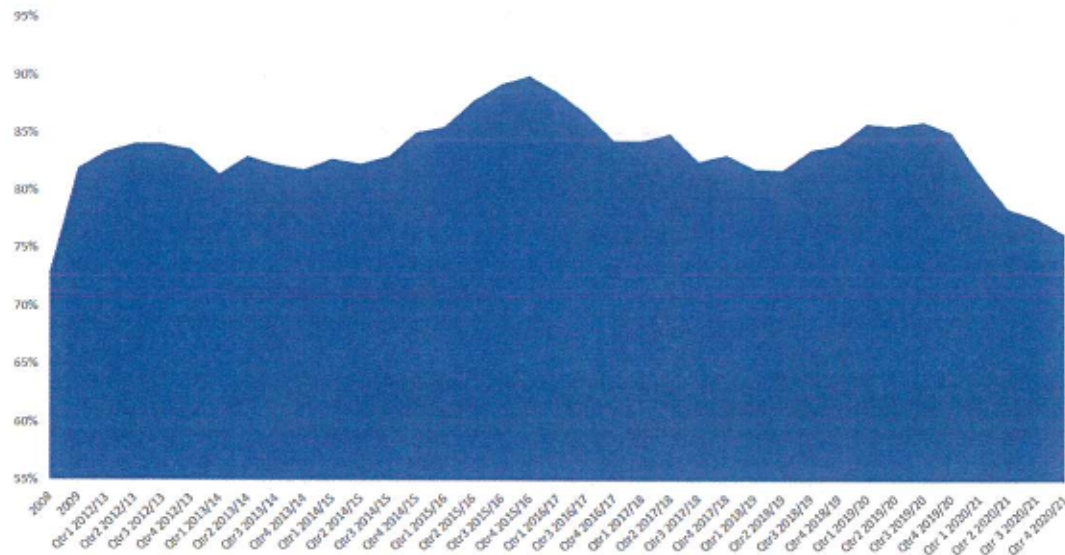
# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

### Satisfaction with overall service (2005 – 2021)



### Satisfaction with the quality of the home (2005 – 2021)



### ● Making Improvements

Our customer Challenger Panel continues to consider and scrutinise customer satisfaction data on a quarterly basis.

In 2021/22, we have invested additional resource in our Customer Engagement function 2020/21. We are in the process of implementing the 'Together With Tenants' developed by the National Housing Federation. This will reinforce our long standing commitment to ensuring that the customer voice is at the heart of our approach to governance and operational decision making.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

### 5 Asset Performance

#### ● Measuring Performance

Our Asset Return Model is used to measure the performance of our assets and to track progress over time. The overwhelming majority of our stock performs well, and using the Asset Return Model we have tracked the performance of our assets over time.

Performance has been improving as a result of interventions to address underperforming housing stock combined with an increase in high quality homes as a result of our expanded development programme.

We did not update our Asset Return Model during 2020/21, however a refresh has commenced in 2021/22. The values in the table below were calculated during 2019/20:

Rank	Unit Type	Average NPV
1	Houses (semi-detached or detached)	£46,094
2	Other (typically agency-managed accommodation)	£39,852
3	Terraced houses	£33,706
4	Bungalows	£26,014
5	Flats	£24,375
6	Back-to-back terraces	£16,109
7	Bedsits	£3,844
Average NPV per unit:		£31,440

#### ● Making Improvements

We have continued our work to review and evaluate underperforming assets, with the involvement of the Board. The aim in all cases is to maximise value for money by making the best use of resources in the form of the assets themselves, and also to make best use of our housing management and maintenance resources.

In 2020/21 we brought a number of planned maintenance work streams in house, following the approval by our Board of a comprehensive business case in 2019/20. The new in-house contractor has performed well over the course of a challenging year, delivering significant quality benefits and a net saving of £54k over contracted-out prices.

#### In 2020/21 we plan to:

- Conduct a major new stock condition survey enabling us to fully understand the options and costs associated with the decarbonisation and long term maintenance of our housing stock.



# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

- Install a new asset management IT system to support us in modelling and delivering energy upgrade and retrofit programmes, while maintaining compliance with the Home Standard.

These plans are aimed at ensuring that we achieve maximum value for money and benefit to our customers in balancing these complex and costly considerations.

### 6 Vision 21

Through successive iterations of its business plan Leeds Federated has successfully and significantly controlled its social housing cost per unit. A key target is to maintain our social housing cost per unit between the anticipated median and upper quartile positions.

2020/21 was the concluding year of Vision 21, a comprehensive organisational change programme aimed at securing long term improvements in value for money. As a result of work undertaken as part of the Vision 21 Programme we have been able to confirm the achievement of the following value for money gains in the year:

- As we grow our housing stock, our costs continue to increase at a slower rate than our revenue. This is projected to deliver an annual benefit of £424k from 2020/21.
- A swift and effective transition to remote working as a result of the installation and mobilisation of suitable technology earlier in the programme, with a resultant benefit of £49k.

The Association will continue to drive cost savings as well as increase efficiency and effectiveness of its activities through the implementation of its Vision 21 programme.

### 7 Value for Money Standard

Leeds Federated has assessed its performance against the requirements laid out in the Regulator of Social Housing's Value for Money Standard. Leeds Federated has judged itself to be compliant with these requirements.

#### 1.1 Registered providers must:

- a. clearly articulate their strategic objectives
- b. have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders
- c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
- d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

- Our strategic objectives are articulated in the Corporate Plan, through the three core strategies of 'Sustain', 'Innovate', and 'Grow'.
- We have an approach agreed by the Board to achieving Value for Money in meeting these strategic objectives. This is primarily embedded in those strategies, however a separate Value for Money Policy exists which is approved by the Board.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

- Our 'Grow' Strategy and Development Policy articulate our approach to delivering homes that meet a range of needs.
- Our VfM Policy sets out how we ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of our strategic objectives.

### **2.1 Registered providers must demonstrate:**

- a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance
- b. regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures
- c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case
- d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

- A robust approach to achieving Value for Money is set out in our Value for Money Policy. We demonstrate this in ongoing business activity through option appraisals, business cases taken to Corporate Investment Group and to Board, and through the goals and projected business benefits of an ongoing programme of corporate projects.
- The board regular considers potential value for money gains in the form of option appraisals and business cases for changes in operational activity.
- The Board approved the creation of a new In-House Contractor to deliver planned maintenance work. This was on the basis of a rigorous business case with clear value for money targets. Despite challenging operating conditions in 2020/21, these targets have been achieved.
- VfM performance is measured and recorded on a monthly basis through our balanced scorecard KPIs and through our annual VfM statement

### **2.2 Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:**

- a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers
- b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

- Evidence is published annually as part of the statutory accounts to detail performance against Value for Money targets and the metrics set out by the Regulator, along with any plans for improvement.

### 8 Value for Money Targets

The table below shows Leeds Federated's performance for 2020/21 and our headline targets for the following three years as currently contained in our business plan.

Sector Vfm Metric	LFHA 2020/21	Vfm Targets		
		2021/22	2022/23	2023/24
(1) Reinvestment %	4.07%	8.54%	7.94%	7.38%
(2a) New supply % (SH)	1.87%	3.00%	3.11%	3.21%
(2b) New supply % (NSH)	0%	0%	0%	0%
(3) Gearing at cost %	30.58%	28%	29%	31%
(4) EBITDA-MRI %	281%	221%	231%	262%
(5) SH cost per unit	£3,428	£3,764	£3,873	£3,907
(6a) Op Margin (SH) %	23.09%	17.49%	19.59%	20.76%
(6b) Op Margin (overall) %	24.55%	22.5%	22.4%	24.4%
(7) ROCE %	3.44%	2.98%	3.57%	3.43%

### 9 Concluding Statement

This document provides a review of Leeds Federated Housing Association's activities over the course of the 2020/21 financial year from a value for money perspective.

Leeds Federated believe that this report provides assurance of compliance with the requirements of the Regulator for Social Housing Value for Money Standard.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

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### Financial performance for the year

The Board is pleased to report another strong financial performance for the year with a healthy total comprehensive income for the Group of £2,191k (2020 - £9,336k), after accounting for an actuarial loss of £3.1m on the Social Housing Pension defined benefit scheme (2020 – gain of £3.9m). Operational performance is broadly consistent with 2020 with operational surplus, before 'other gains', reported for the Group of £6,195k (2020 - £6,861k). The cash generated from the surplus has enabled the Group to continue to invest in both its existing stock and new developments, for both rent and low cost shared ownership. The group completed 82 (2020: 157) new affordable homes during 2020/21. These new homes are a combination of Leeds Federated's own development and S106 schemes with regional and national housebuilders, reflecting the group's strong partnership approach to delivering new affordable homes.

### Financial position

The Group's five-year statements of income and expenditure and comprehensive income and balance sheets / statement of financial position are summarised in the table on page 20.

The Group's statement of comprehensive income and statement of financial position for the year ended 31 March 2021 are included on pages 29 and 31.

### Accounting policies

The Group's principal accounting policies are set out on pages 36 to 42 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include component accounting and housing property depreciation.

### Housing properties and other fixed assets

The board is pleased to note a 1.51% (2020 – 2.55%) increase in property stock this year, with the total number of social homes (including bed spaces) in management now standing at 4,157 (2020 – 4,095). In addition there are 85 non-social bed-spaces (2020: 85) and 232 units managed by others (2020: 234). The social housing properties were carried in the balance sheet at cost (after depreciation) of £205.2m (2020 - £204.7m).

A small number of properties are classified as Investment Properties. They are carried in the balance sheet at market valuation of £7.6m (2020 - £6.8m).

The Group's Arthington House office and hub offices are included within other fixed assets at cost.

During the year, the Group invested a further £463k (2020: £605k) in its capitalised computer equipment mainly on improvements to the housing management system in the development of Origin2, and purchasing and upgrading laptop computers and telephony to enable agile working.

### Pension costs

The Group participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The Group has contributed to the scheme in accordance with levels set by the actuaries. The last actuarial valuation of the SHPS was undertaken as at 30 September 2017. The next actuarial valuation took place on the 30 September 2020 with final results expected in August 2021. The disclosure note can be found on page 61-65.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

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### Capital structure and treasury policy

Included in the Group's £101m secured funding facilities is £30m new funding agreed during 2020-21. As at 31 March there was £38m available in the form of undrawn facilities and cash to fund future development and capital spending. The annually approved Treasury Annual Plan and Treasury Policy sets out how the group manages treasury risks including interest rates, refinancing, and counterparty risks as well as determining future borrowing plans to ensure adequate funding in place to meet business plan requirements. All lenders' covenants were met during the year and the Board expects to remain compliant in the foreseeable future.

### Cash flows

Cash inflows and outflows during the year are shown in the consolidated statement of cash flows on page 35. The cash inflow from operating activities decreased slightly this year to £8,537k (2020 - £8,808k). There was a net decrease in cash for the year ended 31 March 2021 of £1,365k (2020 - increase in cash £2,774k).

### Future developments

The Board approved its March 2021 budget to spend an estimated £17.4m during the next financial year to acquire/build further affordable homes for sale and rent (2020 - £15.1m). £8m of funding is for committed schemes and £9.4m for uncommitted schemes. In the period between the budget being prepared and the end of the financial year, a further £3.1m of uncommitted cost was committed.

The Association's current Corporate Plan 2016/21 sets out the growth aspiration to expand Leeds Federated's delivery of good quality homes – the Association will use its borrowing capacity to increase the amount of development undertaken, delivering on average 150 new homes per year. This current plan to deliver 750 units over a 5 year period is expected to complete by the end of 2021/22 and the Board has now approved the development and delivery of 150 units per year through to 2031/32.

The 2021/22 budget includes 134 completed new affordable homes, 40 of which are for shared ownership.

### Statement of compliance

In preparing this Report of the Board and Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP): Accounting for registered social housing providers and the reporting requirements of FRS102.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

	2021 £'000	2020 £'000	2019 £'000	2018 £'000 restated	2017 £'000
<b>Group statement of comprehensive income</b>					
Total turnover	25,614	27,568	26,015	23,414	21,983
Income from lettings	21,229	20,499	20,535	20,181	20,269
Operating surplus	6,195	6,861	6,580	8,169	7,827
Surplus for the year transferred to reserves (after pension)	<b>2,191</b>	<b>9,336</b>	<b>2,111</b>	<b>6,179</b>	<b>5,372</b>
<b>Group statement of financial position</b>					
Housing properties	205,164	204,666	197,191	190,713	176,478
Investment properties	7,641	6,830	6,830	5,537	5,537
Housing properties, net of depreciation	212,805	211,496	204,021	196,250	182,015
Other fixed assets	1,442	1,278	1,051	1,340	1,445
Fixed assets, net of depreciation	214,247	212,774	205,072	197,590	183,460
Fixed asset investments	22,753	2,047	1,795	1,647	1,498
Net current (liabilities)/ assets	(4,071)	(1,449)	(4,721)	(274)	6,808
<b>Total assets less current liabilities</b>	<b>232,929</b>	<b>213,372</b>	<b>202,146</b>	<b>198,963</b>	<b>191,766</b>
Loans (due over one year)	62,438	52,762	45,582	46,367	43,955
Other long term liabilities (includes SHG under FRS102 and pension liability)	113,516	105,826	111,116	109,259	110,653
Reserves:- revaluation	-	-	-	-	2,622
- revenue	56,975	54,784	45,448	43,337	34,536
	<b>232,929</b>	<b>213,372</b>	<b>202,146</b>	<b>198,963</b>	<b>191,766</b>
<b>Accommodation figures</b>					
<i>* 2017 restated to include definition of units and bed spaces per Regulator</i>					
Social housing owned	4,374	4,314	4,197	4,060	3,913*
Social housing leased	15	15	22	24	30
Non-social housing	85	85	85	85	85
<b>Total housing stock owned at year end (number of dwellings)</b>	<b>4,474</b>	<b>4,414</b>	<b>4,304</b>	<b>4,169</b>	<b>4,028</b>
<b>Statistics</b>					
Surplus for the year as % of turnover (after pension)	8.55%	33.87%	8.11%	26.39%	24.44%
Surplus for the year as % of income from lettings (after pension)	10.32%	45.54%	10.28%	30.62%	26.50%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.23%	2.57%	2.50%	3.09%	2.89%
Interest cover	323.54%	289.38%	304.71%	375.00%	390.00%
Gearing (total loans as % of capital grants plus reserves)	42.26%	35.99%	32.72%	34.00%	33.70%
Total reserves per home owned	12,778	12,454	10,616	10,455	£9,294

### Statement of Internal Controls

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the risks faced by the Group is ongoing, and has been in place throughout the period commencing 1 April 2020 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for the Audit and Risk Committee and the Operations Committee;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- a thorough approach to treasury management which is subject to external review each year;
- regular reporting to the appropriate Committee on key business objectives, targets and outcomes;
- Board approved Whistleblowing policy;
- Board approved Bribery, Fraud and Money Laundering policy, covering prevention, detection and reporting, together with recoverability of assets;
- regular monitoring of loan covenants and requirements for new loan facilities.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives reports from the Audit and Risk Committee together with minutes of Audit and Risk Committee meetings. At the end of each financial year, the Chair of the Audit and Risk Committee reports to the Board on how the terms of reference for the Committee have been met during the year. In July 2020, the Board received the Company Secretary's annual review of the effectiveness of the system of internal control for the Association for 2019/20 in line with External Audit recommendations to only receive this after the External Auditor has reported its findings for the 2019/20 audit. The 2020/21 annual report of the Internal Auditor was received at the March 2021 Audit and Risk Committee meeting.

The current Internal Auditors are Beever and Struthers who were reappointed in 2017 following a competitive tender process. The Internal Auditors have reported to Audit & Risk Committee three times during the year and the Association undertakes a performance review following each audit, on whether reporting timescales were achieved and annually on the mix of audit staff against the tendered mix. The External Auditors were also reappointed in 2017 following a competitive tender process.

### **Compliance with Governance and Financial Viability Standard**

The Board receives on an annual basis an assessment of compliance with the Regulator of Social Housing's (RSH's) regulatory standards. The assessment undertaken for 2020/21 shows that we are fully compliant, which was noted by Board at their meeting on the 15 June 2021.

The Association received confirmation from the Regulator of Social Housing in December 2020 that it had retained its G1V1 gradings following the conclusion of the Stability Check process.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

### National Housing Federation (NHF) Code of Governance

The Board has adopted the NHF Code of Governance 2015. Leeds Federated comply with the NHF Code of Governance 2015 with the exception of the Chair of the Board in their 10<sup>th</sup> year who was asked to remain in post to provide leadership to the Board during the Covid 19 pandemic. Recruitment to this position has taken place and changes will be made formally at the AGM in September 2021.

### Effectiveness

Annual Board effectiveness and annual appraisals are carried out for each Board member. The results are analysed and reported through the Governance & Remuneration Committee to the Board and Committees. The process is internally supported by the Company Secretary.

### Diversity

Summary data of the demographic profile of customers, staff and board members are provided to the Board. The 2020/21 profile shows that the composition of the Board is generally reflective of the diversity of our customer base. When recruiting new Board members the Board consider the diversity balance and skills mix on the Board.

Ethnic Minority	33.3%	Average Age	55.11
Ethnic Majority	66.7%	Bisexual	0%
Female	33.3%	Gay	0%
Male	66.7%	Lesbian	0%
Disabled	0%	Heterosexual	100%
Non-Disabled	100%	Prefer Not to Answer	0%

### Committees and Attendance

The attendance at the Board and Committee meetings during 2020/21 was:

Board/Committees	2021	2020
Board	97.7%	87.5%
Operations Committee	100%	62.5%
Audit & Risk Committee	86.7%	100%
Governance & Remuneration Committee	100%	80%
Development Committee	73.7%	62.5%



# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (continued)

### Names of Board Members sitting on each Committee

Chair of the Board of Management	Stuart Whyte
Operations Committee	Claire Stone                      Chair Shaid Mahmood Dedra Otchere- Darko Kim Brear
Audit & Risk Committee	Martin Warhurst                  Chair Jaedon Green Robin Machell Innocent Moyo
Governance & Remuneration Committee	Kim Brear                              Chair Martin Warhurst Claire Stone Stuart Whyte Robin Machell
Development Committee	Robin Machell                      Chair Stuart Whyte Shaid Mahmood Sue Howlett

### Remuneration

Board Members are remunerated for their position on the Board. Within their Service Contract reference is made to the level of the fee being subject to an annual review by the Board. It was agreed that remuneration would be at median level (which is consistent with the Association's approach to setting staff salaries) and this be linked to an assessment of the following criteria:

- an independent assessment of the market
- any increase being paid to staff
- any increase paid to Senior Management Team
- the general economic climate

There are no governance related matters to highlight this year.

### Charitable donations

2021 - Nil (2020 - Nil).

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

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### Going concern.

The Group's business activities, its current financial position and factors likely to affect its future development are set out in this Strategic Report. The Group has in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes along with the Group's day to day operations. The Group also has a long-term Business Plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. The board approved the 2021/21 budget and business plan in March 2021 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

The ongoing impact of the COVID-19 pandemic and its financial effect has meant that the Senior Management Team and the board have been reviewing financial assumptions in the budget and business plan, particularly focusing on the next 5 years to ensure the Association remains a going concern. The Group's long-term business plan is stress tested twice yearly with an additional stress testing carried out on the 2020/21 budget and business plan in response to the potential impacts of COVID-19 to assess the possible financial impacts and the resilience of the business plan including the range of available mitigation plans (further information is provided on page 4). This multi-variate stress testing did not cause a breach in bank covenants, which remained compliant even in the most severe of scenarios once identified mitigations were applied. Through regular stress testing performed by the Group's treasury advisors the board receives assurance as to the financial viability of the Group.

The board will continue to review operational plans and performance with the Senior Management Team and to make the necessary changes in response to the pandemic that enable us to continue to work with our customers and stakeholders to deliver services whilst supporting and protecting staff and customers and following government guidelines.

Given the strength of the balance sheet, liquidity, and availability of undrawn loan facilities, the board believes that, while uncertainty remains in respect of COVID-19, this does not pose a material uncertainty that would cast doubt on the Association's ability to continue as a going concern. The Association's financial performance in 2020/21 proved resilient and on this basis, the board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### Statement of Board members' responsibilities

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then 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: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and Association will continue in business.

# Leeds Federated Housing Association Limited

## Report of the board of management and strategic report for the year ended 31 March 2021 (*continued*)

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

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the group and Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and Association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### **Annual General Meeting**

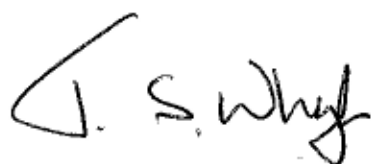
The Annual General Meeting will be held on 9 September 2021 at Leeds Federated Housing, 15<sup>th</sup> Floor, Pinnacle, 67 Albion Street, Leeds, LS1 5AA. Should it not be possible to meet physically due to social distancing restrictions, existing video conferencing facilities will be used to conduct the meeting virtually.

### **Auditors**

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Board Members are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue.

### **By order of the Board**



Stuart Whyte  
**Chair of the Board**  
Date 20 July 2021

# Leeds Federated Housing Association Limited

## Independent auditor's report to the members of Leeds Federated Housing Association for the year ended 31 March 2021

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### Opinion on the financial statements

In our opinion, the financial statements:

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

We have audited the financial statements of Leeds Federated Housing Association ("the Association") and its subsidiary ("the Group") for the year ended 31 March 2021 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

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

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the 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.

### Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Report of the board of management and strategic report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based

# Leeds Federated Housing Association Limited

## Independent auditor's report to the members of Leeds Federated Housing Association for the year ended 31 March 2021 (*continued*)

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

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent 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 set out on page 24 and 25, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

The audit procedures to address the risks identified included:

# Leeds Federated Housing Association Limited

## Independent auditor's report to the members of Leeds Federated Housing Association for the year ended 31 March 2021 (*continued*)

- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to the defined benefit pension liability
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights and journals posted by key management
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 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:  
**HELEN KNOWLES**  
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BDO LLP  
Statutory Auditor  
Leeds

Date: 03 August 2021

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

# Leeds Federated Housing Association Limited

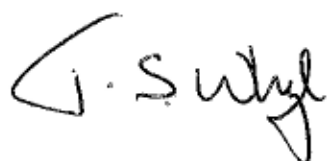
## Consolidated statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	4	25,614	27,568
Operating costs	4	(19,419)	(20,707)
Surplus on disposal of fixed assets	4	1,058	1,045
Movement in property and gilt valuations	4	664	152
<b>Operating surplus</b>	<b>4</b>	<b>7,917</b>	<b>8,058</b>
Other interest receivable and similar income	9	61	57
Interest and financing costs	10	(2,647)	(2,647)
<b>Surplus for the financial year</b>		<b>5,331</b>	<b>5,468</b>
Actuarial (loss)/gain on defined benefit pension scheme	29	(3,140)	3,868
<b>Total comprehensive income for the year</b>		<b>2,191</b>	<b>9,336</b>

All activities relate to continuing operations.

The financial statements were approved by the Board of Management on 20 July 2021 and signed on its behalf by:

Board Member



Board Member



Secretary



The notes on pages 36 to 66 form part of these financial statements.

# Leeds Federated Housing Association Limited

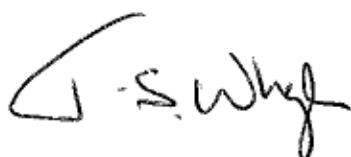
## Association statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	4	25,730	27,787
Operating costs	4	(19,414)	(20,699)
Surplus on disposal of fixed assets	4	1,058	1,045
Movement in property and gilt valuations	4	664	152
<b>Operating surplus</b>	<b>4</b>	<b>8,038</b>	<b>8,285</b>
Other interest receivable and similar income	9	61	57
Interest and financing costs	10	(2,647)	(2,647)
<b>Surplus for the financial year</b>		<b>5,452</b>	<b>5,695</b>
Actuarial (loss)/gain on defined benefit pension scheme	29	(3,140)	3,868
<b>Total comprehensive income for the year</b>		<b>2,312</b>	<b>9,563</b>

All activities relate to continuing operations.

The financial statements were approved by the Board of Management on 20 July 2021 and signed on its behalf by:

Board Member



Board Member



Secretary



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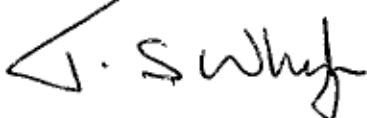
# Leeds Federated Housing Association Limited

## Consolidated statement of financial position at 31 March 2021

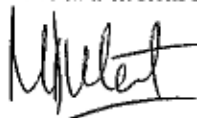
	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets - housing properties, depreciated cost	14	205,164	204,666
Tangible fixed assets – Other	15	1,442	1,278
Investment Properties	16	7,641	6,830
Investments	13	22,753	2,047
		<b>237,000</b>	<b>214,821</b>
<b>Current assets</b>			
Properties held for sale	20	1,442	1,358
Stock		28	-
Debtors	18	1,556	1,886
Investments	19	-	-
Cash at bank and in hand		4,387	5,752
		<b>7,413</b>	<b>8,996</b>
<b>Creditors: amounts falling due within one year</b>	21	(11,484)	(10,445)
<b>Net current liabilities</b>		<b>(4,071)</b>	<b>(1,449)</b>
<b>Total assets less current liabilities</b>		<b>232,929</b>	<b>213,372</b>
<b>Creditors: amounts falling due after more than one year</b>	22	(170,442)	(155,587)
<b>Net assets excluding pension liability</b>		<b>62,487</b>	<b>57,785</b>
Pension liability	29	(5,512)	(3,001)
<b>Net assets</b>		<b>56,975</b>	<b>54,784</b>
<b>Capital and reserves</b>			
Called up share capital	30	-	-
Income and expenditure reserve		56,975	54,784
		<b>56,975</b>	<b>54,784</b>

The financial statements were approved by the Board of Management on 20 July 2021 and signed on its behalf by:

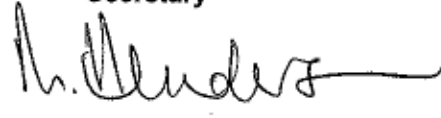
Board Member



Board Member



Secretary



The notes on pages 36 to 66 form part of these financial statements.

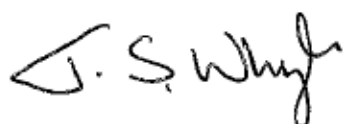
# Leeds Federated Housing Association Limited

## Association statement of financial position at 31 March 2021

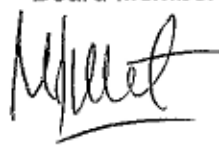
	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets - housing properties, depreciated cost	14	205,944	205,325
Tangible fixed assets – Other	15	1,442	1,278
Investment properties	16	7,641	6,830
Investments	13	22,753	2,047
		<b>237,780</b>	<b>215,480</b>
<b>Current assets</b>			
Properties held for sale	20	1,442	1,358
Stock		28	-
Debtors	18	1,550	1,881
Investments	19	-	-
Cash at bank and in hand		4,287	5,505
		<b>7,307</b>	<b>8,744</b>
<b>Creditors: amounts falling due within one year</b>	21	(11,378)	(10,193)
		<b>(4,071)</b>	<b>(1,449)</b>
<b>Net current liabilities</b>			
		<b>233,709</b>	<b>214,031</b>
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	22	(170,442)	(155,587)
		<b>63,267</b>	<b>58,444</b>
<b>Net assets excluding pension liability</b>			
Pension liability	29	(5,512)	(3,001)
		<b>57,755</b>	<b>55,443</b>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	30	-	-
Income and expenditure reserve		57,755	55,443
		<b>57,755</b>	<b>55,443</b>

The financial statements were approved by the Board of Management on 20 July 2021 and signed on its behalf by:

Board Member



Board Member



Secretary



The notes on pages 36 to 66 form part of these financial statements.

# Leeds Federated Housing Association Limited

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

	Income and expenditure reserve £'000	Share capital £'000	Total £'000
<b>Balance at 1 April 2019</b>	<b>45,448</b>	-	<b>45,448</b>
Surplus for the year	5,468	-	5,468
Actuarial gain on defined benefit pension scheme	3,868		3,868
Total comprehensive income for the year	9,336		9,336
<b>Balance at 31 March 2020</b>	<b>54,784</b>	-	<b>54,784</b>
Surplus for the year	5,331	-	5,331
Actuarial loss on defined benefit pension scheme	(3,140)		(3,140)
Total comprehensive income for the year	2,191		2,191
<b>Balance at 31 March 2021</b>	<b>56,975</b>	-	<b>56,975</b>

# Leeds Federated Housing Association Limited

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

	Income and expenditure reserve £'000	Share capital £'000	Total £'000
<b>Balance at 1 April 2019</b>	<b>45,880</b>	-	<b>45,880</b>
Surplus for the year	5,695	-	5,695
Actuarial gain on defined benefit pension scheme	3,868		3,868
Total comprehensive income for the year	9,563		9,563
<b>Balance at 31 March 2020</b>	<b>55,443</b>	-	<b>55,443</b>
Surplus for the year	5,452	-	5,452
Actuarial loss on defined benefit pension scheme	(3,140)		(3,140)
Total comprehensive income for the year	2,312		2,312
<b>Balance at 31 March 2021</b>	<b>57,755</b>	-	<b>57,755</b>

# Leeds Federated Housing Association Limited

## Consolidated cash flow statement for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
<b>Surplus for the financial year</b>		<b>2,191</b>	<b>9,336</b>
Adjustments for:			
Depreciation of fixed assets – housing properties	14	4,663	4,404
Depreciation of fixed assets – other	15	482	403
Amortisation of loan set up costs	10	75	54
Amortised grant	8	(1,976)	(1,960)
Net fair value gains recognised in income statement	13	147	(153)
Movement in fair value of investments	16	(811)	-
Interest payable and finance costs	10	2,509	2,430
Interest receivable	9	(61)	(57)
Difference between net pension expense and cash contribution	11	2,511	(4,267)
Surplus on sale of fixed assets – housing properties	7	(1,058)	(1,045)
Increase in stock		(28)	-
Decrease in debtors	18	330	(791)
Decrease in creditors	21	(437)	454
<b>Cash flows from operations</b>		<b>8,537</b>	<b>8,808</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets – housing properties	7	2,120	2,375
Purchase of fixed assets – housing properties	14 & 4a	(8,321)	(17,181)
1 <sup>st</sup> tranche sales costs		2,120	3,590
Purchase of fixed assets – other	15	(646)	(630)
Receipt of grant	24	814	814
Costs associated with selling properties		(28)	(29)
Bank interest received	9	3	12
Payments to acquire listed investments	13	(20,692)	
Cash paid to THFC to hold for security after sale of property	13	(103)	(54)
<b>Net cash used in investing activities</b>		<b>(23,686)</b>	<b>(11,103)</b>
<b>Cash flows from financing activities</b>			
Interest paid	10	(2,800)	(2,596)
New loans – bank	27	20,000	10,000
Loan premium received	20	6,226	-
New loans – set up costs	27	(402)	(31)
Repayment of loans – bank	27	(9,240)	(2,304)
<b>Net cash from / (used in) financing activities</b>		<b>13,784</b>	<b>5,069</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,365)</b>	<b>2,774</b>
Cash and cash equivalents at beginning of year		5,752	2,978
<b>Cash and cash equivalents at end of year</b>		<b>4,387</b>	<b>5,752</b>

The notes on pages 36 to 66 form part of these financial statements.

# Leeds Federated Housing Association Limited

## Notes forming part of the financial statement for the year ended 31 March 2021

### 1 Legal status

The Association is registered under the Cooperative and Community Benefit Society Act 2014, and is registered with Homes England as a social housing provider. The registered office is 15<sup>th</sup> Floor, Pinnacle, 67 Albion Street, Leeds, LS1 5AA.

The companies, Leeds Federated Housing Association Limited and its subsidiary Leeds Federated Property Services Limited, are referred to as "the group". The principal activity of the group is the provision of social housing and housing management.

Leeds Federated Property Services Limited is a company limited by shares, registered with Companies House under the Companies Act 2006. The principal trading activity of the company is the development of new housing for sale to the Association.

### 2 Accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Leeds Federated Housing Association includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" 2018, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. These estimates and judgements are disclosed in note 3.

#### 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;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole. There is no remuneration in the subsidiary company LFPS.

The following principal accounting policies have been applied:

#### Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out in the Strategic Report. The group has in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day operations. The Group also has a long-term Business Plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. The board approved the 2021/22 budget and business plan in March 2021 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (*continued*)

## 2 Accounting policies (continued)

### Going concern (continued)

The continuing impact of the COVID-19 outbreak and its financial effect has meant that the Senior Management Team and the board have been reviewing financial assumptions in the budget and business plan, particularly focusing on the next 5 years to ensure the Association remains a going concern. The Group's long-term business plan is stress tested twice yearly with an additional stress test carried out on the 2020/21 budget and business plan in response to the potential impacts of COVID-19 to assess the possible financial impacts and the resilience of the business plan including the range of available mitigation plans (further information is provided on page 4). The multi-variate stress testing identified under the most extreme 'perfect storm' scenario a potential for breach in bank covenants however these would be avoided via the application of existing mitigation plans and re-phasing of planned spending programmes. Through this regular stress testing performed by the Group's treasury advisors the board receives assurance as to the financial viability of the Group.

The board will continue to review plans with the Senior Management Team to make the necessary changes that enable us to continue to work with our customers and stakeholders to deliver exceptional services. The ultimate length of the COVID-19 outbreak and the on-going measures taken by the Government to contain this are not known and are outside of our control, but we continue to carefully monitor the impacts and put processes in place to manage cash flow and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling around £33.750m, the board believe that, while uncertainty continues to exist in regard to COVID-19, this does not pose a material uncertainty that would cast doubt on the Association's ability to continue as a going concern. On this basis, the board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### Basis of consolidation

The consolidated financial statements incorporate the results of Leeds Federated Housing Association Limited and its only subsidiary undertaking as at 31 March 2021 as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

### Turnover

Turnover represents rental income and service charge income receivable, proceeds from first tranche shared ownership sales, fees and revenue grants from local authorities and Homes England (HE), management fees receivable and miscellaneous income. Income is measured at the fair value of the consideration received or receivable.

Rental income is recognised 14 days from availability at the point when properties under development become available for letting. Income from first tranche sales is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

### Service income and charges

The Group operates variable service charges, whereby the costs of the scheme are budgeted and any surplus/deficit in any financial year is recovered/refunded in future service charges. The costs for the provision of any communal service or facility within a housing scheme are recharged at cost plus a 15% admin charge to the tenants on that scheme. Expenditure is recorded when a service is provided and

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 2 Accounting policies (continued)

charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

### Bad debt

A bad debt provision of £753k is included within the financial statements. This includes 85% of current tenant arrears older than 13 weeks and 100% of former tenants arrears, which includes collection fees associated with historical arrears and rechargeable repairs. Bad debt on other income sources is assessed depending upon the individual circumstances present. Due to the enforcement of suspended court action in relation to Covid-19 during the year, there are 10 cases of current tenant arrears which have been provided for at 100% and accounts for an additional £8k additional bad debt. This has been provided because there is a large certainty that the arrears would have belonged to former tenants had court action been allowed.

### Taxation

Leeds Federated Property Services is subject to Corporation Tax. The charge for taxation is based on the surplus for the year and takes into account taxation deferred. Surpluses are accrued and gift aided to Leeds Federated Housing Association under a Deed of Covenant.

### 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 expenditure to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the statement of comprehensive income. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

### Interest payable

Interest payable is charged to the statement of comprehensive income in the year.

### Pension costs

The Group participates in the Social Housing Pension Scheme (SHPS), a defined benefit pension scheme. Contributions are based on pension costs across the various participating Associations taken as a whole. The assets of the scheme are invested and managed independently of the finances of the Group.

For the year ending 31 March 2021 the Association's net defined benefit pension liability is £5,512k (31 March 2020 £3,001k), reflecting movement in scheme assets and liabilities of £2,511k in the year.

### Supported housing managed by agencies

Social housing capital grants and other revenue grants are claimed by the Association as owner of the property and are included in its statement of financial position. The treatment of other income and expenditure in respect of supported housing projects depends on whether the Association carries the financial risk.

Where an agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Association. Other income and expenditure of projects in this category is excluded from the Association's statement of comprehensive income (see note 4).



# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (*continued*)

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## 2 Accounting policies (continued)

### Housing properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, incidental costs of acquisition, administration costs and expenditure incurred in respect of improvements or component replacements.

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale. The group's policy is to capitalise the costs associated with acquiring land and building, indirect costs directly attributable to the new build and development expenditure including direct development staff costs.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, are capitalised as improvements.

### Properties held for sale

Shared ownership first tranche sales are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development costs. Net realisable value is based on estimated sales prices allowing for all further costs of completion and disposal. All properties are held within current assets, under properties held for sale and stock.

### Sale of tangible fixed assets

The surplus or deficit recognised on disposal of property assets that are deemed to be in the normal course of business is included in operating activities and shown within operating surplus. This includes planned individual property sales, staircases, right to buy, right to acquire and stock rationalisation.

### Investment properties

Investment properties consist of commercial properties and other properties held with the intention of not holding these for social benefit. Investment properties are measured at cost on initial recognition and subsequently carried at fair value. The assessment of fair value is undertaken annually using an external valuer. The value is 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 and accounted for in other income and gains.

### Shared ownership properties

Under Shared Ownership arrangements, the Group disposes of a long lease to the occupier; the lease premium paid is for between 25% and 75% of the value. The occupier has a right to purchase further proportions up to 100%. A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset and stated at the lower of cost and net realisable value; and that retained by the Group, which is recorded as a fixed asset in the same manner as for general needs housing properties held for rental.

Proceeds of sale for first tranches are accounted for as turnover in the statement of comprehensive income, with the apportioned cost being shown as cost of sales within operating results. Subsequent tranches sold ("staircasing") are reflected in the statement of comprehensive income as a surplus or deficit on sale of fixed asset housing properties.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 2 Accounting policies (continued)

### Government Grants

Social Housing Grant (SHG) is receivable from Homes England (HE) to subsidise the cost of housing properties and is included in long term liabilities under creditors as deferred income. The grants are amortised to the statement of comprehensive income.

SHG due from HE, or received in advance of total development costs being incurred, is shown as a current asset or liability.

SHG is subordinated to the repayment of loans by agreement with HE. SHG is repayable unless formally abated and waived although it can be recycled. SHG is recycled on disposal of a property and is credited to a Recycled Capital Grant Fund, which is included as a creditor due within one year or due after more than one year, as appropriate. If the recycled capital grant fund is not used within a three year period in principle it becomes repayable.

Grants of a revenue nature are credited to the statement of comprehensive income in the period to which they relate.

### Other capital subsidies

The Group has, in the past, received land and capital subsidy from Leeds City Council via Leeds Partnership Homes Limited (LPH) at £nil financial consideration in exchange for nomination rights to the completed dwellings. The policy of the Group is to include the value of the subsidy in long term liabilities under creditors as deferred income. The subsidies are amortised to the statement of comprehensive income over the period to which they relate.

### Depreciation of housing properties

The group depreciates the major components at the following rates:

Structure	70 years
Roofs	70 years
Bathrooms	30 years
Central heating	30 years
Curtilage	30 years
Insulation	30 years
Windows and doors	30 years
Solar panels	25 years
Kitchens	20 years
Boilers	15 years

Freehold land is not depreciated.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business if shorter.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 2 Accounting policies (continued)

### Depreciation of other fixed assets

Depreciation is provided to write off the cost, less estimated residual values, of all other tangible fixed assets, evenly over their expected useful lives. No depreciation is provided on freehold land. It is calculated at the following rates:

Freehold office building	60 years
Office hubs and depots	10 years
Computer software	17% to 25%
Motor vehicles	25%
Office furniture and equipment	25%
Computer hardware	33%
Gardening equipment	50%

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

### Capitalisation of maintenance costs

Any expenditure on an existing property that meets one of the following circumstances is capitalised into one of the housing property components:

- Replacement of a component of the property that has been previously treated separately for depreciation purposes and has been depreciated over its individual useful economic life.
- The economic benefits of the property have been enhanced in excess of the previously assessed standard of performance.

Any expenditure on an existing property that does not replace a component or result in an enhancement of the economic benefits of that property is charged to the Statement of Comprehensive Income.

### Operating Leases

Leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. A finance lease is identified when the risks and rewards of ownership have been transferred from the lessor to the lessee i.e. to the Association. All other leases are operating leases. Leases held include mainly office space, office equipment and vans. Management has therefore determined that all leases held are operating leases. They are accounted for on a straight-line basis over the term of the lease and reflect the amounts owed to the lessor.

Operating leases annual rents are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the statement of comprehensive income over the term of the lease.

### Fixed asset investments

Investments held as fixed assets are stated at fair value. Changes in fair values are recognised in income or expenditure.

Investments are held at the gilt price on 31 March in any year or the investment fund value, whichever is applicable.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (*continued*)

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## 2 Accounting policies (continued)

### Financial Instruments

#### *Financial Assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### *Loan premium*

Premiums arising from the THFC and AHF loan drawdowns are recognised as a separate component of borrowing and shown within the statement of financial position as creditors. The premium is released over the term of the loan to the statement of comprehensive income within loan interest.

## 3 Significant judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, significant material judgements and estimates have been made. These judgements and estimates are reviewed each year and are based on historical experience and knowledge, and expectations of future events.

The judgements and estimates which have a significant risk of causing a material misstatement to the assets and liabilities held include the following.

#### Significant management judgements and estimates:

- Impairment

This includes a review of external and internal indicators of impairment of the group's tangible assets.

Key external factors include social housing market value reductions or a significant change adversely impacting the social housing sector.

Key internal indicators include evidence of deterioration of assets, as well as consideration of 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. These indicators are evident from the ongoing review of asset performance including long term voids, properties under asset management review and properties which are held for sale or proposed for disposal.

The process for estimating the recoverable amount of housing assets involves:

- Determine the level at which the recoverable amount is to be assessed (the asset or cash-generating unit (CGU) level (i.e. individual scheme).
- Estimate the recoverable amount of the CGU (market value less costs to sell) i.e. the higher of market value less costs to sell, and value in use
- Calculate the carrying amount of the CGU (cost less depreciation and grant amortisation) and
- Compare the carrying amount to the recoverable amount to determine if an impairment loss has occurred i.e. where the carrying amount exceeds the recoverable amount.
- If an impairment is identified the assets carrying value is reduced to its recoverable amount and the losses are charged to operating surplus.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (*continued*)

## 3 Significant judgements in applying accounting policies and key sources of estimation uncertainty (*continued*)

- Defined benefit pension accounting

Leeds Federated participates in the Social Housing Pension Scheme (SHPS) defined benefit scheme which is accounted for in accordance with FRS102. Management's recognition of this defined benefit obligation is as advised by the SHPS administrators.

The critical underlying assumptions used by SHPS to calculate the scheme's assets and liabilities includes estimates of the standard rates of inflation, mortality, discount rate and anticipated future salary increases, as supplied by SHPS. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expensed. In the year ending 31<sup>st</sup> March 2021 management engaged the services of First Actuarial to independently review these assumptions and provide assurance to management. As a result recommended changes were made to the CPI and RPI assumptions. In addition, changes were made to the salary increase assumption of CPI+1% to bring it in line with the CPI+0.5% business plan assumptions. These changes in assumptions reduced the pension liability by £1m to £5.5m from £6.5m.

- Financial Instruments

Loans – basic/non basic

The assessment of loans as basic financial instruments requires an element of judgement. The Association has reviewed its loan agreements and in discussions with funders has determined that they are all considered to be basic financial instruments in accordance with section 11 of FRS102. They are held in the Statement of Financial Position at gross proceeds net of financing costs, which are released over the life of the loan.

- Property categorisation

The categorisation of properties as investment properties or housing properties is determined by establishing which properties are held for the provision of social housing, or otherwise provided for social benefit. These properties are held as housing properties and all other properties are held as investment properties.

Housing properties:

Housing properties are depreciated over their useful lives taking into account residual values, where appropriate. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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

Investment properties:

The Leeds Federated investment properties comprise commercial units and properties where market rent is charged. Each year the investment properties are professionally valued by a RICS approved valuer. Any changes in value are reflected in fixed assets with the movement reflected in operating surplus. The professional valuation uses market value which should be achieved in an arm's length transaction. 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.

In the year-ending 31<sup>st</sup> March 2021 the investment properties were valued by JLL and there was an increase to the investment property valuation of £811k.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

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## 3 Significant judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Useful economic lives (UEL)

The group separately identifies the major components which comprise its housing properties, and depreciation is provided to write off the costs evenly over their expected UEL. Management have estimated the UEL of components by liaising with the asset team to gain their professional opinion based on knowledge and experience. A review has also been completed in the year using information provided by External Auditors BDO in comparing UEL's to those of other Housing Associations, and they fall within the range expected. Further, when a component is replaced the carrying amount is written off to the statement of comprehensive income. The amount written off this year, and last, is insignificant in comparison to the costs of assets held which provides reassurance that assets are being held with the appropriate UEL.

- Development costs

Capitalising development costs and holding costs for uncompleted schemes as work in progress in the statement of financial position involves an element of judgement to ensure that only costs are capitalised when it is more likely than not that a scheme is to continue. If it is identified that a scheme under development is not going to continue the accumulated abortive costs are written off to the statement of comprehensive income.

The anticipated costs to complete on a development scheme is based on anticipated construction, legal and other costs. Establishing the correct development costs determines the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the members' best estimate of sales value based on economic conditions within the area of development. The Association does not currently develop for outright sale however these are relevant for the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 4 Particulars of turnover, operating costs and operating surplus – Group

	Turnover	Operating costs	Operating surplus
	2021	2021	2021
	£'000	£'000	£'000
<b>Social Housing Lettings</b>	20,498	(15,765)	4,733
<b>Other social housing activities</b>			
Agency charges	1,310	(969)	341
First tranche shared ownership sales	2,981	(2,120)	861
Development administration	-	(229)	(229)
	4,291	(3,318)	973
<b>Non-social housing activities</b>			
Lettings	731	(253)	478
Feed in tariff income / gift aid / recharges	94	(83)	11
	825	(336)	489
	<b>25,614</b>	<b>(19,419)</b>	<b>6,195</b>
Surplus on disposal of fixed assets			1,058
Movement in property and gilt valuations			664
<b>Total other gains</b>			1,722
<b>Operating surplus – continuing activities</b>			<b>7,917</b>
<b>Prior year comparative</b>	<b>Turnover</b>	<b>Operating costs</b>	<b>Operating surplus</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social Housing Lettings</b>	19,745	(15,629)	4,116
<b>Other social housing activities</b>			
Agency charges	1,278	(935)	343
First tranche shared ownership sales	5,695	(3,590)	2,105
Development administration	-	(187)	(187)
	6,973	(4,712)	2,261
<b>Non-social housing activities</b>			
Lettings	754	(264)	490
Feed in tariff income / gift aid / recharges	96	(102)	(6)
	850	(366)	484
	<b>27,568</b>	<b>(20,707)</b>	<b>6,861</b>
Surplus on disposal of fixed assets			1,045
Movement in property and gilt valuations			152
<b>Total other gains</b>			1,197
<b>Operating surplus – continuing activities</b>			<b>8,058</b>

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 4 Particulars of turnover, operating costs and operating surplus (continued) – Association

	Turnover	Operating costs	Operating surplus
	2021	2021	2021
	£'000	£'000	£'000
<b>Social Housing Lettings</b>	20,498	(15,765)	4,733
<b>Other social housing activities</b>			
Agency charges	1,310	(969)	341
First tranche shared ownership sales	2,981	(2,120)	861
Development administration	23	(229)	(206)
	4,314	(3,318)	996
<b>Non-social housing activities</b>			
Lettings	731	(253)	478
Feed in tariff income / gift aid / recharges	187	(78)	109
	918	(331)	587
	<b>25,730</b>	<b>(19,414)</b>	<b>6,316</b>
Surplus on disposal of fixed assets			1,058
Movement in property and gilt valuations			664
<b>Total other gains</b>			<b>1,722</b>
<b>Operating surplus – continuing activities</b>			<b>8,038</b>
<b>Prior year comparative</b>	<b>Turnover</b>	<b>Operating costs</b>	<b>Operating surplus</b>
	2020	2020	2020
	£'000	£'000	£'000
<b>Social Housing Lettings</b>	19,745	(15,629)	4,116
<b>Other social housing activities</b>			
Agency charges	1,278	(935)	343
First tranche shared ownership sales	5,695	(3,590)	2,105
Development administration	16	(187)	(171)
	6,989	(4,712)	2,277
<b>Non-social housing activities</b>			
Lettings	754	(264)	490
Feed in tariff income / gift aid / recharges	299	(94)	205
	1,053	(358)	695
	<b>27,787</b>	<b>(20,699)</b>	<b>7,088</b>
Surplus on disposal of fixed assets			1,045
Movement in property and gilt valuations			152
<b>Total other gains</b>			<b>1,197</b>
<b>Operating surplus – continuing activities</b>			<b>8,285</b>



# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 4 Particulars of turnover, operating costs and operating surplus (continued)

### Income and expenditure from social housing lettings – Group and Association

	General needs £'000	Supported housing £'000	Low cost home ownership £'000	Total 2021 £'000	Total 2020 £'000
<b>Income</b>					
Rents net of identifiable service charges*	15,661	1,003	1,087	17,751	17,033
Service charge income*	419	428	56	903	888
Amortised government grants	1,657	121	66	1,844	1,824
Turnover from social housing lettings	17,737	1,552	1,209	20,498	19,745
<b>Expenditure</b>					
Management	(4,651)	(444)	(193)	(5,288)	(5,204)
Service charge costs	(517)	(198)	(54)	(769)	(861)
Routine maintenance	(3,170)	(282)	(111)	(3,563)	(3,315)
Planned maintenance	(667)	(21)	-	(688)	(571)
Major repairs expenditure	(856)	(71)	(11)	(938)	(1,262)
Bad debts	(57)	(12)	(5)	(74)	(218)
Property lease charges	(7)	-	-	(7)	(21)
Impairment of housing properties	(39)	-	-	(39)	-
Depreciation of housing properties					
- annual charge	(3,852)	(255)	(217)	(4,324)	(4,129)
- accelerated on disposal of components	(59)	(16)	-	(75)	(48)
Operating costs on social housing lettings	(13,875)	(1,299)	(591)	(15,765)	(15,629)
Operating surplus on social housing lettings	3,862	253	618	4,733	4,116
Void losses	245	69	-	314	251

\*All net of void losses

### Particulars of turnover from non-social housing lettings – Group and Association

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Student accommodation	459	506	459	506
Market rent	272	248	272	248
External gardening contract	81	76	81	76
Feed in tariff income / gift aid	13	55	106	223
	<b>825</b>	<b>885</b>	<b>918</b>	<b>1,053</b>

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 5 Supported housing managed by agencies

### Group and Association

Where the agency carries the financial risk, the Group's income and expenditure account includes only the income and expenditure for which it retains responsibility. The Group owns 217 supported housing units (2020: 219) that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

	Number of bed spaces	
	2021 No.	2020 No.
Turning lives around	49	52
Foundation	50	55
Touchstone (Group homes and floating support)	13	13
Community Links	20	20
Gipsil	8	8
Leeds Women's Aid	35	35
Others including 14 (2020:14) care home bed spaces	42	36
	<b>217</b>	<b>219</b>

## 6 Accommodation in management reconciliation

### Group and Association

At the end of the year accommodation in management for each class of accommodation was as follows:

	2020	New Units	Open market sales	Right to acquire sales	Shared ownership sales	Other gains / (losses)	Other movement	2021
	No.	No.	No.	No.	No.	No.	No.	No.
<b>Social housing</b>								
<b>Social rent</b>								
General needs	3,199	21	(14)	(1)	-	-	3	3,208
General needs leased	6	-	-	-	-	-	-	6
Supported housing	13	-	-	-	-	-	-	13
Housing for older	255	-	-	-	-	-	-	255
<b>Intermediate rent</b>								
General needs	20	-	-	-	-	-	4	24
<b>Affordable rent</b>								
General needs	215	28	(1)	(1)	-	-	(1)	240
General needs leased	1	-	-	-	-	-	-	1
Supported housing	4	-	-	-	-	-	-	4
Shared ownership	368	33	-	-	(6)	-	(5)	390
Shared ownership leaseholders paying service charge only	14	-	-	-	-	1	1	16
<b>Total social housing units</b>	<b>4,095</b>	<b>82</b>	<b>(15)</b>	<b>(2)</b>	<b>(6)</b>	<b>1</b>	<b>2</b>	<b>4,157</b>

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 6 Accommodation in management reconciliation (continued)

	2020	New Units	Open market sales	Right to acquire sales	Shared ownership sales	Other gains / (losses)	Other movement	2021
	No.	No.	No.	No.	No.	No.	No.	No.
<b>Units managed by others</b>								
Coop managed units – general needs	15	-	-	-	-	-	-	15
Agency managed units	190	-	-	-	-	-	(2)	188
Agency managed leased	8	-	-	-	-	-	-	8
Care home bed spaces	14	-	-	-	-	-	-	14
<b>Total social units managed by others</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>225</b>
<b>Non-social housing</b>								
Student accommodation	62	-	-	-	-	-	-	62
Market rent	23	-	-	-	-	-	-	23
<b>Total non-social housing unit units</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85</b>
<b>Summary</b>								
Owned social – managed and managed by others	4,307	82	(15)	(2)	(6)	1	-	4,367
Not owned social – managed and managed by others	15	-	-	-	-	-	-	15
Non-social	85	-	-	-	-	-	-	85
<b>Total stock</b>	<b>4,407</b>	<b>82</b>	<b>(15)</b>	<b>(2)</b>	<b>(6)</b>	<b>1</b>	<b>-</b>	<b>4,467</b>

\*7 units are not reported in this note because they are not classified as owned and managed as defined by the Regulator of Social Housing in their FVA and Statistical Data Return (SDR). Under UK GAAP these units are correctly classified as Social Housing and are included as housing properties in the statement of financial position.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (*continued*)

## 7 Surplus on disposal of fixed assets

	Shared ownership staircasing 2021 £'000	Other housing properties 2021 £'000	Total 2021 £'000	Total 2020 £'000
Disposal proceeds	720	1,400	2,120	2,375
Cost of disposals	(317)	(182)	(499)	(406)
Selling costs	(2)	(26)	(28)	(30)
Capital grant recycled (note 25)	(13)	(522)	(535)	(894)
<b>Surplus on disposal of tangible fixed assets</b>	<b>388</b>	<b>670</b>	<b>1,058</b>	<b>1,045</b>

During the year, 2 properties used the right to acquire legislation to progress an outright sale (2020: 3). 6 shared owners increased their shares of equity to 100% (2020: 8) and 4 others increased their share of equity (2020: 3). The Association sold 8 properties (15 rooms) on the open market (2020: 7 properties, 19 rooms).

## 8 Operating surplus

This is arrived at after charging / (crediting):	2021 £'000	2020 £'000
Depreciation:		
- housing properties	4,542	4,352
- accelerated depreciation on replaced components	82	51
- impairment	39	-
- other tangible fixed assets	482	403
Amortisation of grants	(1,976)	(1,960)
Operating lease charges:		
- land and buildings	121	7
- other	67	55
Auditor's remuneration:		
- fees payable to the group's auditors for the audit of the group's annual accounts (excluding VAT)	20	18
- all other services	2	2

## 9 Interest receivable and similar income

Group and Association	2021 £'000	2020 £'000
Interest receivable and similar income	61	57

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 10 Interest and financing costs

Group and Association	2021 £'000	2020 £'000
Bank loans and overdrafts	2,507	2,421
Amortised loan costs	75	54
Recycled capital grant fund	2	9
Pension interest expense	63	163
	<b>2,647</b>	<b>2,647</b>

## 11 Employees

Group and Association	2021 £'000	2020 £'000
Staff costs (including directors) consist of:		
Wages and salaries *	4,724	4,190
Social security costs	419	379
Other pension costs	252	180
	<b>5,395</b>	<b>4,749</b>

\*shown gross - wages and salaries of £553k (2020: £236k) has been capitalised as part of the development activity and as part of capitalised component replacements.

The average number of full time equivalent employees (including directors and agency staff covering permanent vacancies expressed as full time equivalents (calculated based on a standard working week of 37.5 hours) during the year was as follows:

Group and Association	2021 No.	2020 No.
Housing management	102	87
Administration	28	25
	<b>130</b>	<b>112</b>

During 2021 a new team was introduced to provide component replacements and capitalised major repairs service.

## 12 Directors' remuneration

### Group and Association

The directors, who are considered to be the group's key management personnel, are defined as the members of the board of management, the Chief Executive and the executive management team disclosed on page 1.

	2021 £'000	2020 £'000
Executive directors' emoluments including pensions and benefits in kind	373	364
Amounts paid to non-executive directors including expenses	49	47

# Leeds Federated Housing Association Limited

## Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

### 12 Directors' remuneration (continued)

The emoluments of the directors including benefits in kind but excluding pension contributions are:

	2021 £'000	2020 £'000
Chief Executive (highest paid director)	140	137
Operations Director	105	104
Finance and IT Director	106	104

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £148,460 (2020: £145,008). Pensions contributions of £8,749 (2020: £7,906) were made to the Social Housing Pension Scheme – Defined Benefit Scheme on his behalf.

As members of the Social Housing Pension Scheme, the pension entitlement of the directors is identical to those of other members.

#### Emoluments paid to the Board:

Emoluments paid during the year to Board members amounted to £48,080 (2020 - £45,216). Expenses paid during the year to Board members amounted to £429 (2020: £1,487).

Emoluments include:

Chair £9,775 p/a (2020 - £9,583) Chairs of the Audit & Risk, Operations and Governance & Remuneration and Development Committees each received £6,220 p/a (2020 - £6,098)  
Board Members received £3,822 p/a (2020 - £3,747).

	2021 £'000	2020 £'000
Stuart White (Chair)	10	10
Claire Stone	6	6
Marlin Warhurst	6	6
Robin Machell	6	6
Kim Brear	5	4
Sue Howlett	3	6
Shaid Mahmood	4	4
Jaedon Green	4	4
Innocent Moyo	2	-
Dedra Otchere-Darko	2	-

The remuneration paid to staff (including executive management) earning over £60,000 upwards:

	2021 No.	2020 No.
£60,000 - £69,999	6	3
£100,000 - £109,999	2	2
£130,000 - £139,999	1	1

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 13 Fixed asset investments

Group and Association	As at 31 March 2021 £'000	Change in fair value £'000	Interest receivable £'000	Purchase of investments £'000	As at 31 March 2020 £'000
Interest in subsidiary (note 17)	-	-	-	-	-
Other fixed asset investments:					
THFC ISRF restricted access account	1,132	(101)	30	-	1,203
AHF ISRF restricted access account	589	(46)	12	-	623
THFC Trustees sinking fund account	325	-	-	104	221
THFC bLEND liquidity reserve fund	692	-	-	692	-
THFC bLEND cash security account	20,015	-	15	20,000	-
<b>Total</b>	<b>22,753</b>	<b>(147)</b>	<b>58</b>	<b>20,796</b>	<b>2,047</b>

### Other fixed asset investments

Other fixed asset investment represents £718,528 of Gilt holdings, UKT 4.25% due 2039, acquired on 22 September 2009 and on 20 January 2011.

The THFC loan agreement requires a minimum of £717,550 to be held in an Interest Service Reserve Fund (ISRF), and as a result the investment has restricted access. Gilts were acquired to hold in the Interest Service Reserve Fund and are carried in the financial statements at market value together with cash held on deposit. The market value of this fund, as at 31 March 2021 was £1,132,588 (2020: £1,225,817), including £61,119 cash held in a Barclays instant access account. Gilt interest of £30,538 was received with accrued gilt interest of £1,992

A further tranche of the AHF loan was completed in September 2017, and added to tranche 1, and in line with the terms gilts were purchased and added to the original purchase for Tranche 1. These were held together with cash held on deposit as a requirement to hold a minimum of £433,950, to be held in an Interest Service Reserve Fund, and are carried in the financial statements at market value. The market value of this fund, at 31 March 2021 is £589,009, including £158,629 held in a Barclays instant access account. Gilt interest of £12,175 was received with accrued gilt interest of £3,805.

A sinking fund was set up during 2015-16. The current balance is £324,563, (2020: £221,625) as a result of right to acquire property sales held as security by THFC. This is an increase of £103k in the year due to 2 Right to Acquire sales.

A new £20m bond with THFC bLEND was agreed during the 2020/21 year. The loan agreement requires that 1 year of interest payments are held in a bLEND liquidity reserve fund. This fund holds £692k as at 31<sup>st</sup> March 2021. A THFC BLEND account has been set up to hold the bond in a cash security account until property is secured on it. The total in this fund includes the £20m bond and an additional £15k interest received in the year.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 *(continued)*

## 14 Tangible fixed assets – housing properties

Group	General needs  Completed £'000	Non-social housing  Completed £'000	General needs Under construction £'000	Shared ownership  Completed £'000	Shared ownership Under construction £'000	Total  £'000
<b>Cost or valuation:</b>						
<b>At 1 April 2020</b>	<b>222,704</b>	<b>2,359</b>	<b>3,825</b>	<b>19,467</b>	<b>764</b>	<b>249,119</b>
Additions:						
- construction costs	2,207	-	902	1,995	381	5,485
- replaced components	2,771	-	-	-	-	2,771
1 <sup>st</sup> tranche sales:		-	-	(2,055)	-	(2,055)
Reclassification of properties:						
- tenure changes during the year	432	-	(247)	(432)	247	-
Completed schemes:	2,849	-	(2,849)	1,235	(1,235)	-
Disposals						
- properties	(775)	-	-	(352)	-	(1,127)
- properties current assets (awaiting sale)	(268)	-	-	184	-	(84)
- replaced components	(824)	(18)	-	-	-	(842)
- transfer	-	-	(548)	-	548	-
<b>At 31 March 2021</b>	<b>229,096</b>	<b>2,341</b>	<b>1,083</b>	<b>20,042</b>	<b>705</b>	<b>253,267</b>
<b>Depreciation:</b>						
At 1 April 2020	43,108	416	-	929	-	44,453
Prior year adjustment	(56)	56	-	-	-	-
<b>At 1 April 2020</b>	<b>43,052</b>	<b>472</b>	<b>-</b>	<b>929</b>	<b>-</b>	<b>44,453</b>
Charge for the year	4,283	54	-	205	-	4,542
Disposals:						
- properties	(154)	-	-	(17)	-	(171)
- replaced components	(744)	(16)	-	-	-	(760)
Impairment	39	-	-	-	-	39
<b>At 31 March 2021</b>	<b>46,476</b>	<b>510</b>	<b>-</b>	<b>1,117</b>	<b>-</b>	<b>48,103</b>
<b>Net book value:</b>						
<b>At 31 March 2021</b>	<b>182,620</b>	<b>1,831</b>	<b>1,083</b>	<b>18,925</b>	<b>705</b>	<b>205,164</b>
At 31 March 2020	179,652	1,887	3,275	18,538	1,312	204,666



# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

14 Tangible fixed assets – housing properties (continued)						
Association	General needs	Non- social housing	General needs Under constructio n	Shared ownershi p	Shared ownership Under constructio n	Total
	Comple d	Comple d	n	Comple d	n	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>						
<b>At 1 April 2020</b>	223,085	2,401	4,135	19,381	776	249,778
Additions:						
- construction costs	2,229	-	943	1,995	439	5,606
- replaced components	2,771	-	-	-	-	2,771
-						
1 <sup>st</sup> tranche sales:	-	-	-	(2,055)	-	(2,055)
Reclassification of properties:						
- tenure changes during the year	432	-	(247)	(432)	247	-
Completed schemes:	2,849	-	(2,849)	1,235	(1,235)	-
Disposals:						
- properties	(775)	-	-	(352)	-	(1,127)
- properties current assets (awaiting sale)	(268)	-	-	184	-	(84)
- replaced components	(824)	(18)	-	-	-	(842)
- transfer	-	-	(548)	-	548	-
<b>At 31 March 2021</b>	<b>229,499</b>	<b>2,383</b>	<b>1,434</b>	<b>19,956</b>	<b>775</b>	<b>254,047</b>
<b>Depreciation:</b>						
At 1 April 2020	43,108	416	-	929	-	44,453
Prior year adjustment	(56)	56	-	-	-	-
<b>At 1 April 2020</b>	<b>43,052</b>	<b>472</b>	<b>-</b>	<b>929</b>	<b>-</b>	<b>44,453</b>
Charge for the year	4,283	54	-	205	-	4,542
Disposals:						
- properties	(154)	-	-	(17)	-	(171)
- replaced components	(744)	(16)	-	-	-	(760)
<b>Impairment:</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39</b>
<b>At 31 March 2021</b>	<b>46,476</b>	<b>510</b>	<b>-</b>	<b>1,117</b>	<b>-</b>	<b>48,103</b>
<b>Net book value:</b>						
<b>At 31 March 2021</b>	<b>183,023</b>	<b>1,873</b>	<b>1,434</b>	<b>18,839</b>	<b>775</b>	<b>205,944</b>
At 31 March 2020	180,033	1,929	3,587	18,452	1,3246	205,325

	2021 £'000	2020 £'000
Improvements to existing properties capitalised	2,771	1,380
Major repairs expenditure to statement of comprehensive income	1,073	1,262

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 15 Tangible fixed assets – other

Group and Association	Land and buildings £'000	Tools and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost:</b>					
At 1 April 2020	1,553	188	2,504	20	4,265
Prior year adjustment*	167	-	(167)	-	-
Updated 1 April 2020	1,720	188	2,337	20	4,265
Additions	74	44	528	-	646
<b>At 31 March 2021</b>	<b>1,794</b>	<b>232</b>	<b>2,865</b>	<b>20</b>	<b>4,911</b>
<b>Depreciation:</b>					
At 1 April 2020	1,019	171	1,787	10	2,987
Prior year adjustment*	19	-	(19)	-	-
Updated 1 April 2020	1,038	171	1,768	10	2,987
Charge for year	47	21	409	5	482
<b>At 31 March 2021</b>	<b>1,085</b>	<b>192</b>	<b>2,177</b>	<b>15</b>	<b>3,469</b>
<b>Net book value:</b>					
<b>At 31 March 2021</b>	<b>709</b>	<b>40</b>	<b>688</b>	<b>5</b>	<b>1,442</b>
At 31 March 2020	682	17	569	10	1,278

\*Prior year adjustment reported following the correction of misclassified assets.

## 16 Investment properties

The group's investment properties were revalued at 31 March 2021 by Jones Lang LeSalle (JLL), in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. As a result an increase in the valuation since the prior year has been reflected. The gain on revaluation of investment property arising in the year is £811k (2020 - £nil).

Movement on investment properties is as follows:

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Value as at 1 April	6,830	6,830	6,830	6,830
Revaluation (through Statement of Comprehensive Income)	811	-	811	-
Fair value as at 31 March	<b>7,641</b>	<b>6,830</b>	<b>7,641</b>	<b>6,830</b>

## 17 Investment in subsidiary

As required by statute, the financial statements consolidate the results of Leeds Federated Property Services Limited (LFPS), which was a subsidiary of the Association at the end of the year. The Association has the right to appoint members to the board of the subsidiary and thereby exercises control over it. Leeds Federated Property Services Limited is a non-regulated company.

Leeds Federated Housing Association is the ultimate parent undertaking. LFPS is a wholly owned subsidiary of the Association with a carrying value of £2 (2020: £2) and the principal activity of the company is the provision of design and build projects within the social housing sector.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 17 Investment in subsidiary (continued)

During the year the Association had the following intra-group transactions with Leeds Federated Property Services Limited, a non-regulated entity:

	2021 £'000	2020 £'000	Allocation basis
Management services	121	227	Percentage of turnover
Staffing recharge	23	16	Administration time
Gift aid received	93	203	Accrued at year end (Deed of Covenant)

## 18 Debtors

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Rent and service charge arrears	1,434	1,454	1,434	1,454
Less: Provision for doubtful debts	(753)	(706)	(753)	(706)
	681	748	681	748
Social housing grant receivable	105	-	105	-
Amounts owed by group undertakings	-	-	-	9
Other debtors	222	241	222	241
Taxation and social security	6	14	-	-
Prepayments and accrued income	542	883	542	883
	<b>1,556</b>	<b>1,886</b>	<b>1,550</b>	<b>1,881</b>

## 19 Current asset investment

Group and Association	2021 £'000	2020 £'000
Listed investments – restricted access accounts	-	-

The Association holds 1 share, at a nominal value of £1, in Procurement For All Limited, representing a 16.67% shareholding.

The carrying value of these investments at 31 March 2021 is £1 (2020 - £1).

## 20 Properties held for sale

Group and Association	2021 £'000	2020 £'000
First tranche sale units	895	970
Staircasing units	70	179
Social units	477	209
	<b>1,442</b>	<b>1,358</b>

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 20 Properties held for sale (continued)

First tranche sale units are units for shared ownership awaiting first tranche sale.  
Staircasing units are shared ownership properties where the owner is purchasing a further share.  
Social units represent one right to acquire and 13 auction sale transactions being progressed as at March 2021.

## 21 Creditors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Trade creditors	277	459	277	459
Loans (note 27)	3,940	3,183	3,940	3,183
Rent and service charges received in advance	377	372	377	372
Recycled capital grant fund (note 25)	471	-	471	-
Contractors for capital work and retentions	976	1,008	976	761
Loan interest	345	692	345	692
Taxation and social security	130	109	130	109
Loan premium on AHF/ THFC drawdowns	358	126	358	126
Deferred income capital grants/other subsidy (note 23)	1,976	1,960	1,976	1,960
Other creditors	1,671	1,731	1,328	1,731
Amount owed to group undertakings	-	-	237	-
Accruals and deferred income	963	805	963	800
	<b>11,484</b>	<b>10,445</b>	<b>11,378</b>	<b>10,193</b>

## 22 Creditors: amounts falling due after more than one year

Group and Association	2021 £'000	2020 £'000
Loans (note 27)	62,438	52,762
Recycled capital grant fund (note 25)	1,439	1,374
Loan premium on AHF and THFC drawdowns	8,460	2,759
Deferred income – Capital Grants/other subsidy (note 23)	98,105	98,692
	<b>170,442</b>	<b>155,587</b>

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 *(continued)*

## 23 Deferred income - capital grants and other subsidies

Group and Association	2021 £'000	2020 £'000
Total Social Housing Grant (SHG) received as at 31 March (note 24)	104,144	102,874
Total SHG amortisation	(15,970)	(14,320)
	<u>88,174</u>	<u>88,554</u>
Total other subsidies received as at 31 March	13,997	13,949
Total other subsidies amortisation	(2,090)	(1,851)
	<u>11,907</u>	<u>12,098</u>
<b>Total deferred capital grant and other subsidies</b>	<b><u>100,081</u></b>	<b><u>100,652</u></b>
Deferred capital grant and other subsidies due within one year	1,976	1,960
Deferred capital grant and other subsidies due in more than one year	98,105	98,692

## 24 Deferred capital grant

Group and Association	2021 £'000	2020 £'000
At 1 April	102,874	102,322
Grant received during the year	1,807	814
Grant recycled to Recycled capital grant fund (RCGF)	(534)	(894)
Grant recycled from Recycled capital grant fund (RCGF)	-	517
Grant Recycled from Disposal proceeds fund (DPF)	-	118
Released to income during the year	(3)	(3)
<b>At 31 March</b>	<b><u>104,144</u></b>	<b><u>102,874</u></b>

## 25 Recycled capital grant fund

Group and Association	2021 £'000	2020 £'000
At 1 April	1,374	988
Inputs to fund:		
- grants recycled	534	894
- interest accrued	2	9
Recycling of grant		
- new build	-	(517)
<b>At 31 March</b>	<b><u>1,910</u></b>	<b><u>1,374</u></b>
Amounts 3 years or older where repayment may be required	<u>-</u>	<u>-</u>

There were no withdrawals from the recycled capital grant fund during 2020/21.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 26 Disposals proceeds fund

Group and Association	2021 £'000	2020 £'000
At 1 April	-	118
Inputs to fund:		
- interest accrued	-	-
Recycling of grant		
- new build	-	(118)
<b>At 31 March</b>	<b>-</b>	<b>-</b>
Amounts 3 years or older where repayment may be required	0	0

## 27 Loans and borrowings

### Maturity of debt

Group and Association	2021 £'000	2020 £'000
In one year or less, or on demand	3,940	3,183
In more than one year but not more than two years	1,828	2,870
In more than two years but not more than five years	9,690	11,138
In more than five years	50,920	38,754
<b>Total loans net of financing costs</b>	<b>66,378</b>	<b>55,945</b>
<b>Due within one year:</b>		
Banks	3,940	3,183
<b>Due after more than one year</b>		
Banks	14,687	24,741
THFC	32,891	13,169
AHF	14,860	14,852
	<b>62,438</b>	<b>52,762</b>

Loans are shown net of financing costs of £881,232 (2020: £554,477), which will be released over the period of the loans.

The bank loans are secured by fixed charges on individual properties.

The loans from The Housing Finance Corporation (THFC) are secured by fixed charges on individual properties and are repayable on an interest-only basis during the term of the loans at fixed rates of interest ranging from 6.35% to 8.63%. The remaining principal sums fall to be repaid in 2023 and 2039.

There are two AHF facilities with one being for £5m at a 2.89% coupon rate and an effective rate of 2.073% and one being for £10m at a 2.89% coupon rate, with an effective rate of 1.983%. Both are repayable in August 2043.

# Leeds Federated Housing Association Limited

## Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

### 27 Loans and borrowings (continued)

The loans from the Co-operative bank and Dexia are repayable quarterly over terms of 25 years at fixed and variable rates of interest ranging from 1.47% to 5.18%. The principal sums fall to be repaid in the period 2021 to 2025. The Dexia loan was repaid (and in part this was a prepayment) early in April 2021.

A loan with Orchardbrook (ex Housing Corporation) is repayable in twice yearly instalments with an interest rate of 10.632% and a final payment date in 2032.

There is a total facility with Santander of £32m. Of this £2.25m is forward fixed at 1.34% to February 2024 with a 1.75% margin. The balance of £29.75m is a revolving credit facility of which £6m was drawn at 31 March 2020, leaving £17.75m available to draw. The interest on the variable balance is based upon LIBOR plus 1.75% margin. The facility is reduced by a further £1.5m each year from January 2024 to January 2026 with a final bullet to repay the balancing facility in January 2027.

During the year a new £10m revolving credit facility (RCF) with Lloyds and a £20m bond issuance with THFC bLEND were agreed. These are currently in the process of being secured on property. Total set up costs of £297k for bLEND and £84k for Lloyds have been capitalised and will be amortised over the life of the loan.

The RCF is unavailable to drawdown as at the 31st March 2021. The bond is in place with £20m held in escrow to cash back, pending property security when it will be released.

The bLEND bond is fixed at 3.459% with a bullet repayment due in 2047.

On drawdown the Lloyds RCF's interest is based on SONIA plus 1% with a maturity date of 2025.

### 28 Financial instruments

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	5,290	6,741	5,306	6,682
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	175,386	166,148	175,396	166,075

Financial assets measured at amortised cost comprise cash at bank and in hand and debtors excluding prepayments and taxation and social security.

Financial liabilities measured at amortised cost comprise creditors excluding loan premium.

### 29 Pensions

The Group and Association operate two pension schemes.

#### Defined benefit pension scheme

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

# Leeds Federated Housing Association Limited

## Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

### 29 Pensions (continued)

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

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

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for the year ends from 31 March 2020 to February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

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

	31 March 2021 £'000	31 March 2020 £'000
Fair value of plan assets	24,871	22,064
Present value of defined benefit obligation	(30,383)	(25,065)
<b>Defined benefit asset/(liability) to be recognised</b>	<b>(5,512)</b>	<b>(3,001)</b>
		Period ended 31 March 2021 £'000
Defined benefit obligation at start of period		25,065
Current service cost		153
Expenses		21
Interest expense		588
Member contributions		189
Actuarial losses (gains) due to scheme experience		(401)
Actuarial losses (gains) due to changes in demographic assumptions		102
Actuarial losses (gains) due to changes in financial assumptions		5,302
Benefits paid and expenses		(636)
<b>Defined benefit obligation at end of period</b>		<b>30,383</b>



# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 *(continued)*

## 29 Pensions (continued)

### Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	Period ended 31 March 2021 £'000
Fair value of plan assets at start of period	22,064
Interest income	525
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,863
Contributions by the employer	866
Contributions by plan participants	189
Benefits paid and expenses	(636)
<b>Fair value of plan assets at end of period</b>	<b>24,871</b>

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £2,388,000 (prior year £943,000)

### Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	Period ended 31 March 2021 £'000
Current service cost	153
Expenses	21
Net interest expense	63
<b>Defined benefit costs recognised in statement of comprehensive income (SoCI)</b>	<b>237</b>

### Defined Benefit Costs Recognised in Other Comprehensive Income

	Period ended 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	1,863
Experience gains and losses arising on the plan liabilities - gain (loss)	401
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(102)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(5,302)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	<b>(3,140)</b>
<b>Total amount recognised in other comprehensive income - gain (loss)</b>	<b>(3,140)</b>

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 29 Pensions (continued)

### Assets

	31 March 2021 £'000	31 March 2020 £'000
Global Equity	3,964	3,227
Absolute Return	1,373	1,150
Distressed Opportunities	718	425
Credit Relative Value	783	605
Alternative Risk Premia	937	1,543
Fund of Hedge Funds	3	13
Emerging Markets Debt	1,004	668
Risk Sharing	905	745
Insurance-Linked Securities	597	678
Property	517	486
Infrastructure	1,658	1,642
Private Debt	593	445
Opportunistic Illiquid Credit	632	534
High Yield	745	-
Opportunistic Credit	682	
Corporate Bond Fund	1,470	1,258
Liquid Credit	297	9
Long Lease Property	487	382
Secured Income	1,034	837
Liability Driven Investment	6,321	7,323
Net Current Assets	151	94
<b>Total assets</b>	<b>24,871</b>	<b>22,064</b>

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

### Key Assumptions

	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.19%	2.36%
Inflation (RPI)	3.20%	2.58%
Inflation (CPI)	2.65%	1.58%
Salary Growth	3.15%	2.58%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance
		Life expectancy at age 65 (Years)
Male retiring in 2021		21.6
Female retiring in 2021		23.5
Male retiring in 2041		22.9
Female retiring in 2041		25.1

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 29 Pensions (continued)

### Defined contribution scheme

The company also participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pensions charge represents contributions payable by the company to the fund and amounted to £98,422 (2020: £62,642).

## 30 Share capital

	2021 £	2020 £
At 1 April	27	27
Shares issued in the year	2	-
	<u>29</u>	<u>27</u>

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 share is cancelled and the amount paid thereon becomes the property of the Association. Therefore, all shareholdings relate to non-equity interests.

## 31 Operating leases

The payments which the Association is committed to make under operating leases are as follows:

	Land and buildings 2021 £'000	Other 2021 £'000	Land and buildings 2020 £'000	Other 2020 £'000
<b>Operating leases which expire:</b>				
Within one year	-	-	2	24
In one to five years	149	355	-	87
Over five years	403	-	441	-
Total	<u>552</u>	<u>355</u>	<u>443</u>	<u>111</u>

## 32 Capital commitments

Group and Association	2021 £'000	2020 £'000
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Capital expenditure commitments are as follows:

Commitments contracted but not provided for in the accounts	16,439	7,690
Commitments approved by the board but not contracted for	1,797	4,364
	<u>18,236</u>	<u>12,054</u>

The above commitments will be financed through a combination of borrowings and social housing grant.

# Leeds Federated Housing Association Limited

Notes forming part of the financial statements  
for the year ended 31 March 2021 (continued)

## 33 Contingent liabilities

The group and Association had no contingent liabilities at 31 March 2021 (2020 - £Nil).

## 34 Related parties

The group has taken advantage of the exemption conferred by FRS 102, not to disclose party transactions with other group entities.

The Board includes two new tenant members: Innocent Moyo and Dedra Otchere-Darko; Sue Howlett resigned during the year. All hold their tenancy agreements on normal terms and cannot use their position to their advantage. The rent charged for the year was:

	Rent charged weekly 2021 £	Rent charged weekly 2020 £	Balance at 31 March 2021 £	Balance at 31 March 2020 £
<b>Tenant board member</b>				
Innocent Moyo	92	-	(514)	-
Dedra Otchere-Darko	71	-	141	-
Sue Howlett	-	73	-	(268)

All rounded to the nearest pound. '-ve' = credit balance

## 35 Net debt reconciliation

Group	1 April 2020 £'000	Cash flows £'000	Other non-cash changes £'000	31 March 2021 £'000
Cash at bank and in hand	5,752	(1,365)	-	4,387
Bank and THFC loans	(55,945)	(10,358)	(75)	(66,378)
	<b>(50,193)</b>	<b>(11,723)</b>	<b>(75)</b>	<b>(61,991)</b>

Association	1 April 2020 £'000	Cash flows £'000	Other non-cash changes £'000	31 March 2021 £'000
Cash at bank and in hand	5,505	(1,218)	-	4,287
Bank and THFC loans	(55,945)	(10,358)	(75)	(66,378)
	<b>(50,440)</b>	<b>(11,576)</b>	<b>(75)</b>	<b>(62,091)</b>

## 36 Legislative provisions

The Association is registered under the Co-operative and Community Benefit Society Act 2014 and is a Registered Provider of Social Housing registered under the Housing and Regeneration Act 2008.