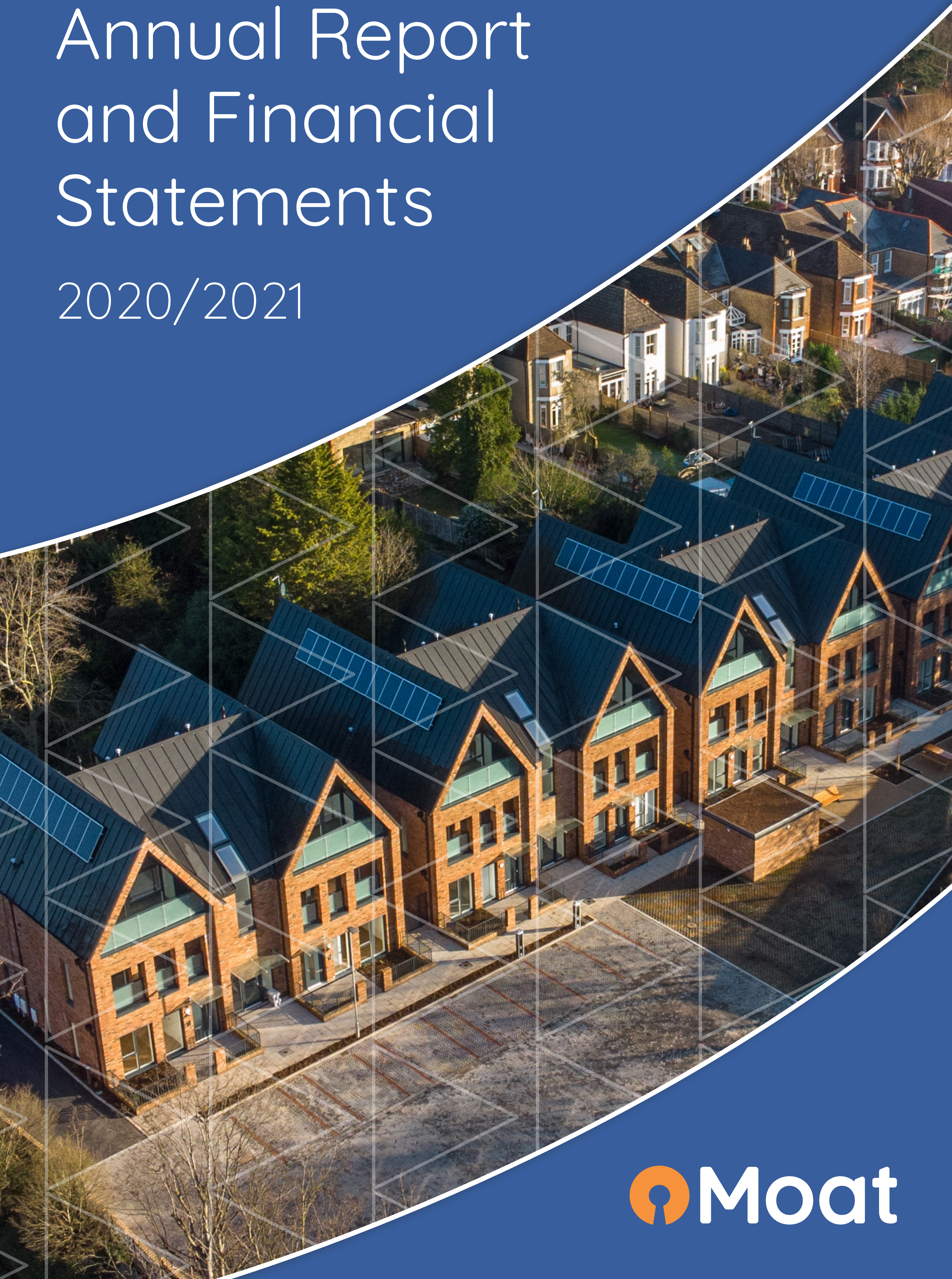
Annual Report and Financial Statements

2020/2021



Moat

Contents


St Marks Square
Bromley

Highlights of our year

Finance

£153m
turnover

£36.4m
surplus

36%
operating margin

£1.6bn
housing properties cost

£564m
borrowings

Development

397
new home starts

422
new home handovers

1,673
homes in pipeline

£127m
spend on new builds

Property management

92 days
void turnaround

Housing management

3.00%
rent arrears

71%
Overall satisfaction

Peter's Village, Wouldham

We launched our third and final phase at Peter's Village in August 2020 and sold out the selection of two and three-bedroom houses quickly. Set on the banks of the River Medway in Wouldham, Tonbridge, it's easy to see why Peter's Village is popular with families and singletons alike.

Springhead Park, Ebbsfleet

Ebbsfleet has continued to grow in popularity, with its unrivalled commuter links and community feel, and Springhead Park has been a sell-out at each launch we release. We received more than 150 expressions of interest for our March release of homes and expect equally high levels of interest for the final 20 houses and apartments launching on the development later in 2021.

Culverley Gardens, Catford

We're thrilled that our newly completed development, Culverley Gardens, has been shortlisted for Best Small Development and Best Show Home in the First Time Buyer Readers' Awards. The selection of one, two and three-bedroom apartments were built by Skillcrown and come with parking spaces, bike stores and communal landscaped gardens – bringing a piece of nature to London living.

Quinton Court, Sevenoaks

Located in the heart of Sevenoaks, Quinton Court is a collection of 10 one-bedroom flats for Shared Ownership, launched in January 2021. Planned with commuters in mind, the site is near the train station and has a stunning courtyard garden for residents to enjoy. Built by Berkeley Homes, these apartments have an emphasis on style and quality, making luxury living more affordable.

Langley Square, Dartford

Our flagship scheme at Langley Square in Dartford has continued to be a soaring success. All 72 apartments we released for sale in the past year are under offer. This is the most homes we have ever released on one site in one go!

Chair's statement

In total, 3,106 people moved into an affordable Moat home during the year and we have a strong development pipeline of a further 1,673 homes in our key areas.

COVID-19

The last year has been dominated by the global pandemic, which changed the way that people have been able to live and work. Activities outside the home have been curtailed, which has meant that having a safe, secure and affordable home has never been more important. Housing associations have had a vital role to play by continuing to provide high quality homes and services across the country.

The UK government, along with others, introduced a swathe of measures to support individuals and businesses but a series of lockdowns, nationally and regionally, has had a significant impact on many as well as the economic health of the country.

As an organisation, Moat moved swiftly to remote working and tailored its service offering to make sure that it operated according to government guidelines. The strong governance process around this meant that, as restrictions were lifted, we could respond quickly in terms of service delivery. Nevertheless, the restriction on entering people's homes during the first lockdown made it inevitable that there would be a backlog of non-urgent repairs and longer void turnaround times. We have worked hard throughout the year, with the help of our contractors, to bring repairs back to normal levels and have introduced virtual tours and digital sign-ups.

Over the year we have seen an increasing number of our residents accessing benefit support, many for the first time, as the consequences of the pandemic have hit home. One of our priorities for the year has been to work with our residents, helping them access support and keeping them in their homes. Through working together, we have managed to reduce overall arrears whilst alleviating financial stress for many of those affected.

We also repurposed our community hubs which became key delivery points for local agencies providing services and food parcels in the wider community. Wherever possible, we moved our activities online to make sure vital social links could be maintained. Through the use of virtual meetings, and well-being telephone calls and face to face contact when permitted, we continued to strengthen our relationship with our residents throughout the year. We have also expanded our Customer Advocates programme to include almost 100 residents who have helped shape our services in areas such as voids and lettings and the scope of our repairs service.

We have begun fire safety work on Leamington Court in Greenwich, which was identified as a priority amongst the blocks owned and managed by Moat, and we continue to assess fire safety across all our blocks. We have kept abreast of the evolving safety landscape and worked with our advisors and sector groups to identify and adopt best practice. As our portfolio of homes is split equally between flats and houses, we do not own many high-rise blocks.

However, we do have Moat residents living in blocks which are owned and managed by others. A further key focus has been working with building owners of these blocks to encourage applications to the Building Safety Fund and to ensure good and timely communication with our residents.

Whilst the government has been active in legislating to improve fire safety in residential buildings, the amount of funding available is dwarfed by the scale of the problem, particularly as lower buildings come into scope and guidance continues to change. Unless there is one clear source of finance for remediation works, it is going to be highly problematic to successfully fund and complete the works required, particularly where the blocks are mixed tenure with differing legal rights and obligations.

As sustainability moves up the agenda, we are accelerating our spend on our existing homes. With the help of consultants, we will be taking a range of measures to reduce the carbon footprint of our homes and increase thermal efficiency.

The pandemic also had an impact on the number of new homes that we were able to build over the year, with COVID protocols leading to delays on site. Nevertheless, we completed 422 affordable homes across our key areas and started the construction of a further 397 homes. Despite the economic uncertainty, our shared ownership properties have continued to prove popular with residents and in the last year, we have helped 197 households move into their shared ownership home. We have continued to bring forward an increased number of homes for social rents and London Living Rents. In total, 3,106 people moved into an affordable Moat home during the year and we have a strong development pipeline of a further 1,673 homes in our key areas.

We have also continued to refine our approach to risk, both in terms of our appetite for risk and the risk mitigations that we have put in place. We have further developed our risk management strategy and reporting to make sure that the Board and the Audit Committee have clear and regular oversight of Moat's response to what is an increasingly complex environment.

Our overall financial performance remained strong, despite the challenges of the past year, demonstrating the financial resilience of the organisation. We retained our financial strength as evidenced by our A2 rating from Moody's and in April we sold our remaining £50m of retained bonds, enhancing our already strong liquidity and putting us in a robust position to face the challenges of the future, as well as to capitalise on opportunities as they arise. We remain ambitious for ourselves and our residents, and our financial strength will support our growth aspirations so that we can help more people to enjoy new, good quality, affordable homes.

Finally, I would like to thank my Board colleagues, the Executive Directors and the whole Moat team and our partners for their continued hard work and resilience, together with their commitment to our social mission. Their contribution has been the foundation of an extraordinarily challenging but ultimately successful year.

Steve White
Chair

About us

Moat is a leading housing association providing secure, affordable homes for rent and shared ownership to those in housing need.

From our inception in 1966, managing a single block of flats, we now house over 20,000 families and individuals across Kent, Essex, Sussex and London.

We are a not-for-profit organisation funded by a mixture of private finance and government grant. We reinvest any surplus we make to maintain and improve our existing homes and build new ones where they are most needed. We are proud of the great homes and communities we've helped to build, and we've more in the pipeline as we tackle the current housing shortage.

Our homes are more than just brick and mortar. We partner with local authorities to put roofs over the heads of those who might not otherwise have one. Through Moat Foundation, we work in our communities to improve employability, empower local youth, tackle isolation, and create thriving places that people love to live in. We provide support for over 55s in our retirement housing, alongside refuges for people with learning and physical disabilities and those who are homeless or fleeing domestic abuse.

We're playing our part and we're also leading the way. As one of the pioneers of shared ownership, we've given thousands of households a boost into affordable home ownership. Our strong history of development is an important part of our DNA. Just as importantly, we invest in our existing homes to make sure they are safe and well maintained.

Our customers lie at the heart of it all. We work with our customers to provide a strong and consistent service, all shaped by feedback from surveys, focus groups and our customer advocates.

Our registered office, advisors and legal status

Registered office	Registered auditor	Principal Banker
Mariner House, Galleon Boulevard, Crossways, Dartford, Kent, DA2 6QE	BDO LLP, 55 Baker Street, London W1U 7EU	National Westminster Bank Plc, Europa House, 49 Sandgate Road, Folkestone, Kent CT20 1RU

Registered under the Co-operative and Community Benefits Societies Act 2014, No.17434R

Registered under Section 5 of the Housing Associations Act 1985 No. L0386

Moat's company structure

Moat Homes Limited (MHL) is the parent company and is a charitable registered provider of social housing, regulated by the Regulator of Social Housing (RSH).

Its active subsidiaries are Moat Housing Group Limited (MHG), which focuses on developing homes for market sale, and Moat Housing Finance Plc (MHF), the group treasury vehicle which has issued a £300m public bond.

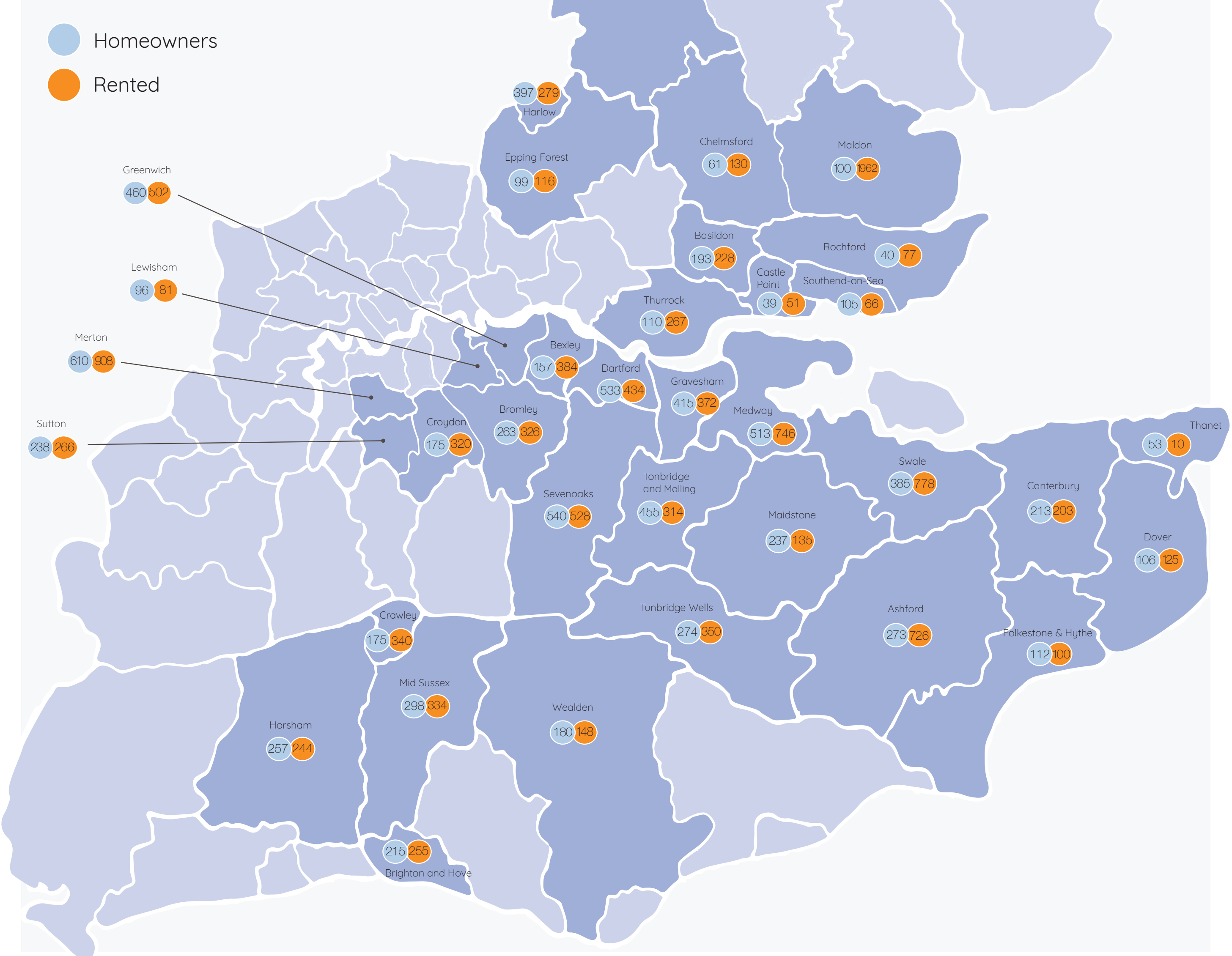
Our community outreach arm, branded Moat Foundation, strengthens the communities where we work through training, activities and programmes.

Our homes	New homes in 2020/2021	Homes managed and/or owned
General needs rented	28	8,449
Affordable rent	191	2,162
Housing for older people/supported	-	1,711
Low cost home ownership	197	5,609
Social leasehold	-	1,121
Other social	-	1,135
Non social housing	6	1,060
Total homes	422	21,247

Our current homes

as at July 2021

NB only local authorities with 50+ homes



Delivering our strategy

In 2020, we launched our five-year strategy which sets out our commitment to providing safe, high-quality homes alongside a truly customer-focused service.

The COVID-19 pandemic was unexpected in both its scale and impact. Although the ways in which we deliver our service temporarily changed, our direction of travel remains the same as our homes became more important than ever. Our strategy will need to flex with other significant changes coming to the housing sector, most notably the implementation of the Social Housing White Paper and the new shared ownership model.

While we operated in an uncertain landscape during the past year, we have made great inroads towards achieving our strategic goals:

- **Delivering for and with our residents**
  Despite the challenges of COVID-19, customer satisfaction during the year has stayed consistent with pre-COVID levels. Our pool of Customer Advocates has grown from 68 to 98, and we continue to act on feedback and satisfaction ratings gathered from telephone and text message surveys. In the year ahead, we will develop our Customer Engagement Strategy further, providing customers with more and better ways to shape our services and consistently relaying this feedback to our Board and internal committees.

- **Building good quality, affordable homes**
  Over 90% of the homes we build are for affordable rent and shared ownership and in the past year, we completed 416 affordable homes across Kent, Essex, Sussex and south London. Although we faced some delays due to lockdown restrictions, we started construction of 397 homes. With our first development under the new shared ownership product due for handover in April 2022, we will focus on defining, embedding and communicating upcoming changes to this product.

- **Ensuring safety and quality in our existing homes**
  We always seek to balance investment in our existing homes with the need for new, affordable homes. Over the last year, we spent £15.1m on repairs and maintenance and a further £9.5m on improvements and refurbishments. In the coming year, we will complete procurement for our new ten-year property repairs and maintenance contract with a focus on customer satisfaction, social value and high-quality service. We also remain mindful of the immediate need to invest in fire safety and the imperative for long-term investment in sustainability.

- **Bold and ambitious for the future**
  A digital-first, sustainable future drives much of what we do. We're investing in energy efficiency at a critical time as the Government commits to achieving net-zero emissions across the UK by 2050. Our new Sustainability strategy sets out our goals for all stock to reach EPC (Energy Performance Certificate) band D or above by the end of 2025, as a stepping stone to a B or C rating by 2030. Alongside this, we're investing in the right digital tools, including a new housing management system, to allow our teams to deliver a streamlined, efficient and coordinated service.

The need to influence national policy and anticipate changes in the sector lies across all four strands of our strategy. The appointment of our new Head of Policy will allow us to participate in consultations, represent the interests of Moat and our customers, and remain resilient to change.

Building good quality affordable homes is at the heart of what we do

- We will develop a sustainable ambitious pipeline of homes for those who cannot afford to rent or buy on the open market
- We will work with our key stakeholders and partners to ensure that our new homes are of good quality, meet local need and increase our impact in our key communities
- We will remain agile to take advantage of opportunities that support our long-term development aims.

The safety and quality of our existing homes is paramount

- Keeping residents safe will be at the heart of the decisions we make
- We will deliver on a sustained programme of investment to ensure that our homes provide good quality accommodation that is fit for the future
- We will embrace the energy efficiency agenda, working towards zero carbon and reducing fuel poverty for our residents.

We will deliver for and with our residents

- We will design our services and investment plans taking into account our residents' needs
- We will offer residents a range of ways to influence Moat's direction, so that they can use the method that works best for them
- We will actively seek feedback and learn from the insight that our residents provide.

We will be bold and ambitious for the future

- We will look forward, seeking to anticipate changes that impact on our organisation so that we remain resilient
- By being a leader, we will embrace innovation that helps us achieve our key goals
- We will value and empower our people so that together we are focused, passionate and effective.

The external environment and our response to it.

COVID-19

The financial year was dominated by the COVID-19 pandemic as the UK spent six months of the year in unprecedented lockdowns in an attempt to reduce transmission of COVID-19. COVID-19 has been the biggest health crisis the country has faced since the second World War.

Despite government initiatives UK productivity has decreased significantly while continued social distancing and the need to make business premises and all other venues COVID-safe has severely impacted the longer term viability of many companies in the retail, hospitality and travel industries in particular.

In the UK, government loans, the Coronavirus Job Retention Scheme and other business protections have provided support and offset the full financial impact of the virus. However, the full scale of job losses and the impact on the self-employed is still unknown while these schemes continue to be in place. Protection has also been put in place for renters and for those with mortgages to ensure that as far as possible people do not lose their homes as a consequence of COVID-19.

The pandemic has meant that more people have needed assistance to meet the costs of their homes, whether they rent, own or part own via shared ownership. Whilst the benefit system can take part of their strain, the sheer number of new Universal Credit applicants means that resources and systems continue to be stretched.

In terms of development of new homes, the vast majority of construction sites have had a period of inactivity during earlier lockdowns, with a phased return once risk assessments were carried out.

In response, Moat has adapted to maintain a high level of customer service and provide additional customer welfare and financial support while keeping our staff, customers and contractors safe. This involved undertaking health and safety repairs only during the first lockdown, working in partnership with local stakeholders to support our communities, supporting residents in financial difficulties and reaching out to our most vulnerable customers.

We have worked on recovery planning in partnership with our stakeholders and are now putting these plans into place as the restrictions are being relaxed. We are clearing the backlog of non-urgent repairs, have remobilised planned works activity and restarted work on all development sites, all with appropriate social distancing and risk assessments in place.

Building safety

The environment surrounding building safety continues to evolve at pace. We continue to strengthen our Health and Safety Management Framework to ensure we understand and comply with our obligations concerning the safety of our residents and employees.

In July 2020, the Government published the draft Building Safety Bill which brings forward reforms to the building and fire safety system.

The Bill introduces a new Building Safety Regulator who will oversee the safety and performance of all buildings but with specific requirements for new and existing multi-occupied residential buildings that are 18 metres high or more, or taller than six storeys (whichever is reached first).

The more stringent regulatory regime, for higher risk residential buildings, involves:

- the introduction of dutyholders
- gateway points (which will provide rigorous inspection of regulatory requirements to help ensure building safety risks are considered during planning, design and construction)
- the introduction of a 'golden thread' of building information to be created, stored and updated
- creating an ongoing duty on the Accountable Person (who is the dutyholder in occupation) to assess building safety risks, taking all reasonable steps to prevent the occurrence of a major incident in the building as a result of these risks, and
- a statutory requirement for the Accountable Person to provide a 'Safety Case Report'.

While the Building Safety Bill has yet to begin its passage through Parliament, the safety of our customers and quality of our homes is paramount which is why we are working proactively to prepare for the future changes.

Fire safety

Fire safety remains a critical area of focus, particularly following the tragedy at Grenfell Tower. During the financial year, the Fire Safety Bill progressed through the parliamentary process and received Royal Assent in April 2021. The Bill aims to ensure that people feel safe in their homes, and a tragedy like the Grenfell Tower fire never happens again.

The bill amends the Fire Safety Order 2005 to clarify that it applies to the 'external walls' and flat entrance doors in multi-occupancy residential buildings. It also clarifies that external walls includes doors and windows in those walls, anything attached to the exterior of those walls and that these will be within scope of the Fire Safety Order. This category will include cladding, insulation, fixings and balconies.

The Bill does not address the ongoing concern about the cost to leaseholders of cladding removal from high-rise residential buildings. The Government has said this will be addressed through the Building

Safety Bill and £1 billion of grant funding to tackle unsafe cladding systems on high-rise residential buildings over 18 metres. We own and manage 8 blocks across 7 schemes which are over 18 metres, none of which have ACM cladding.

Sustainability

We are investing in energy efficiency at a critical time. The Government has declared a climate emergency and has committed to achieving net-zero emissions across the UK by 2050. Our Sustainability Strategy will play an important role in our future plans as we explore ways to make our current and new homes greener. We want all of our homes to reach EPC (Energy Performance Certificate) band D or above by the end of 2025, as a stepping stone to a band C rating by 2030. To do this, we will be using a range of energy-efficiency measures and technologies, alongside customer education. Estimated costs of meeting the 2050 deadline have been included in our 30-year plan.

Brexit

While a trade deal was achieved by the 31 December 2020, the impact and on-going negotiations of Brexit have been over-shadowed by the impact of COVID-19 not just in the UK but across the globe. We continue to keep a watching brief on the implications of Brexit on Moat's work.

Housing Policy

In November 2020 the Government published the Social Housing White Paper - 'The charter for social housing residents'. The White Paper outlines wide ranging reforms which aim to ensure that all residents are treated with fairness and respect, and that if things go wrong these are dealt with swiftly and effectively; it puts the resident at the heart of a revised and empowered regulatory regime for social housing providers. The White Paper restates the Government's desire to ensure that homes are safe to live in and identifies ways to raise safety standards and help residents feel safer in their homes.

We are committed to building good-quality, affordable housing and working with and for our residents. Listening to residents and involving them in every aspect of our activities is crucial to the way in which we deliver our plans and services. We welcome the introduction of the charter and we support a culture of transparency and continuous improvement with our customers' interests at heart. We are preparing for the changes that lie ahead as the aspirations and commitments set out in the White Paper are taken forward. We look forward to working with the Regulator of Social Housing, the Housing Ombudsman and others in the coming years.

Affordable housing programme 2021-26

In September 2020, the Government announced the Affordable Homes Programme 2021-26. It plans to build up to 180,000 new homes with investment confirmed in the Budget in March – £7.5bn will be distributed via Homes England and the government will negotiate with the Greater London Authority on the use of the remaining £4bn for London.

Shared ownership scheme

During this financial year, the Government sought views on a new model for shared ownership. The proposals aimed to make it easier for people to purchase shared ownership homes and to own more of their property through the gradual purchase of a larger share, known as staircasing. Since then, the Government has announced the outcomes of the consultation and Moat is making the operational changes needed to implement the new shared ownership scheme.

Finance and investment

Just over a year on from the start of the pandemic, there are encouraging signs that the global economy is on the rebound, as a path to "normalisation" is set out and confidence improves globally. UK net mortgage borrowing was the strongest on record, driven by the anticipated end of the temporary stamp duty tax relief. The Nationwide House Price Index increased by 10.9% year on year in May, the highest level in nearly seven years, as stamp duty cuts were extended until the end of June 2021.

The IHS Markit/CIPS UK Manufacturing PMI increased to 65.6 in May 2021 the strongest factory growth since July 1994. This was due to positive contributions from output, new orders and an extension of suppliers' delivery times.

On inflation, many commentators see the risk of potential rises. The long term RPI level implied from the Sterling gilts market is now around 3.5%. This is in the context of knowing that from 2030 RPI will most likely align with CPIH which is close to CPI in relation to which the Bank of England has a 2% policy target which it shows no indication of wanting to change.

Finance to the housing market remained readily available at low rates throughout the year with investors and lenders continuing to value the core strength of housing associations' stable rental income and social mission. The sectors' strong ESG credentials are increasingly attractive to these institutions.

Our people

We believe that a fulfilled, well-supported and well-trained workforce allows us to give our best to the communities we serve, so we are proud that our people say Moat is a great place to work.

We are ambitious for our customers but also ambitious for ourselves, setting high expectations of our people and providing the tools to achieve them. Through our People Strategy, we continue to develop an inclusive and supportive environment where our people work as one team to improve the lives and experiences of our customers. We know that people will perform at their very best when they can be themselves at work, so our commitment to equality, diversity and inclusion is central to our identity and workplace culture.

We believe in developing our workforce, so we make sure to attract and retain the best people and invest in their futures through continued learning and mentorship. Our award-winning apprenticeship programme has successfully seen 14 of our apprentices go on to secure permanent roles at Moat over the last three years.

During the COVID-19 pandemic, we have embraced new methods of working and found new ways to support our people and their wellbeing. As a result, our spirit of teamwork and engagement has remained high, as shown by feedback in our quarterly staff surveys.

We furloughed a few of our team during the initial national lockdown, receiving £135k in Job Retention Scheme grant.

We have ensured our people have the equipment, skills and support to work from home, providing a strong foundation as we work towards implementing an agile working programme. Our customers are at the heart of everything we do, and we have ensured this has remained throughout the pandemic and will continue with a hybrid, more agile working model.

Royal Arsenal

A collection of one, two and three-bedroom apartments located at the stunning Royal Arsenal Riverside, opposite the Royal Docks.

Our performance

Delivering for and with our residents.

Customer feedback

There are various ways in which we collect feedback from our customers and use that feedback to improve our services.

Our new Customer Engagement Strategy was launched this year, strengthening our existing feedback tools and giving all customers the opportunity to feedback, engage and shape the work we do. We have also adopted the WOCAS (what our customers are saying) model of reporting to ensure that everyone has insight into customer feedback.

We now have 98 Customer Advocates, compared to 68 in 2019/20. These are actively involved residents who volunteer their time to provide scrutiny, ideas and feedback on our services, policies, and communication. Due to the pandemic, this has largely been conducted online. Thanks to their input they have shaped such things as our Rent Flexibility Policy, a fire awareness campaign, our rent statements, our void lettable standard, and our shared ownership buyers' guide.

During the procurement of the services of a new responsive repairs and maintenance partner, we received feedback from 939 customers which has helped shape our specification requirements. 156 of these customers have gone on to participate in additional online sounding boards and workshops, and form part of the evaluation committee.

In January 2021, we launched our new Complaints Policy following consultation with our Customer Advocates. This broadens the definition of a complaint to ensure dissatisfied customers are appointed a lead contact to address their concern. Our Complaints Oversight Group monitors key trends and we conduct interviews to understand the customers' experience of the process. Importantly, we share customer experiences with our Customer and Communities Committee and Board.

We monitor customer satisfaction with our services in different ways. Using digital and telephone surveys carried out by an external specialist research company we reached customers of all tenures to assess their overall satisfaction with the services provided. The overall satisfaction remains at 71% (2020: 71%), and the satisfaction of our rented customers remains at 77% (2020: 77%). For homeowners, satisfaction has fallen to 59% (2020: 62%) with the main area of concern being service charge value for money. We use Real Time Customer Feedback (RTCF) by texting customers who have received our services requesting them to comment on the service provided and rate it from 1 to 5. This feedback covers routine maintenance, cleaning and gardening, defects, first contact resolution, complaint resolution and new customers. Customer satisfaction in the year with the performance of our customer service centre increased from 4.3 to 4.4 out of 5, with a response rate of 12%.

Customer contact

We now direct customers to our online portal, MyMoat, as a first point of contact; 2,500 customers signed up over the past year bringing the total users to over 10,900. MyMoat allows customers to view their rent accounts, download statements, make payments, report repairs, manage appointments, raise complaints, and access application forms. We have continued to increase the functions available and have worked to improve the customer experience. An indication of its success is that online payments have reach over £1 million each month. This represents 15% of all payments taken and is second only to direct debits (64.8%).

Customers still like to call, use webchat and email us and in 2020/21 we answered 100,900 calls, dealt with 77,796 emails, and handled 8,450 webchats. Collectively there was an increase of 6.5% compared to the previous year, with digital traffic increasing significantly.

Our neighbourhoods

In total 3,236 estate inspections were carried out by our Neighbourhood Service Managers with support from the Neighbourhood Response Officers to ensure our estates and buildings are well maintained, compliant and safe.

4,291 communal repairs were completed by our Neighbourhood Response Officers, who also completed 168 low level Aids and Adaptations to support our customers to live independently at home. Installing grab rails averts falls and preventable admissions into hospital.

During this unprecedented year we have spoken to and experienced more interaction with our customers by phone, Zoom, Teams and e-mail. At the start of the year, we contacted vulnerable customers who felt supported and reassured that we were there for them. Overall, we contacted approximately 3,000 vulnerable customers living in our homes across all tenures. In addition, we contacted 1,600 customers living in our retirement schemes every week. During the year we also raised 34 safeguarding cases.

We received 1,447 anti-social behaviour (ASB) reports and investigated 683 of them, taking enforcement action where appropriate. Working with partners, we have kept our customers and communities safe by securing 17 injunctions and have taken other enforcement measures against perpetrators of anti-social and criminal behaviour. We also protected victims of domestic abuse by working closely with our partners to ensure the right safety measures and support was put in place.

Our communities

Moat is a business with a social purpose and at the core of the organisation is Moat Foundation. Our strategy is focused on supporting thriving communities and supporting young and older people.

	Actual 2020/2021	Target 2020/2021	Actual 2019/2020
Overall satisfaction with services provided	71%	74%	71%
Overall satisfaction with services provided (rented)	77%	80%	77%
Overall satisfaction with services provided (homeowners)	59%	65%	62%
Current rent gross arrears: general needs, housing for older people and supported	3.00%	2.65%	3.04%
Current rent gross arrears: shared ownership	2.05%	1.65%	1.33%
Bad debts per home	£7	£26	£32
Void turnaround time in days: general needs, housing for older people and support	92	17	23
Homes per FTE	54	52	55

Working with partners, Moat Foundation played a critical role to ensure our customers were supported and safe during the pandemic. Whilst our five community hubs (located in Gravesham, Gillingham, Sittingbourne, Stanhope and Maldon) were not open to host “normal activities” during the year, we worked closely with our hub providers to ensure we continued to deliver a core offer of essential services to customers living within the neighbourhoods, including access to mental health counselling services, well-being advice and domestic abuse services. The hubs have also been used as a base for the delivery of food parcels and other vital supplies. Overall, we supported the delivery of 2,536 food parcels within our communities.

We also supported 37 families to access resident welfare grants, we delivered over 500 wellbeing packages to young people and a further 300 to older customers. We gained a wider reach of engagement via Zoom meetings and delivered a range of virtual and digital activities that focused on advice and health and wellbeing. We also hosted a number of socially distanced activities such as Fit and Fed sessions (a youth programme which prevents holiday hunger) and arts and craft activities for both young and older customers.

Overall, we engaged with 4,511 customers (against a target of 2,111) including:

- 154 people assisted with job advice. This includes supporting 20 customers into permanent jobs – a particularly good outcome in a year when many employers were either furloughing staff or making redundancies. Six volunteers were recruited and trained.
- 226 working age and older people supported with digital skills.
- 1,127 people supported with Health and Financial Wellbeing matters (provided access to financial wellbeing officers / Consumer Advice Bureau for support with benefits & debt matters, referrals to specialist agencies for support with mental health, family issues, and targeted health & wellbeing matters).
- 1,813 term-time and holiday activities for young people.
- 337 health and wellbeing activities organised for older people.

Income collection

Our focus is always to support our customers, taking a proactive and early intervention approach to ensure rent arrears are avoided or reduced. This year, many customers have been affected by the global pandemic, particularly with reduced housing incomes. Our Customer Accounts team have been available throughout, working hard to support those affected, and signposting them to relevant agencies. Legal enforcement action of any form is always a last resort, and for the majority of the last year emergency government legislation greatly restricted this.

Given the volume of customers affected by the pandemic, it is therefore testament to the team that our overall rent arrears for rented customers fell from 3.04% to 3.00% and it was not unexpected that the challenging target of 2.65% was not reached.

With Universal Credit increasingly becoming 'business as usual', we did not set a separate formal target unlike previous years. However, we continue to monitor performance, and arrears for rented customers on Universal Credit fell from 6.20% in 2019/20 to 5.28%; this also reflects 940 new Universal Credit claims.

Collection of shared ownership rent and service charges proved to be more challenging during the pandemic and arrears increased from 1.33% in 2019/20 to 2.05%.

Void turnaround

Our aim to minimise the time our homes are unoccupied has been hampered by the pandemic.

During the first COVID-19 lockdown, and in line with government guidelines, we halted most of our lettings. We continued to support our local authority partners by providing emergency accommodation, including for key workers and those fleeing domestic violence. In 2020/21 we had 451 re-lets, compared with 584 in 2019/20. The reduction correlates with fewer customers ending their tenancies, particularly during the peaks of each government lockdown.

To ensure our customers and staff were COVID-safe we introduced virtual tours and digital tenancies which enabled socially distanced viewings and sign ups.

Government guidelines have impacted on the speed at which void works can be carried out to our homes, and we have seen an increase in our average turnaround times for our re-let homes. Due to restrictions during the first COVID lockdown we were unable to let many of our homes for 78 days and we chose to extend this period further for our retirement living schemes as we monitored what was a changing situation (extending turnaround times for these homes by 100 days). This meant that we ended the financial year with an average turnaround of 92 days.

We continue to work closely with our customers and contractors to create efficiencies and improve our own processes and anticipate a return to a quicker turnaround time, initially targeting 39 days.

GIS (geographic information system)

We have implemented a new GIS system, initially focusing on preparing more detailed estate maps showing the assets we own/ manage and the services provided. Ease of access to this level of information will improve communication with customers and suppliers when discussing works or concerns on the estate.

Violet Fields

Violet Fields comprises 26 homes made up of three and four-bedroom homes, suitable for families.

Our performance

Building good quality affordable homes is at the heart of what we do.

Development programme	New homes in 2020/2021	Homes in construction at 31 March 2021	Homes in pipeline at 31 March 2021
Rented	219	639	529
Low cost home ownership	197	332	107
Non social housing	6	66	-
Total homes	422	1,037	636

We have taken a decision to reduce our annual average target of new homes from 650 to 550 homes a year from 2023/24, reflecting an expected significant increase in fire remediation spend in the coming years. Given the uncertainty of the timing and quantum of spend we intend to be as agile as possible in revising this target up or down as circumstances allow. These homes are planned to be a mix of rent, shared ownership and open market sale with a focus on quality and exceptional customer service.

The construction industry has seen a number of challenges during the year due to the impact of the Global Pandemic and periods of local and national lockdown. This has caused delays on site where our partners have experienced material shortages, COVID-19 protocols have limited the amount of labour they can have on site and a number of sites were closed due to positive COVID-19 cases. During the year 422 homes were handed over, comprising 219 homes for rent, 197 for shared ownership and 6 for open market sales. We recognise that this was below our target set prior to the COVID-19 pandemic and reflects the delays across a number of our developments. We have also focused on quality for our residents and are not prepared to compromise on this to achieve handovers.

We took a cautious approach to new business at the start of the year while we took time to understand the impact of the pandemic on the construction industry and the sales market. Despite this, we approved 569 (2020: 430) homes for development in the year and we continue to have a healthy development pipeline.

New homes	Actual 2020/2021	Target 2020/2021	Actual 2019/2020
New homes starts	397	400	424
New build handovers	422	703	553
Unsold shared ownership homes: over six months old	29	18	111
Shared ownership sales profitability	11.9%	10.7%	14.4%
Unsold open market homes: over six months old	20	-	-
Open market sales profitability	(5.1%)	21.2%	-

New homes sales

The market for shared ownership outperformed expectations despite delays at the start of the year due to mortgage valuations coming to a halt during the national lockdown and lenders withdrawing several products from the market. Demand for our homes was strong but the buying process was slower than is normal. We completed on 307 shared ownership sales with 62 completions in March 2021. Our overall sales margin was 11.9% against a target of 10.7% generating a surplus of £5.2m. These margins are based on actual cost of sales, excluding the timing of impairment accounting entries. If we include the £1.2m of impairment at 31 March 2020 (2020: £0.6m of impairment at 31 March 2019) which was written back on sales during the year, the margin is 15.3% (2020: 14.4%).

There has also been a dramatic reduction in the number of unsold homes. At the start of the year there were 179 unsold homes and 111 of these had been unsold for over six months. We move into 2021/22 with just 69 homes unsold, 29 over six months. The majority of these are apartments in London where sales have been slow due to affordability, but this has been further impacted by people's changing priorities due to the pandemic when they buy a new home. Many buyers are now looking for homes with a garden in more rural locations.

Open market sales

We have continued with our open market sale activities through MHG. There were 26 homes unsold at the start of the year, 2 of which continue to be let at market rent due to the slow sales market. A further 6 homes handed over for open market sales in the year. Although we carry 24 homes at the end of the year, with 20 unsold for over six months, sales activity picked up at the end of the year with 5 sales in March and a number of reservations. While we have sold three high value homes at one scheme at a loss, our other sales are generating a surplus. The sales margin of minus 5.1% is based on actual cost of sales, excluding the timing of impairment accounting entries. If we include the £0.5m of impairment at 31 March 2020 utilised on sales during the year, the margin is 1.6%.

We launched our new development in the village of Littlebourne just outside Canterbury, our first joint venture with Leath Park Developments. Sales here are progressing well and we are expecting 30 handovers in 2021/22.

Due to planning issues, we decided to sell the land we owned at Gilkes Crescent rather than carry on with the development. This sale took place in June 2021 and has enabled us to write back an impairment of £431k in 2020/21.

Our target for 2021/22 is 40 sales generating a surplus of £3.7m.

Sales activity on existing properties

This does not seem to have been seriously impacted by market conditions as 122 (2020: 144) existing shared owners bought more equity in their homes (staircasing) and 83 (2020: 116) equity loan holders redeemed their loans during the year. This generated income of £19.8m (2020: £24.1m), with a £7.8m (2020: £11.6m) surplus. There were also 215 resales (2020: 232), of which 96.3% were retained as shared ownership.

Looking forward

Our targets for 2021/22 are 400 new home starts and 607 handovers in Homes England and GLA programmes. Our handovers are split 60% for rent and 40% for shared ownership which is reflective of the work that has been done to limit our sales exposure. Our priority will remain a focus on the quality of our new homes.

Our performance.

Ensuring safety and quality in our existing homes.

It has been a testing year to deliver our repairs service, our planned works programmes and to maintain compliance in all aspects of building safety. Despite this we increased spend on maintaining and upgrading our homes to £24.6m (2020: £23.8m).

Routine maintenance

During the initial national lockdown, our repairs service was restricted to essential repairs only. Since June 2020, our repairs business partner has completed routine repairs by adhering to the government's guidance 'working safely during COVID-19 in other people's homes', with a later start for non-essential repairs at our retirement living schemes. As a result, we have been running with a backlog of repairs and a longer wait time for repairs than usual. Our service provider has worked hard to catch up and have reduced the number of jobs waiting to be completed at the end of March to 2,229 jobs (2020: 1,850).

Due to the risk of transmitting COVID-19, we felt that it was not suitable to continue with our historic means of collecting performance data which was via handheld devices and we felt it was inappropriate for contractors to complete the survey on the customers behalf. We piloted an alternative method of data collection between January and March 2021 and implemented the new method from April 2021. We are aware that the increased waiting time for repairs has lowered customer satisfaction in this area and we are addressing this.

Upgrades and improvements

We have a planned programme of investment in our homes designed so that our stock is kept in good condition, meeting required quality standards and our residents are kept safe. While we did spend less than we had budgeted, this was due mainly to access refusal and some shortage of materials for window and door replacements. Our major works programme saw us deliver 404 kitchens, 220 bathrooms/wet-rooms, 1,249 windows, 590 doors, and 656 new boilers. We also completed our full cyclical redecoration programme, spending £2.2m (2020: £1.4m).

Safety

The building safety environment continues to evolve, particularly in the area of fire safety. We keep our approach under constant review and utilise both internal audit and third party technical audits to do this.

Our dedicated Technical and Building Safety Team focuses on our six key safety areas - FLAGEL (Fire, Legionella, Asbestos, Gas, Electrics & Lifts) and our performance is monitored through standing reports to both our Audit Committee and Board. We spent £1.0m (2020: £1.0m) on fire risk assessments and related remedial works.

Our gas compliance indicator monitors the number of properties with up-to-date gas safety certificates, which we maintained at 99.97% (2020: 99.97%) compliant despite the challenges of COVID-19 and gaining access to residents' homes. This represents only three homes with an overdue certificate, due to issues with obtaining access.

Moat's portfolio of homes is split equally between flats and houses and we own and manage 8 blocks across 7 schemes which are over 18 metres, none of which have ACM cladding. We do have homes in 22 blocks not owned or managed by Moat that are over 18 metres. Moat is not the Responsible Person in fire safety terms for these blocks. We are aware that some of these blocks have partial ACM / HPL cladding and are liaising with the managing agents all of which, we understand, have applied to the Building Safety Fund.

We are on site at one of the high-rise blocks we own, Leamington Court, remediating other fire safety issues that were identified when inspecting the cladding.

We are in the process of procuring a detailed fire / building safety survey programme for all of the medium / low rise blocks (approximately 800) we own to take place during 2021/22. We are not aware of any significant ACM / HPL cladding issues.

Energy efficiency and sustainability

Our approach to the energy performance of our homes, decarbonisation and fuel poverty is a key focus. This year we have continued to invest in installing cavity wall insulation, loft insulation, heat pumps and A-rated gas heating systems into our homes.

As with Building Safety, the area of sustainability is rapidly evolving, particularly the measurement of performance, government targets, definitions and technology. We are in the process of developing an organisation wide Sustainability Strategy which will evolve as we understand more about the performance of our existing stock, government expectations and as renewable technology improves. For 2021/22 the focus will principally be on understanding the base position of our stock in terms of EPC performance, setting out Moat's strategic position and further embedding our approach across the business, split into four themes:

- New homes and communities
- Existing homes
- Our customers
- Our people and offices

We have this year invested in Intelligent Energy software as a 'plug in' to our asset management system and will use this to help us analyse the data we collect and inform the investment decisions we make over the coming years.

Regeneration

The final stage of our regeneration works at Pollards Hill commenced in March 2021, following planning delays. This final phase will see the provision of new refuse collection areas (spend in year of £274k of which £197k was capitalised), along with additional parking spaces. Overall we have invested over £24m, covering works to individual properties and infrastructure works such as communal spaces, paving and parking.

Value for money

We are committed to maximising Value for Money (VfM) in all of our operations while ensuring a high level of service is delivered to our customers. To achieve this VfM is not just focused on cost but also on the quality of our services.

Our Board approved VfM Strategy is designed to ensure that we comply with the VfM Standard and Code of Practice issued by the Regulator of Social Housing (RSH). It is a collection of plans, strategies and procedures which together help us to manage our approach to VfM. The Board has ultimate responsibility for setting the VfM Strategy and overseeing progress, supported by the whole business and our residents.

VfM metrics

We have monitored our performance against the seven VfM metrics issued by the RSH, comparing it to 2019/20 and to targets which were based on the 2020/21 budget. Despite the pandemic we have performed well.

Metric 1	Actual 2020/2021	Target 2020/2021	Actual 2019/2020
Reinvestment %	7%	10%	7%

This measures our investment in new and existing homes as a percentage of the total value of properties held. We invested over £100m in building new homes and replacing components such as kitchens and bathrooms in our existing homes. Spend on development was lower than budgeted mainly due to delays in our development programme as a result of the pandemic.

Metric 2	Actual 2020/2021	Target 2020/2021	Actual 2019/2020
New supply delivered (social housing units) %	2.2%	3.6%	2.9%
New supply delivered (non-social housing units) %	0.0%	0.1%	0.1%

The new supply metric for social housing units sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total social housing units. We developed 422 new homes in the year, which was 259 lower than budgeted due to delays in handover as a result of COVID-19. The remaining homes will be delivered in 2021/22.

The new supply metric for non-social housing units sets out the number of new non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units unsold at period end. We have a small non-social housing development programme with six homes delivered in 2020/21.

Metric 3	Actual 2020/2021	Target 2020/2021	Actual 2019/2020
Gearing	34%	<40%	35%

This metric assesses the degree of reliance on debt finance by measuring total debt divided by housing properties at cost. We have reduced our gearing level, with net debt (as per the metric's definition) increasing by £14m and the cost of housing properties by £82m. Compared to budget there was a lower level of borrowing required to fund the development spend.

Metric 4	Actual 2020/2021	Target 2020/2021	Actual 2019/2020
EBITDA MRI Interest Cover %	224%	181%	179%

The EBITDA MRI (Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus generated compared to interest payable. Our performance is above target and we remain well within our lenders' covenants.

Metric 5	Actual 2020/ 2021	Target 2020/ 2021	Actual 2019/ 2020
Headline social housing cost per unit (HSHC) £	£3,255	£3,727	£3,297

The unit cost metric assesses the cost of managing a social housing unit, using costs as defined by the Regulator. As compared to 2019/20, there was an increase in the number of homes managed and costs increased by £400k. The movement in costs consisted of increases in management costs of £1.1m and planned and major repairs by £1.5m, offset by decreases in routine maintenance costs by £0.7m and £1.1m on Pollards Hill. The variance from the target is mainly due to lower spend on major repairs, including two large scale projects which were delayed due to the pandemic.

Metric 6	Actual 2020/ 2021	Target 2020/ 2021	Actual 2019/ 2020
Operating margin (social housing lettings only) %	41%	38%	40%
Operating margin (overall) %	30%	27%	27%

The operating margin demonstrates the profitability of operating assets, measured as operating surplus divided by turnover. We have improved our operating margin for social housing lettings as increased costs discussed above have been more than matched with increased income.

The overall operating margin excludes any surplus from the sale of fixed assets. The overall margin also benefitted from an increased margin on first tranche sales of 15.3%, an improvement on the 14.4% in 2019/20 and on the targeted 10.7%. These margins include the effect of impairments made to stock values at 31 March 2020, with actual sales values being in general higher than the impaired values.

Metric 7	Actual 2020/ 2021	Target 2020/ 2021	Actual 2019/ 2020
Return on capital employed (ROCE) %	3.25%	3.40%	3.12%

This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources. The increase reflects higher income generated from previous investment in housing properties which are held at cost.

Benchmarking against our peers

We have also carried out a benchmarking exercise using the VfM metrics and the global accounts data 2020 produced by the RSH. This comparison is therefore based on 2019/20 figures.

We selected our peer group of sixteen other organisations consisting of G15 and CASE members (A2Dominion, Catalyst Housing, Clarion Housing, Guinness Partnership, Hyde, London and Quadrant, Metropolitan Thames Valley, Network Homes; Notting Hill Genesis; Optivo; Orbit, Paradigm Housing, Peabody Group, Southern Housing, and West Kent).

Our relative performance is set out below:

Benchmarking against our peers - VfM	Actual 2019/2020	Ranking v peer group
Reinvestment %	7%	11th
New supply delivered (social housing units) %	3%	3rd
New supply delivered (non-social housing units) %	0%	12th
Gearing %	35%	1st
EBITDA MRI interest cover %	179%	2nd
Headline social housing cost per unit (HSHC) £	£3,297	1st
Operating margin (social housing lettings only) %	40%	2nd
Operating margin (overall) %	27%	4th
Return on capital employed (ROCE) %	3.12%	4th

Comments on our two lowest ranking metrics:

- The reinvestment % indicator can be quite volatile, and we have less exposure than many of the peer group who are investing significant sums in fire safety and rectification work on high rise blocks following Grenfell.
- Our ranking on non-social housing supply reflects our strategy of only having a small open market sale portfolio.

We also take part in the Sector Scorecard benchmarking exercise where additional metrics are calculated and compared against the same peer group.

Comments on the three lowest ranking metrics:

- The ratio of responsive repairs to planned maintenance fluctuates depending on the profile of the planned repairs programme. We experienced higher voids costs from both a higher number of voids and additional works required to meet our lettable standard.
- On occupancy which can be distorted by where units empty are 'out of management' because of, for example, regeneration or other projects, we recognise this as an area for improvement.
- On investment in communities, since this is an absolute number it reflects that many of the peer group are significantly larger than Moat.

Moat key performance indicators (KPIs)

We produce a monthly performance report, covering all operational KPIs, which reviews current performance against targets, highlights unexpected movements and reforecasts our year end position. This report is circulated to the Board for information and is discussed at board meetings. The performance of KPIs is also discussed at relevant committee meetings. Additional KPIs monitored as part of this process are shown opposite.

The operating margin is above last year reflecting lower operating costs from lower activity due to the COVID-19 outbreak coupled with increased turnover from the rental of new schemes handed over in the year.

The management cost per home: all activities KPI is an internal measure which includes all payroll, including housing management teams, and office/overhead costs. The improvement arises as the number of homes in management has risen.

We have selected indicators to provide a broad measure of how successful the business has been in utilising its assets during the year.

Benchmarking against our peers - sector scorecard	Actual 2019/2020	Ranking v peer group
Ratio of responsive repairs to planned maintenance	0.85	11th
Occupancy rate	98.9%	10th
Overheads as a percentage of adjusted turnover	9.3%	8th
Rent collected (percent of rent charged)	101.0%	2nd
% of respondents very or fairly satisfied with the overall service (Rented)	77.4%	7th
Investment in communities (£000s)	£892	12th

Moat key performance indicators

Additional KPIs	Actual 2020/2021	Target 2020/2021	Actual 2019/2020
Operating margin: as per financial statements	36%	33%	35%
Management cost per home: all activities	£1,104	£1,229	£1,107

Utilisation of assets KPIs	Actual 2020/2021	Actual 2019/2020
Surplus on average net assets	8.0%	6.3%
Return on net fixed assets less unamortised grant received:		
Rented	4.6%	4.6%
Shared ownership	5.9%	5.5%

Surplus on average net assets is calculated as surplus for the year of £36.4m divided by the average of the opening and closing net assets of £456.8m. The higher overall return on assets primarily reflects an increase in surplus of £9.8m.

The return on net fixed assets less unamortised grant received is also monitored for rented and shared ownership (including first tranche sales) properties. The return on rented assets remains consistent with last year. The increased return on shared ownership reflects the higher margin achieved on first tranche sales, which benefits from the write back of impairments made at 31 March 2020.

Moody's ratings assessment and comparison of rated registered providers

We are rated A2 by Moody's (A2 is described as, upper-medium grade and subject to low credit risk). Of the 40 housing associations that Moody's rate, five are rated A1, nine A2, twenty-five A3 and one Baa1. Against this very strong peer group we ranked 14th on operating margin. This is an extremely positive achievement given the relatively high size of our development programme and reflects the quality of our risk management.

Whilst the Moody's rating does not provide a direct opinion on VfM, it demonstrates Moody's positive opinion of Moat's strong financial performance, which leads to reduced funding costs on new borrowings.

We demonstrate VfM across the full range of our business activities including:

- Strategic planning – sets out our strategic ambition and how it can best be achieved.
- Monthly key performance indicators monitor our performance against targets, enabling effective decision making.
- Budget and long-term plan – we use the financial plan to ensure compliance over the long-term with our banking covenants and financial risk appetite, and to ensure we have sufficient resources to invest in existing homes as well as determining our capacity to develop new homes.
- Investment appraisals for all development activities are approved and monitored by the Capital Projects Committee, with larger schemes approved by the Board.
- Asset management – we have a 30-year plan for works to maintain the quality of our existing homes.
- Procurement - we involve the procurement team in all tender activity with the aim of securing improved VfM while protecting the quality of our services and maintaining compliance with legislation. As part of the procurement tendering process, all of our suppliers – large and small – are required to sign up to our Supplier Code of Conduct which requires our suppliers to support us in our ambitions in relation to the delivery of social value and community benefits.
- Change management process for on-going improvements, e.g. digital and system developments, structure changes.
- Social value – we consider the social value impact as well as financial in our decision making.

Our key targets for next year	Target
VfM metrics	
Reinvestment %	6.8%
New supply delivered (social housing units) %	2.8%
New supply delivered (non-social housing units) %	0.2%
Gearing %	< 40%
EBITDA MRI interest cover %	204.0%
Headline social housing cost per unit	£3,653
Operating margin (social housing lettings only) %	39.3%
Operating margin (overall) %	27.1%
Return on captial employed %	3.1%
Other financial	
Operating margin: as per financial statements	30.8%
Management cost per home: all activities	£1,192
Delivering homes	
New home starts	400
New build completions	607
Unsold homes: more than six months old	3
Operational	
Overall satisfaction with services provided	71%
Routine repairs: right first time	95%
Current rent arrears: general needs, housing for older people, supported	2.85%
Current arrears: shared ownership	1.95%
Void turnaround in days	39

Targets

During 2020/21 much of the focus has been on mitigating the adverse impacts of the COVID-19 crisis but there has been particular focus on improving performance on unsold homes, improving our voids management processes and managing the delayed new housing management system project.

For the coming year we will focus on:

- Void turnaround – recovering from the adverse effects of COVID-19 is challenging but is a focus for 2021/22.
- Unsold homes – whilst we have reduced unsold homes over 6 months to 29 at 31 March 2021, we will continue to focus on reducing this further with 199 shared ownership and 45 open market sales handovers expected for 2021/22. We will be closely monitoring sales values and our performance.
- New housing management system – we are currently completing user acceptance testing and will shortly be undertaking a test go-live with a view to implementing later this year.

Our finances

Our 2020/21 financial results show our continuing financial strength, especially given the impact of the COVID-19 pandemic. The overall surplus for the year of £36.4m (2020: £26.7m) has increased by 37%. Operating surplus increased by 9% to £54.4m (2020: £50.1m). Our reserves increased to £477m (2020: £437m).

Social housing lettings

The operating margin on social housing lettings is 41% (2020: 40%). Rental income has increased by £4.5m to £91.5m, with annual increases on existing homes and additional income from new homes. The margin has only increased by 1% as operating costs have also increased by £1.5m to £63.6m. Spend on management activities has increased by £1.1m to £16.9m, driven by increased payroll costs. Routine maintenance spend reduced by £0.7m to £10.7m with only emergency repairs being carried out during the first lockdown. This reduction was offset by a full programme of cyclical decorations, including finishing the 2019/20 works programme. Some major works programmes were curtailed, however most of this spend would have been capitalised to fixed assets. Depreciation on housing properties has increased by £0.6m reflecting the cost relating to properties handed over in the year. Rent losses from bad debts fell by £0.5m with expected increases not materialising, in part due to continued government support measures. Increased service charge costs are recovered through service charge income.

First tranche sales

There were 307 first tranche sales (2020: 331) in the year earning a surplus of £5.3m at a margin of 15.3% (2020: £5.2m surplus at a 14.4% margin). The margin in the current year benefitted by £1.2m from the write down in net realisable value of first tranche sale stock at 31 March 2020. The write down was based on the anticipated negative impact of COVID-19 on sales values, however, actual sales values remained strong. At 31 March 2021 there was a write down in value of £284k, reflecting increased construction costs on one scheme.

Open market sales

There were eight open market sales (2020: nil) in the year earning a surplus of £126k at margin of 1.6%. The low margin reflects a loss of £372k on three sales at a high value scheme, the value of the remaining two homes on this scheme also being written down by £365k. Following a decision to sell the land at Gilkes Crescent rather than develop another high value scheme, we have increased the value by £431k, reversing a previous write down in value. Other schemes are selling at a surplus.

Other operating costs

- Movement in net realisable value of stock
  We have recognised a write down in value of £284k on first tranche sale stock (2020: £1.4m write down) and a write back of £66k on open market sale stock (2020: £1.5m write down).

- Development
  In terms of development activities, we spent £2.3m which covers staffing and overhead costs (2020: £2.4m). We have reviewed our schemes in development for impairment triggers and have impaired one scheme by £1.7m where construction costs have increased (2020: £1.2m). We have partially reversed an impairment on another scheme following a reassessment of the depreciated replacement cost (£0.8m).

- Investment in communities
  We had a net spend of £0.1m on the Pollards Hill regeneration (2020: £1.2m), spend on the project has reduced significantly due to delays in the final stage of the works. We have spent £0.8m (2020: £0.9m) on our community investment activities.

Gain on disposal of fixed assets

Our subsequent sales of shared ownership properties and equity loan redemptions continued to perform well, albeit showing a fall in numbers and margins. We achieved margins of 42.1% (2020: 53.1%) on 122 staircasings (2020: 145) and 34.4% (2020: 35.0%) on 83 redemptions (2020: 116). There were no individual housing properties sold as part of asset management (2020: £0.3m).

Operating margin

Our operating margin is 36%, increasing by 1%. This reflects the increased margins on social housing lettings and first tranche sales.

Funding costs

Net interest costs have decreased by £0.9m to £19.6m (2020: £20.5m), while borrowings have increased by £27m. We made the decision to incur break costs of £2.3m (2020: £3.7m) in respect of five swap facilities with a total value of £60m and one forward fixed rate loan with a value of £20m. Other things being equal, this will reduce interest costs by £2.3m throughout 2021/22. We capitalised interest of £4.3m (2020: £4.6m).

Movement in fair values

There has been an increase in the value of financial instruments not treated as hedging instruments in the year of £1.8m, compared to a reduction of £2.6m in the previous year. In other comprehensive income, the fair value of our interest rate swaps which are accounted for as hedging our loan portfolio has increased by £10.2m (2020: £7.4m reduction).

Pensions

The revaluation of our defined benefit pension schemes has resulted in an actuarial loss of £6.5m shown in other comprehensive income (2020: gain of £7.4m).

Gearing

Our gearing reduced to 34%, as borrowing levels only increased by £27m compared to an increase in the cost of our housing properties of £82m.

Our investment in housing properties is funded by a mixture of loans, grant and reserves. Our revenue reserve is reinvested to maintain and improve our existing homes and build new ones where they are most needed.

Income and expenditure	2020/2021 £m	2019/2020 £m	2018/2019 £m	2017/2018 £m	2016/2017 £m
Income from social housing lettings	108.3	103.2	99.6	97.1	95.7
First tranche sale proceeds	34.3	36.2	28.5	25.1	23.2
Open market sales proceeds	7.7	-	-	-	-
Other income	2.5	2.3	2.3	2.1	2.1
Turnover	**152.8**	**141.7**	**130.4**	**124.3**	**121.0**
Operating costs from social housing lettings	(63.6)	(62.2)	(59.7)	(55.6)	(54.1)
Cost of first tranche sales	(29.1)	(31.0)	(24.3)	(20.0)	(16.0)
Cost of open market sales	(7.6)	-	-	-	-
Other operating costs	(6.0)	(10.3)	(8.8)	(6.2)	(7.0)
Gain on disposal of fixed assets (staircasings and redemptions)	7.9	11.6	14.3	12.5	10.9
Gain in disposal of fixed assets^	-	0.3	2.9	20.1	14.4
Operating surplus	**54.4**	**50.1**	**54.8**	**75.1**	**69.2**
Movement in fair values	1.8	(2.6)	-	7.3	(0.7)
Net interest costs	(19.8)	(20.8)	(18.5)	(17.8)	(20.7)
Taxation	-	-	-	(0.1)	0.3
Surplus for the year	**36.4**	**26.7**	**36.3**	**64.5**	**48.1**
Operating margin^	**36%**	**35%**	**42%**	**60%**	**57%**
Operating margin: social housing lettings	**41%**	**40%**	**40%**	**43%**	**43%**

^Gain on disposal of fixed assets has been moved into operating surplus as required by FRS102 and prior year operating margins have been recalculated.

Financial position	2020/2021 £m	2019/2020 £m	2018/2019 £m	2017/2018 £m	2016/2017 £m
Housing properties	1,579	1,496	1,421	1,325	1,268
Other fixed assets	58	61	65	69	74
Net current assets	37	50	35	69	55
Housing loans, grants and other long term liabilities	(1,197)	(1,170)	(1,111)	(1,078)	(1,078)
Capital and reserves	477	437	410	385	319
Gearing	**34%**	**35%**	**35%**	**32%**	**32%**

Treasury

Our Treasury Policy is based on CIPFA's Treasury Management in the Public Services: Code of Practice; 2018 Edition. It is reviewed by the Finance Committee annually.

Liquidity

Borrowings at 31 March 2021 were £569m (2020: £542m) and there were undrawn facilities in place of £197m (2020: £236m), which together with cash of £33m (2020: £21m) gave available liquidity of £230m (2020: £257m). The debt is borrowed from banks and building societies in the UK as well as from the capital markets through bond issuance. The remaining retained bonds of £50m from our owned named bond of £300m through Moat Homes Finance plc, were sold during April 2021. All loans are secured by first fixed charges over housing properties.

The main factor affecting the amount and timing of borrowing is the pace of the development programme, although during the COVID-19 crisis we have ensured a strong liquidity position to ensure we are resilient during the uncertainty created by the pandemic.

We sold £50m (nominal) of Retained bonds on 6th April 2021 receiving funds of £73.9m. Funds were primarily used to repay revolving credit facilities and increase liquidity levels. We are likely to be seeking to raise additional funds towards the end of the financial year to March 2022, to ensure compliance with our conservative liquidity policy.

Cash surpluses are invested in highly-rated UK regulated institutions. We currently hold a minimum of £15m of strategic investments across four instant access AAA-rated money market funds to mitigate against disruption in borrowing against committed loan facilities.

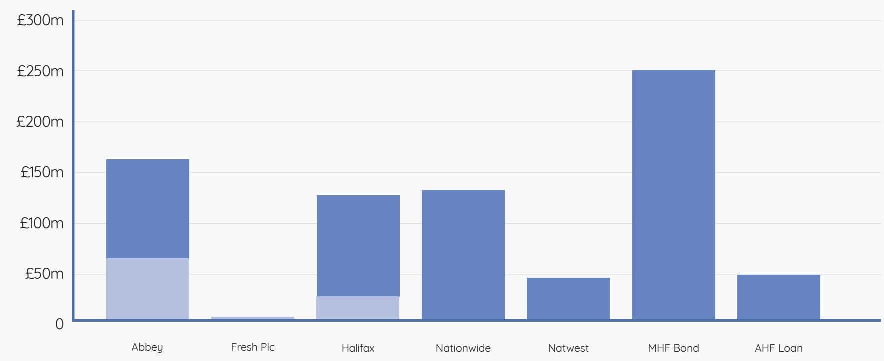
Public bond

The original £150m, 5% 2041, secured bond was issued by Moat Homes Finance plc in 2011 when £100m was sold to investors, and the remaining £50m was sold during 2013/14. The bond was tapped by the issue of a further £150m in November 2019, of which £50m was retained and sold on 6th April 2021. The finance raised has been lent to MHL

Our housing assets are financed by:

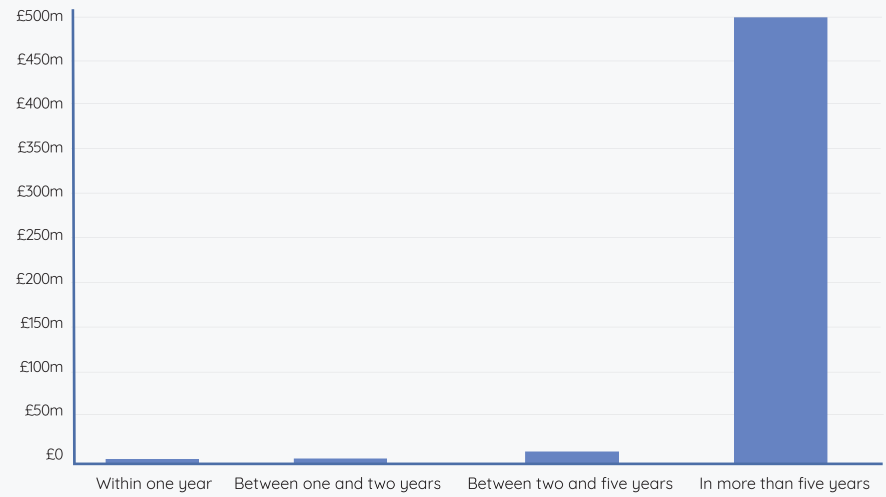
	2021		2020	
	£m	%	£m	%
Housing properties at cost	1,767		1,670	
Depreciation and impairment	(188)		(174)	
	1,579		1,496	
Financed by:				
Loans (net of cash)	533	34%	519	35%
Grant	461	29%	451	30%
Reserves	545	35%	515	34%
Other	40	3%	11	1%
	1,579	100%	1,496	100%

The breakdown of drawn and undrawn facilities by funder at 31 March 2021 is:



Refinancing risk is managed by ensuring that a minimal proportion of the overall debt portfolio is repayable over the next five years.

The maturity profile of the existing drawn loan portfolio is:



under a secured loan agreement. The interest payable on the bond is fixed rate therefore there is no exposure to variable rate movements. The interest payable by MHL to MHF is at the same fixed rate. The bond is secured by a first fixed charge over housing properties, valued at market value subject to tenancy, which meets the asset cover ratio. The properties charged are owned by MHL and under a Security Trust Deed provide the security for the intergroup loan and the Bond.

Hedging

Our hedging strategy seeks to manage interest rate risk by requiring between 60%-90% of our debt to be at fixed rates. In addition to fixed rate debt the group uses standalone interest rate derivatives to hedge against exposure to variable interest rates. We actively monitor market conditions for opportunities to reduce future borrowing costs and if identified we may enter new swaps and/ or break or modify existing swaps within the parameters of the group's approved Treasury Strategy. Interest rate swaps are marked to market, collateral provided at 31 March 2021 consisted of entirely property security. Movements in the fair value are shown in the Statement of Comprehensive Income. The financial impact on 2020/21 is discussed in the Financial Review.

Currency risk

There is no currency risk as all borrowings and deposits are in Sterling.

Covenants

Our primary covenants on our debt facilities are set at borrowing entity level. Our bank loans have both interest cover and gearing covenants, whilst our public bond requires the maintenance of required asset cover. Our covenants are closely monitored throughout the year and were complied with at 31 March 2021.

The position at 31 March 2021 including interest rate swaps was:

	2021		2020	
	£m	%	£m	%
Variable rate	64	11%	92	17%
Fixed rate	500	89%	450	83%
Total borrowings	564	100%	542	100%

Cash flows

The Group statement of cash flows is on page 60. The statement shows continued high levels of capital spend on fixed asset housing properties at £108m (2020: £102m). Also, within cash generated from operating activities is £18.6m (2020: £30m) expenditure on new properties for sale. The expenditure has been funded mainly by cash generated from first tranche sales and open market sales (£42m), fixed asset property sales (£19m) and drawdown of funds.

Broadacres

Two, three and four-bedroom family houses, located just off the Essex coast in Wyborne Park.

Risks

Risk is inherent in our business activities, the delivery of our operations and the decisions we make in the pursuit of our mission to end housing need.

The Board is ultimately responsible for agreeing the nature and extent of the risks that we are willing and able to take as a business. The Board has delegated to the Audit Committee responsibility for ensuring that risk is effectively managed through our governance structure in line with its risk appetite. All staff should be aware of risks in their area of responsibility and manage them during their work.

Our approach to risk management is defined in our Risk Strategy and Management Framework. This is updated and reviewed annually by the Audit Committee to ensure that it reflects best practice. The risk framework was updated at the end of 2020 to amend the risk assessment model to a five-by-five impact and likelihood grid in line with best practice.

Risks that have the potential to impact across the whole business are managed as strategic risks. These are kept under review by the Executive Directors and discussed at the monthly Executive Team meeting. The Strategic Risk Register is also reviewed by the Audit Committee at each of its four meetings and by the Board twice a year.

Operational risks, which have a more limited potential impact, are managed by the Senior Leadership Team and reviewed quarterly by the Executive Team as part of the systematic control review.

Strategic risks

At the end of the financial year 2020/21, Moat had 16 strategic risks. These are set out in the diagram on the next page. Four risks were scored as high risk and further detail is provided on these risks and mitigations.

During the year, two strategic risks: the impact of new products in the new Affordable Homes Programme and failure to meet Government timescales for eco performance/zero carbon, emerged as a result of changes in the external environment.

Two other risks were updated to reflect the changing context and were replaced as a result:

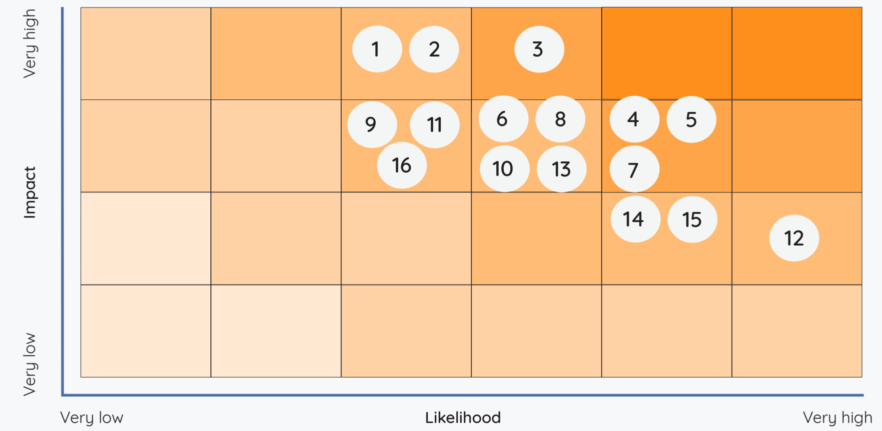
- The impact of welfare reform was removed as a risk following its implementation and the residual risk has become part of a wider risk on the economic impacts on income collection which also covers the potential impact of an economic shock post COVID-19
- Separate risks addressing the response to and recovery from COVID-19 were merged to form the risk of the ongoing impact of COVID-19 on Moat's objectives and operations. This reflected that Moat had successfully adapted to the pandemic initially and established as business as usual.

Over the course of the year, the Executive Team highlighted a decreasing risk trend in the impact of a no deal Brexit on Moat. This reflected the agreement of the EU/UK trade deal and the focus of the risk shifted to the potential impact of the new arrangements on the availability of materials and transport issues in Kent.

High strategic risks

Ongoing impact of COVID-19 on Moat's objectives and operations – the pandemic is the most significant risk facing Moat. In response to the first national lockdown in late March 2020, we rapidly moved from a mainly office-based organisation to one that was completely home-based. Over the next few weeks we were able to provide all our staff with the equipment and technology they needed to be able to work effectively from home. As the restrictions began to be relaxed in May 2020, we took the decision to keep our offices closed and staff working from home. We remained concerned about the possibility of a second wave with further restrictions and wanted to keep our staff safe

Strategic risk heat map The heat map highlights net risk, after taking account of mitigations.



No.	Strategic Risk Description
1	Compromise of Information Systems and/or Data
2	Maintenance of financial covenants
3	Ongoing impact of COVID-19 on Moat's objectives and operations
4	The impact of no deal Brexit on Moat
5	Exposure to falling house prices, particularly in market sale business and shared ownership
6	Severe Breach of Data Protection
7	The impact of new products introduced in the new 2021-26 Affordable Homes Programme (AHP)
8	Reduced availability of credit impacting on market sales and shared ownership products
9	Risk of Regulatory downgrade
10	Failure of safety management
11	Failure to meet Government timescales for Eco performance/zero carbon for existing stock and uncertainty of technology and impact on business plan
12	Increased requirements following a review of building regulation and issues relating to the Grenfell Tower fire
13	A change in RCG policy and a requirement to pay back proceeds of staircasing to HE/GLA
14	Financial failure of contractors caused by increased cost of materials and labour
15	Replacement of Housing Management System
16	Economic impacts on income collection

as well as avoid the disruption of bringing staff back into our offices, only to have to return home a few weeks or months later.

As an organisation we responded well to the challenges the pandemic brought. Establishing a daily operations meeting allowed us to co-ordinate our response and ensure that we could continue delivering the majority of our services and meet our emergency response commitments. This was overseen by additional meetings of the Executive Team to ensure rapid decision making and the necessary authorisations were in place. Changes to the timing and availability of our services was communicated frequently to our customers and stakeholders through our digital channels and we recorded any changes to policies and processes through a controlled system which will allow us to learn from our response to the pandemic.

Given the potential strategic impact of COVID, we ensured the Board remained informed via regular email briefings and updates through the Chief Executive's report to each Board meeting. Our initial response was also reported through to the Audit Committee which has also monitored the development of our business continuity arrangements during the pandemic.

Our level of compliance with the key health and safety areas within our homes was also reported to the Board, and to the Regulator via its Coronavirus Operational Response Survey. Moat maintained high levels of compliance with its health and safety programme, suffering only minor delays in some areas thanks to the dedication of our staff and contractors.

The coming financial year will be focussed on our continued recovery from COVID-19, supporting our customers and working in new ways, implementing the learning from the pandemic response. We will be looking ahead to the operational and strategic risks that face our customers and our business. We continue to monitor Government guidance and react accordingly.

The impact of no deal Brexit on Moat – as with most businesses and organisations across the UK, Moat had very little or no ability to influence Brexit or the negotiations on the trade agreement between the EU and UK. This means that the actions we can take to mitigate the risks are limited. Though there is a trade agreement now in place, which was ratified in April 2021, challenges remain with the EU/UK trade relationship and so we continue to monitor events as a strategic risk. We have undertaken the Bank of England stress test which assumes a worst-case scenario economically and are satisfied that we could survive should this become a reality.

Exposure to falling house prices, particularly in market sale business and shared ownership – there continues to be some pockets of down-valuations in 2020/21 across the schemes we are marketing, but this remains a localised issue. To mitigate this risk, we take a conservative approach to valuations and first tranche share levels in investment appraisals. Prior to handover, values are updated every three months and kept under review by the Executive Team and the Board – overall valuations are up by a small percentage. COVID-19 restrictions have had implications regarding obtaining valuations and lack of sales during lockdown, and we are monitoring the situation closely. Our exposure to open market sales is contained within our subsidiary, Moat Housing Group Limited.

The impact of new products introduced in the new 2021-26 Affordable Homes Programme (AHP) - the new AHP introduces a new shared ownership model and the Right to Shared Ownership for new tenants. Both products perform less well financially than existing products but the impact is not likely to be significant. The products do present some potential issues with operational delivery. The new model lease was issued in June 2021 and is under review.

Leadership and governance

The Board is responsible for setting our strategic direction in line with our mission to eliminate housing need and our charitable objects.

The Board is Moat's governing body and is made up of:

- Independent Non-executive Directors, appointed through a competitive process supported by an external recruitment agency; and
- The Chief Executive and two Executive Directors.

It maintains oversight of the performance of the organisation and the work of the Executive Team. As part of the Regulator of Social Housing's (RSH) co-regulatory approach, the Board is also responsible for ensuring that Moat uses its resources effectively and complies with our regulatory requirements.

Moat Homes Limited Board		Number of meetings attended (6 in total)
Steve White	Independent, Chair	6
Jo Moran	Senior Independent	6
Tim Boag	Independent	6
David Brocklebank (appointed January 2021)	Independent	2
Jeremy Ellis (appointed January 2021)	Independent	2
Mark Foster	Independent	6
Ian Lindsay (retired June 2021)	Independent	6
Gerard McCormack	Independent	6
Caroline Ross (appointed November 2020)	Independent	2
Elizabeth Austerberry	Executive	6
Steve Nunn	Executive	6
Greg Taylor	Executive	6

Our Non-Executive Directors.

Steve White
Independent Chair

Steve joined Moat's Board in July 2016 and became Chair in May 2018. Steve has spent most of his career leading organisations through large transformational change, including four and a half years as Chief Executive of the Hyde Group, during which time he developed a passion for all things housing. Steve has also been the Chairman of Origin Housing and has worked as an independent interim executive including senior roles at The Law Society, University of Southampton, Solicitors Regulation Authority, RBS and T Mobile. Steve is also a Board Member of Habinteg and a Trustee at BLESMA, the Limbless Veterans military charity.

Jo Moran
Senior Independent Director

Jo joined Moat's Board in June 2014. She is currently Head of Transformation for the Retail and Property Group at Marks & Spencer, where her focus is on leading the change plan to take the business forward. Prior to that she was Head of Customer Service at M&S where she championed, planned, and delivered the customer experience across all channels for the UK operation. Until July 2015, Jo was also Chair of Governors for her local primary school, taking an active role in putting her business skills to use in the community. It is because of this work that Jo has come to understand the key importance of stable and decent housing provision particularly in the context of successful education.

Tim Boag
Independent Director

Tim joined Moat's Board in December 2017. He is Group MD – Business Finance at Aldermore Bank. Tim has had an extensive career with RBS/NatWest undertaking a variety of roles throughout Corporate & Commercial Banking, Finance and Risk, delivering across a wide range of industry sectors. He was a Director of the Business Growth Fund and member of RemCo for seven years until 2018. He was previously a member of the CBI London Council and on the Chartered Banker Professional Standards Board.

David Brocklebank

Independent Director

David joined Moat's Board in January 2021. He is the Executive Managing Director of Wates Developments Group, having held a number of roles within the business since joining Wates in 2001. He oversees Wates' business activity in residential land and development, engaging with both the public and private sector markets. David has 27 years' experience in the development sector, having previously held Directorships within the Berkeley Group and David Wilson Homes in the 1990s. As a prominent figure in the industry, he maintains a keen interest in the direction of planning policy, housing delivery and supply. He sits on the Boards of a number of development project companies as partner to PLC housebuilders such as Vistry and Miller Homes. He is a founding board member of the Land Promoters and Developers Federation and on the Advisory Committee of the MSc in Sustainable Development, Oxford University (2017/21). In his role within Wates, David sits on the Group Executive Committee and Chairs the Residential and Development Investment Committees as part of the Group's capital governance processes.

Jeremy Ellis

Independent Director

Jeremy joined Moat's Board in January 2021. He enjoyed a 27-year career at TUI Travel in numerous customer-centric roles from product management, innovation, business transformation and most recently spent six years on the UK Board as marketing and customer experience director. He has launched several of TUI's most successful holiday products including their flagship range of Sensatori Hotels and championed the integration of TUI's end-to-end customer journey across retail, digital, airline, cruise, hotels, destinations and customer service. Jeremy also led TUI's sustainability strategy and was a trustee of the TUI Care Foundation. He is an Ambassador of the Family Holiday Association.

Mark Foster

Independent Director

Mark joined Moat's Board in May 2016. He has spent most of his career in the entertainment industry in various marketing and international development roles. He has been at the forefront of digital transformation, particularly in the music and cinema sectors, affecting all aspects of business including customer engagement, marketing, and reporting. Mark brings fresh perspective to Moat, as we transform to better meet the needs of customers and stakeholders. Mark also serves as Senior Independent Director for AIM-listed 7Digital Group, is Chairman of MIDiA Research, Acting Chair of KitMapper, and is a private property investor and landlord.

Ian Lindsay

Independent Director

Ian joined Moat's Board in June 2014 and retired from it in June 2021. He is currently a partner at Aspire CP – a property consultancy specialising in strategic land acquisition and development management. Prior to Aspire CP, Ian served as Crossrail's Land and Property Director for 7 years and before that was at Network Rail taking forward commercial re-developments of the main London and regional stations. Ian is a chartered surveyor and passionate about housing, having started his career as a housing officer and previously served on the board of Hexagon housing association. He has also worked at the Housing Corporation and as the London Borough of Hammersmith and Fulham's Assistant Director for Regeneration and Housing.

Gerry McCormack

Independent Director

Appointed to the Board in February 2015, Gerry brings 12 years of sector experience from his time as an Independent Director and Chair of Audit and Risk at Thames Valley Housing. His career included time as Group Finance Director of publicly listed companies with substantial housebuilding and construction businesses. Gerry enjoys sharing his executive commercial and financial experience for the benefit of the social housing sector. He provides strategic and financial advice to several privately-owned businesses, serves on the board of a not-for-profit regulatory body as Audit Committee Chair and is Chair of an Independent Girls school.

Caroline Ross

Independent Director

Caroline joined Moat's Board in November 2020. She is responsible for all areas of the People strategy across the Flutter Group, a FTSE 40 company, as well as organisational culture and creating HR synergies across the Flutter brands. Caroline's areas of expertise are building inclusive cultures, people development, leadership and change management. Previously, she led the People function at Moneysupermarket Group PLC, a FTSE 250 digital company, where she was responsible for HR, internal comms and workplace design as Chief People Officer. Then before joining Flutter in February 2020, Caroline spent two years at Channel 4 where she was Chief Human Resources Officer, responsible for leading the people and HR functions across the organisation.

Our Executive Team

Elizabeth Austerberry

Chief Executive

Elizabeth was appointed at the beginning of 2013 and has guided Moat through a challenging economic and policy environment, maintaining its strong financial position whilst driving an ambitious development programme. Elizabeth is passionate about ensuring that as many people as possible have access to an affordable home, either to rent or to buy and is on the Board of the National Housing Federation. Elizabeth's career has been spent at the nexus of property and finance, having been a director of a number of major banks, in addition to DTZ, Savills and Ernst & Young.

Anne-Britt Karunaratne

Executive Director: Housing and Customer Services

Anne-Britt was appointed in November 2017 and works with Moat's Executive Management Team to further develop Moat's vision for the future to meet the needs of both customers and stakeholders. Anne-Britt leads on customer operations, continually reviewing our customer offer to ensure we are a strong and approachable landlord. Passionate about customer service, Anne-Britt is a firm believer in the importance of understanding the needs of the customer and of developing staff in order to deliver consistent, quality services. Anne-Britt has worked in the housing sector since 1986 in both the social and private sectors.

Matthew Hayday

Executive Director: Governance and Compliance; Company Secretary

Matt was appointed in June 2019 and works to assure the Board on all aspects of Moat's governance, as well as ensuring the health and safety of our customers, staff and homes. As firm believers in the benefits of good governance, Matt and his team work across the business to ensure best practice by challenging and supporting colleagues. In addition to providing advice on compliance, Matt serves as the organisation's Data Protection Officer, Company Secretary and Money Laundering Reporting Officer. Matt's career has seen him take up several governance and leadership roles, including posts with the NHS, a UK charity and a private hospital. Before joining Moat, Matt worked for the General Pharmaceutical Council as Head of Governance, holding interim positions as Director of Fitness to Practice and Director of IT during this time.

Steve Nunn

Executive Director: Development and New Business

Steve was appointed in April 2009. Having worked in the housing sector since 1989, he brings a wide range of experience in housing management, operations, property services, asset management, shared ownership, estate and social regeneration and development. Prior to joining Moat Steve spent 18 years at the London and Quadrant Group where his last role as Managing Director of the home ownership specialist, Tower Homes, saw him lead on Tower Homes' three-star audit inspection. Steve is currently a board member of B3 Living and Chair of their Development Committee.

Greg Taylor

Executive Director: Finance and Corporate Services

Greg was appointed in December 2009 and works with Moat's Executive Management Team to set and achieve challenging internal and external financial targets. Greg also oversees the Information Technology team and Digital Transformation initiatives across the business. Greg feels strongly that as an organisation funded partly through Government, Moat must be transparent, honest and resourceful in how income is spent. Since joining Moat he has provided vital advice and guidance to support the Finance Directorate and maintain Moat's strength despite the difficult external financial environment. Previously, Greg was employed at Cert Octavian plc, a national logistics and distribution business, where he held the position of Finance and Commercial Director. Originally trained as a Chartered Accountant at Deloitte Touche, Greg is also a qualified Corporate Treasurer.

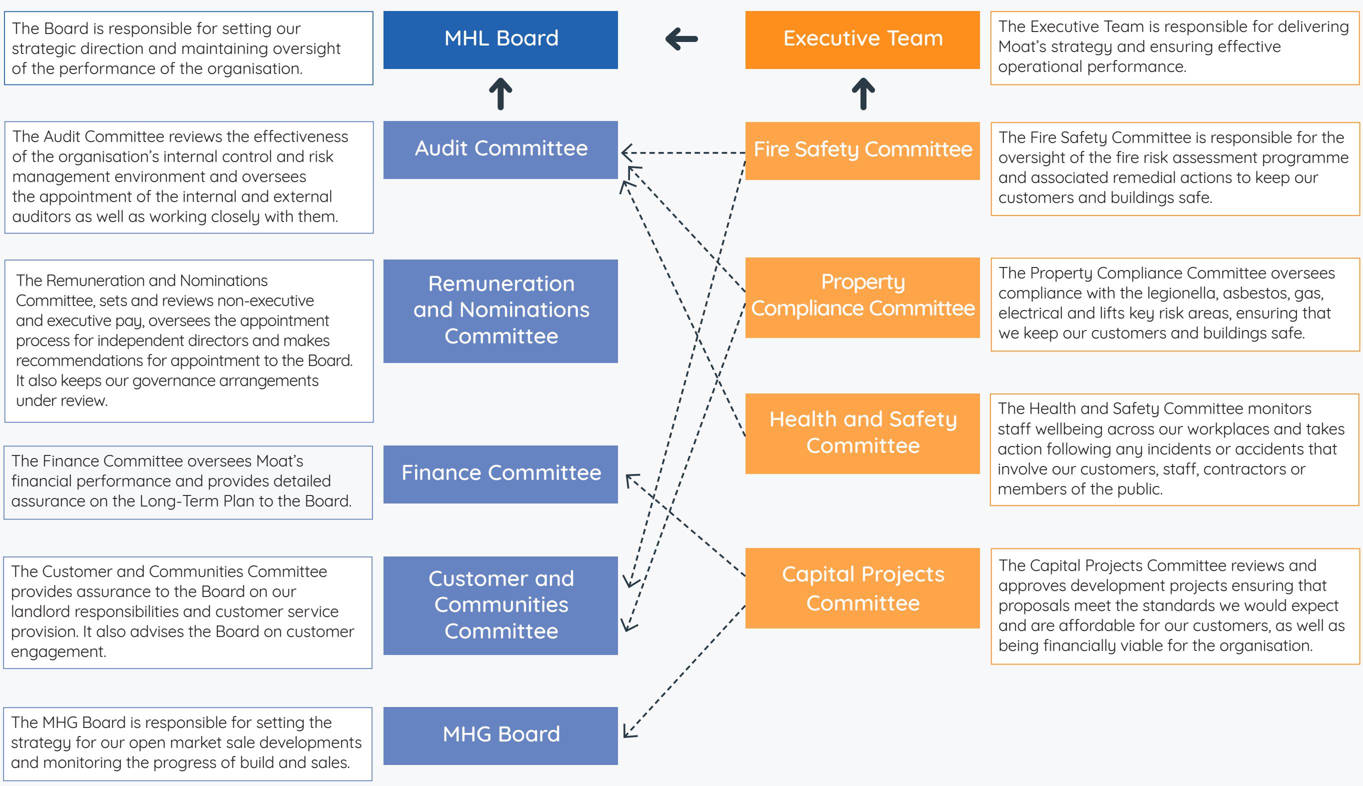
The Board has delegated some of its functions and detailed work on assurance to its committees and delegated the delivery of the strategy and operations to the Executive Team.

Committees

The Board and Executive have established a committee structure in order to oversee the delivery of and assurance on key areas of the business, as set out in the diagram below. The diagram sets out the committee structure and a summary of the different responsibilities of each committee. The bold arrows show the reporting relationship between the Board, committees and groups and the dotted arrows show the flow of information and assurance. Full reports on the work of the Audit Committee and the Remuneration and Nominations Committee can be found from pages 45 to 49.

Executive Team	
Elizabeth Austerberry	Chief Executive
Matthew Hayday	Executive Director: Governance and Compliance; Company Secretary
Anne-Britt Karunaratne (resigned July 2021)	Executive Director: Housing and Customer Services
Steve Nunn	Executive Director: Development and New Business
Greg Taylor	Executive Director: Finance and Corporate Services
Howard Dawson (appointed July 2021)	Interim Executive Director: Housing and Customer Services

Committee Structure



Audit Committee		Number of meetings attended (4 in total)
Gerard McCormack	Chair	4
Jeremy Ellis (appointed February 2021)		1
Mark Foster		4
Elizabeth Rantzen (resigned September 2020)		2
Finance Committee		**Number of meetings attended (4 in total)**
Tim Boag	Chair	4
David Brocklebank (appointed March 2021)		1
Gerard McCormack		4
Steve White		4
Greg Taylor		4
Customer & Communities Committee		**Number of meetings attended (4 in total)**
Mark Foster	Chair	4
Jo Moran		3
Elizabeth Rantzen (resigned September 2020)		2
Caroline Ross (appointed March 2021)		-
Anne-Britt Karunaratne (resigned July 2021)		4
Remuneration & Nominations Committee (the Remuneration Committee and Governance & Nominations Committee combined to form this Committee in September 2020)		**Number of meetings attended (2 in total)**
Jo Moran	Chair	2
Mark Foster		2
Caroline Ross (appointed March 2021)		1
Steve White		2
Renumeration Committee		**Number of meetings attended (1 in total)**
Jo Moran	Chair	1
Mark Foster		1
Steve White		1
Governance & Nominations Committee		**Number of meetings attended (1 in total)**
Steve White	Chair	1
Mark Foster		1
Jo Moran		1

Governance review

In line with good governance and best practice, Moat undertakes an external review of its governance arrangements every three years. Campbell Tickell were appointed to undertake a governance review which completed in March 2020.

The review found that, overall, governance functioned well at Moat. Recommendations were made on how we could continue to improve our governance arrangements and the changes we have implemented as a result are summarised below:

- Moat's Rules and Standing Orders were updated and approved by the FCA. These now reflect the latest version of the NHF model rules as well as being adapted to our specific circumstances
- we developed a revised Customer Engagement Strategy and widened our pool of customer advocates to help us seek the views of our customers across Moat's activities
- we began reporting using the WOCAS (what our customers are saying) model to ensure that the Customer and Communities Committee has insight into our customer feedback and viewpoints
- we merged the role of two committees to improve efficiency
- we made three new appointments to our Board in line with our skills matrix

Governance Code

In line with good governance and the requirements of the regulatory standards, we have adopted the UK Corporate Governance Code. We keep our compliance with the code under regular review and have identified the following areas that are not applicable to Moat as a registered provider and Registered Society under the Co-operative and Community Benefit Societies Act 2014:

The Board can confirm that Moat is compliant with the remaining provisions of the Code in as far as they can be reasonably applied to a Registered Provider and Registered Society.

Code Principle/Provision	Explanation
Principle D, provision 3 - regular engagement with major shareholders	Moat has no major shareholders. All shareholders have an equal, nominal share of £1.
Principle D, provision 4 – consultation with shareholders following 20% or more votes cast against the Board	All shareholders have an equal, nominal share of £1.
Principle D, provision 5 – report on stakeholder interests and the matters set out in s.172 of the Companies Act 2006	Companies Act 2006 does not apply. Moat engages with its workforce through an Employee Forum, led by the workforce and attended by the Chief Executive and Director of People and Communications.
Principle K, provision 18 - all directors should be subject to annual re-election	Independent non-executive directors are reappointed for three-year terms up to a maximum of nine years in line with NHF model rules.
Principle N, provision 30 – going concern and annual and half-yearly financial statements	Moat is not required to produce half-yearly statements.
Principle Q, provision 36 - Remuneration schemes should promote long-term shareholdings by Executive Directors	Moat does not have shareholdings by Executive Directors.

Regulatory Compliance

- Regulator of Social Housing (RSH)

  As a registered provider of social housing, we have a duty to comply with the regulatory regime set out by the RSH. Moat's governance and viability rating at the end of the 2020/21 financial year was G1/V1.

  In November 2020, Moat had its Regulatory Engagement Meeting with the RSH. This is a meeting between the Executive and the RSH that takes place in between the formal In Depth Assessments. The Executive were able to provide the RSH with substantial assurance across Moat's activities and subsequent to the meeting our governance and viability rating was confirmed as G1/V1 via a regulatory judgement. Moat's scheduled IDA began in June 2021 and the outcome will not be known until later in the summer.

  We can confirm that we have undertaken the annual assessment of our compliance with the regulatory standards and are fully compliant in all material respects.

- Financial Conduct Authority (FCA)

  In order to deliver some of our services, such as referring customers to our panel of mortgage advisors and managing our historic equity loans, we are required to be authorised by the Financial Conduct Authority (FCA). In December 2019 the FCA extended the Senior Managers and Certification Regime (SM&CR) to firms outside of the banking and insurance sector, including housing associations. The SM&CR aims to create a culture across organisations where individuals take accountability for their own actions and competence in the delivery of various types of financial services. We can confirm that Moat had the required arrangements in place as at the annual deadline of 9 December 2020.

Stakeholder engagement

An open and transparent relationship with our customers and our wider stakeholders is an important part of our governance arrangements. It enables us to build trust in our services and embed us as part of our local communities.

- Our customers – we work with our customers every day, but also take part in regional and national events to champion the cause for social housing.
- The Regulator of Social Housing – our Board works with the regulator as part of the co-regulatory approach, ensuring that we deliver our services and operate our business in line with the standards.
- Statutory Bodies – we work openly and transparently with a number of statutory bodies in delivering our mission, from Homes England, the Greater London Authority and the Ministry of Housing, Communities and Local Government to the Financial Conduct Authority and the Health and Safety Executive.
- Local Authorities – local government are key stakeholders of Moat. We provide homes for their residents and work with them on planning homes for future generations.

Statement of responsibilities of the Board

The Board is responsible for preparing the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit for that year.

In preparing these financial statements, the Board is required to:

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

The directors are responsible for keeping proper books of account that disclose at any time the financial position of the Group and the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

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

The Board confirms that the Strategic Report follows the principles set out in the Statement of Recommended Practice, Accounting by Registered Social Housing Providers Update 2018 (SORP).

The Board confirms, so far as it is aware, there were no acts of modern day slavery during 2020/21. We are fully committed to combatting slavery and human trafficking and have implemented training, systems and controls. Moat's Modern Slavery Statement can be found on-line at moat.co.uk.

The Board confirms that it considers that the Strategic Report and financial statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for members to assess Moat's performance, business model and strategy.

The Board confirms that it has assessed its compliance with the Regulator of Social Housing's Governance and Financial Viability Standard during the year and that Moat is compliant.

The Board members who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which our auditor is unaware and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that our auditor is aware of that information.

Statement of effectiveness of internal controls

The Board has overall responsibility for establishing and maintaining the whole system of internal control for Moat, and for reviewing its effectiveness and management of fraud risk. The Board's responsibility extends over matters covering strategic, operational, financial, and compliance issues. The Board delegates the review of the effectiveness of the organisation's internal control and risk management environment to the Audit Committee, receiving an annual report.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, giving reasonable, but not absolute, assurance against material misstatement or loss. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of Moat's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. The Risk Management Framework is updated and reviewed annually by the Audit Committee. The strategic risk register is reviewed by the Audit Committee at each of its four meetings and by the Board twice a year.

The Senior Leadership Team review the operational risk register quarterly and sign-off compliance with operational controls. The sign-off process is monitored by the Executive Team.

There are clear lines of authority, responsibility and accountability throughout Moat including:

- a Code of Conduct for Employees
- Terms of reference for the Board and Committees
- a framework of policies and procedures which cover fraud prevention and detection, whistle-blowing, health and safety, data and asset protection, financial delegated authorities, segregation of duties, accounting, and treasury management
- key performance indicators, operational and financial, are monitored by Committees and the Board.

The Board continues to believe that outsourced provision of the internal audit function best supports an independent and detailed review of key procedures and controls across the business. The Audit Committee oversees the appointment of the internal auditors and agrees the annual audit plan, which is risk based, in advance. The internal auditors present their reports at each Committee meeting.

The Board have reviewed the system of internal controls for the year ended 31 March 2021 and have received sufficient assurance on the adequacy of controls in the year under review. There has been no major breach within the year and up to the date of signing the financial statements that requires disclosure.

Health and Safety

Our Health and Safety Policy Statement and detailed Health and Safety Management Policy set out our intentions with regard to the health, safety and welfare of employees and others who may be affected by the company's operations. We have a well-developed Health and Safety management system in place, with clear responsibilities for all managers and staff supported by training on health and safety matters:

- Health and Safety Committee (Chaired by the Executive Director of Governance and Compliance)
- Fire Management Committee is co-chaired by Executive Director Development & New Business and Executive Director Governance and Compliance
- Property Compliance Committee (for Legionella, Asbestos, Gas, Electricity and Lifts) is co-chaired by Executive Director Development & New Business and Executive Director Governance and Compliance
- Annual external Technical Audits on Fire Safety, Legionella, Asbestos, Electric and Lifts
- Rolling Fire Risk Assessment programme is conducted by external consultants (Savills)
- Fire management inbox set up for residents' queries and communicated on Moat's website along with fire safety information
- Formal reports to Executive Team monthly and Audit Committee quarterly, incorporating performance against key performance indicators
- Formal annual reports to Board, with adhoc reports on significant emerging issues.

Statement of going concern

In March 2021 the Board approved the budget for 2021/22. The impact of COVID-19 was considered in the preparation of the budget, however based on our experience of operating in the current environment we are expecting that it will have a limited impact. For example, the budget includes a full programme of major works but we are anticipating a requirement for some additional temporary staff, lower travel costs, and fewer asset sales. The budget meets all Board approved financial strength indicators.

In June 2021 the Board reviewed the 30-year long-term financial plan which builds on the 2021/22 budget as the base year and includes detailed single and multi-variate stress testing and recovery planning. Additional costs have been added to the current plan in the medium/long-term to meet fire remediation and zero carbon costs which has resulted in a reduction in development capacity from 2023/24. The plan maintains a strong liquidity position and meets banking covenants throughout, without relying on asset sales to pay interest. The stress testing also indicates that there is sufficient headroom on covenants to allow for remedial action to be taken in the event of adverse external conditions or if the assumptions used in the plan change.

The Board has concluded that there is a reasonable expectation that Moat has adequate resources to continue in operational existence for more than 12 months from the date of this report. It therefore continues to adopt the going concern basis in the financial statements.

Viability statement

As required by the provisions of the UK Corporate Governance Code, the Board has undertaken an assessment of the future prospects of Moat taking account of its current position and principal risks. This assessment was made using Moat's core business processes, including the following:

Long Term Plan (LTP) – the Board reviews the LTP each year as part of its strategic review process. The LTP process includes detailed stress testing which involves flexing a number of the main assumptions underlying the forecast both individually and together under particular scenarios.

Risk management – as set out in the Risk section of the Strategic Report, Moat has a structured approach to the management of risk and the principal risks identified are reviewed regularly by Board.

Liquidity – based on the output of the LTP and regular re-forecasting of cash flows the Board regularly reviews an analysis looking at the forecast working capital requirements, cash flow, committed borrowing and other facilities available to Moat.

In undertaking this review a period of three years has been selected. For the initial year of this three-year period there is a greater level of certainty because detailed annual budgets are prepared and regularly re-forecast. Quarterly cash flow forecasts are reviewed by the Board covering a rolling three-year period, and are used to ensure sufficient facilities are in place. The largest single area of spend is the development programme and the bulk of the committed development programme completes within a two-year timeframe.

Whilst development spend and required facilities are planned over a longer term than three years, the period chosen ensures that Moat is viable beyond its usual development commitment timeframe.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that Moat will be able to continue in operation and meet its liabilities as they fall due over the three-year period used for the assessment.

Post year end events

There have been no events post 31 March 2021 which require disclosure.

Approved by the Board and signed by:

Steve White
Chair
28 July 2021

Report of the Audit Committee

The Audit Committee (the Committee) reviews the effectiveness of the organisation's internal control and risk management environment and oversees the appointment of the internal and external auditors as well as working closely with them.

The Board has delegated this responsibility to the Committee to ensure that these matters can receive the detailed oversight and challenge they require. The Committee operates in line with its terms of reference which are reviewed annually to ensure they remain fit for purpose and reflect best practice.

The Committee provides assurance to the Board on the organisation's arrangements for risk management and internal control having itself been assured through:

- the work of the Executive Team and Senior Management as set out by the cycle of business
- considering regular reports on risk management and internal control
- directing the work of our internal and external auditors and reviewing the findings and recommendations from their work.

Composition

The membership of the Committee is made up of three independent non-executive directors, one of whom is the chair. Details of Committee members and their attendance can be found on page 40.

In order to facilitate its work, the Committee invited the following individuals to its meetings throughout the year:

- Chief Executive
- Executive Director of Finance and Corporate Services
- Executive Director of Governance and Compliance, and Company Secretary
- Director of Accounting Services
- Risk and Assurance Manager
- Head of Health, Safety and Facilities Management
- Head of Technical and Building Safety
- Director of Information Systems
- Internal and External Audit representatives (PwC and BDO respectively)
- Other Moat colleagues as required on occasion

Committee evaluation

The Committee conducts an annual evaluation of its own effectiveness and makes a report to the Board. This includes a:

- survey of the committee members on various aspects of the Committee's work
- narrative report of how the Committee has met its terms of reference
- summary of the Committee's future focus and development needs.

The Committee undertook its effectiveness survey in June 2021 and all members of the Committee, as well as five members of regularly attending senior staff, completed it. Overall, the survey results demonstrated that the Committee is effective, with an engaged membership that clearly understands its role and is well supported by the organisation to achieve its terms of reference.

16 of the 18 questions received a majority of "fully satisfactory" responses. The one area where there was one "average" response was in relation to the Committee membership, reflecting the vacancy on the Committee for much of the year. This has now been resolved following the recruitment of new Board members, one of whom has joined the Committee and brings a strong customer service background which complements the broad skill range of the other members.

The survey covered the key elements of the Committee's terms of reference and no area was identified as needing improvement. The Committee's areas of responsibility are as follows and evidence of the Committee's work in these areas can be seen throughout this report:

- Financial Reporting
- Internal and External Audit
- Compliance, whistleblowing and fraud
- Internal Controls and risk management systems

Looking ahead to 2021/22, the Committee will remain focussed on the health and safety agenda, seeking assurance on behalf of the Board on how the business is preparing for and implementing the requirements from changes to building and fire safety legislation. Key to this will be the upcoming review of the FLAGEL key risk areas being carried out by external consultants. In addition, our current internal auditors, Price Waterhouse Coopers enter the final year of their contract and the Committee will be heavily involved in the tender process and selection of the next provider.

2020/21 meetings

The Committee met four times during the financial year. The focus of the Committee's work, in addition to the routine cycle of business, was on the organisation's response to COVID-19 and the impact on the internal control environment.

Throughout the year the Committee received updates on the management of the COVID-19 strategic risk and also reflected on the additional economic and business risks posed by the pandemic. The Committee also considered business continuity and disaster recovery arrangements in the light of the pandemic and the organisation's new remote working arrangements. The Committee challenged management on the effectiveness of financial controls and authorisations in a remote working environment and on the ability to maintain key health and safety compliance with reduced access to homes due to shielding. The Committee was satisfied with the assurance it received from management on these issues and noted how positively the organisation had responded to extreme changes in the external environment.

The routine items considered by the Committee at each meeting and annually were as follows:

Agenda Item	Frequency	Content
Assets and Liabilities Policy and Register	Annually	Review of the policy and process for meeting the Governance and Viability Standard to maintain a thorough, accurate and up to date record of our assets and liabilities
Benefits and Payments Register	Each meeting	Review of the register for individuals and organisations with links to Moat
Cyber security update	Each meeting	Update on the external environment and our work to maintain safe and secure systems
Data Protection	Each meeting	Report on any data protection issues and updates on any work to improve or maintain compliance with legislation
Fraud, Whistleblowing and Money Laundering monitoring	Each meeting	Report of any suspected fraudulent or money laundering activity and monitors open cases. Report of any disclosures made under whistleblowing arrangements
Health and Safety report	Each meeting	Report covering KPI performance for FLAGEL key risk areas, health and safety audit findings and other relevant management information
Insurance renewal	Annually	Review of the terms of renewal and receiving assurance that adequate insurance is in place to protect the organisation's assets and activities
Internal Audit Report	Each meeting	Review of each audit report, the management response and follow up of the implementation of recommendations
External Audit Reports	Annually	Review of the Audit Planning Report and Audit Completion Report
Key policy reviews	Annually	Review of policies central to managing key risks and controls, such as Anti-Fraud, Tax Evasion and Bribery Policy and Whistleblowing Policy
Work Programme	Each meeting	Review of the Committee's rolling 12-month work programme

Internal Audit

Price Waterhouse Coopers (PwC) continued to provide our internal audit service. The Committee has begun preparations for a tender exercise to appoint internal auditors who will commence planning for the 2022/23 financial year in December 2021.

The internal audit plan is agreed in advance by the Committee and is risk based. The plan remains under review in case emerging issues require attention. The process for developing the plan included initial engagement with individual members of the Executive Team (ET), followed by an ET meeting at which draft risk areas were agreed for discussion with the Moat Chair and chair of the Committee. The aim of the process is to ensure that wide consideration was given to the most significant risk areas.

The Committee considers the performance of our internal audit partner annually. This year the Committee approved the Executive's recommendation to continue with PwC. Remote working enforced by the pandemic did cause some disruption to the smooth running of the audit plan and a number of engagements were delivered later than planned. There were also some communication challenges in explaining key processes and some misunderstandings that may not have occurred through face-to-face meetings. Overall, the plan was delivered successfully but additional time was required by internal audit and management to achieve this.

Internal Audit issued six assurance reports in the year. The internal audit reports provide a summary of the weaknesses identified in the controls and good practice that was evidenced. This means that, as well as using the internal audit findings to improve processes for internal control by implementing recommendations highlighted, we can also look across the business to see if other areas could benefit from adopting the good practice identified.

There were no high-risk reports in this financial year, the same as in 2019/20. The number of high risks findings within audits decreased to zero in the current year, compared to 3 identified in the prior year. The number of medium risk findings was 11, down from 15 and the number of low risks 8, down from 14. The auditors noted that the number of findings and risks identified will be in part dependent on the size and reach of the individual audit engagements.

The Voids Process and Interaction with Managing Agents reports were rated medium risk and the Committee reviewed the findings in detail given as management had raised these as areas for improvement in previous discussions with the Board. The Committee was pleased to note the management's openness and ongoing co-operation with internal audit.

In their annual report, PwC concluded that, "We have completed the program of internal audit for the year ended 31 March 2021. Our work only identified medium and low rated findings across the six reviews performed. Based on the work completed, we believe that the key medium risk rated reviews are isolated to specific systems and processes, and when taken in aggregate, are not considered pervasive to the system of internal control as a whole."

PwC has undertaken a follow-up review to assess prior recommendations due to be implemented within the financial year. The Committee has been kept up to date on progress throughout the year via management reporting led by the Risk and Assurance Manager. The majority of recommendations have been evidenced as implemented.

External Audit

BDO LLP was appointed as our External Auditors in 2016 and were reappointed for the 2020/21 financial statements at the November 2020 Board meeting. The fee for the audit was approved by the Committee when it approved the External Audit plan in January 2021.

Prior to approving the plan, the Committee received assurance from the Executive on the ongoing satisfactory performance of BDO.

Internal audits	Report risk classification				
Business area	Critical	High	Medium	Low	Advisory
Voids process					
Senior Leadership Quarterly Sign Off					
Interaction with Managing Agents					
Key Financial Controls					
Contractor Management of Development Contracts					
Regulatory Compliance – Data Returns					

At the July 2021 meeting, the Committee reviewed the financial statements in discussion with management and BDO, as well as considering BDO's audit completion report.

BDO identified one key audit matter, that the recoverable amount of property developed for sale is materially misstated. This has been identified by Moat as a high strategic risk, 'exposure to falling house prices, particularly in market sale business and shared ownership', see page 33 and had been reviewed by the Committee in the Strategic Risk Register at each meeting. Impairment work carried out by management was also outlined in a paper to the Committee and Note 2 on page 65 discusses the critical judgements used in carrying out the impairment review which resulted in a £219k reduction in net realisable value.

The Committee considered the information provided by management and BDO and were satisfied that the net realisable value of property developed for sale was not materially misstated.

The work carried out by management to assess the appropriateness of adopting the going concern basis in preparing the financial statements was outlined in a paper to the Committee and this is summarised in the Going Concern Statement on pages 43 and 61.

Following a discussion with management and BDO who answered queries and challenges posed by the Committee, the Committee was satisfied that there are appropriate accounting policies in place and management have correctly applied these policies.

The Committee also reviewed a report on the annual board assurances in the financial statements, detailing the assurances given and the work performed to ensure compliance. The Committee was satisfied that these assurances could be given.

The Committee noted that BDO had not undertaken any non-audit services.

Summary and Conclusion

Through the delivery of its work, in line with its terms of reference, the Committee has reviewed the sources of assurance available to it and the Board on the adequacy, extent and effectiveness of the internal systems of control and arrangements for risk management operated within the organisation. The Committee has concluded that sufficient reviews of these controls and arrangements are in place and notes that they are designed to manage the risk to delivering business objectives and provide reasonable rather than absolute assurance against material misstatement or loss.

The Committee is satisfied that its own report and those of the Internal and External Auditors have addressed the requirements of its terms of reference and that this is supported by sufficient evidence to provide reasonable assurance to the Board on the adequacy and operation of the internal control and risk management framework.

Gerard McCormack
Audit Committee Chair
28 July 2021

Report of the Remuneration and Nominations Committee

The Remuneration and Nominations Committee (the Committee) oversees the appointment process for independent directors and makes recommendations for appointment to the Board. The Remuneration Committee and the Governance & Nominations Committee combined into this Committee in September 2020.

Composition

The membership of the Committee is made up of three independent non-executive directors, one of whom is the chair. Details of Committee members and their attendance can be found on page 40.

In order to facilitate its work, the Committee invited the following individuals to its meetings throughout the year:

- Chief Executive
- Executive Director of Governance and Compliance, and Company Secretary
- Director of People and Communications

2020/21 Work Programme

There were three appointments made in 2020/21. Two independent non-executive director vacancies were carried over from the prior year and a further vacancy arose from Elizabeth Rantzen retiring in September 2020.

In line with the Board's skills audit, the Committee approved vacancy specifications drafted by management for Board members that could demonstrate expertise in:

- Customer service
- Housing development/investment
- Human resources and organisational development

The requirements for future candidates were also reviewed, taking into consideration the need to succession plan for committee chairs and Chair of the Board.

In preparation for recruiting to the three vacancies, the Committee sought competitive quotes from five firms using a specification focused on the need to appoint independent directors who had the requisite experience, as set out above, but also on increasing the diversity, in its broadest sense, of the Board to reflect our communities.

Odgers Berndtson were successful in their bid to be appointed and the search and recruitment campaign commenced in June 2020 for two of the vacancies, with the search for the third vacancy beginning in September 2020. Following a competitive interview process three exceptional Board member appointments were made:

- Caroline Ross
- Jeremy Ellis
- David Brocklebank

Biographies detailing their skills and experience can be seen on pages 35 to 37.

As a result of these appointments the Board has maintained its gender diversity (30% female and 70% male) and increased its diversity. However, the majority of the Board members are within a similar age range (average age 57.25 years) and of similar backgrounds (91% of board members identify as white English, Welsh, Scottish, NI or British and 9% as White and Black Caribbean). Broadening the diversity of the Board will continue as the main theme of future appointment processes and there remains further work to do in this regard.

Jo Moran
Remuneration and Nominations Committee Chair
28 July 2021

Report of the Independent Auditor

Report of the Independent Auditor to the members of Moat Homes Limited

Opinion on the financial statements

In our opinion, the financial statements:

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

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

Basis for opinion

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

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board on 20 January 2017 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ending 31 March 2017 to 31 March 2021.

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 32 and 33 that describe the principal risks and explain how they are being managed or mitigated
- the directors' confirmation set out on pages 42 and 48 in the annual report that they have carried out a robust assessment of the principal risks facing the Group and the Parent Association, including those that would threaten its business model, future performance, solvency or liquidity
- the directors' statement set out on page 42 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group and the Parent Association's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements, or
- whether the directors' statement relating to going concern made in accordance with the UK Corporate Governance Code is materially inconsistent with our knowledge obtained in the audit, or
- the directors' explanation set out on pages 43 - 44 in the annual report as to how they have assessed the prospects of the Group and the Parent Association, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the Parent Association will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions
- We compared management's forecasts against post year-end management accounts to assess their accuracy to date
- We assessed the facility and covenant headroom calculations, and re-performed sensitivities and stress testing, and
- We reviewed the wording of the going concern disclosures and assessed its consistency with management's forecasts.

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

Overview of audit

See table below.

An overview of the scope of our audit

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

Audit work on all significant components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/ consolidation purposes.

We identified one component which, in our view required an audit of their complete financial information for group purposes due to their size and were therefore considered to be a significant component. Moat Homes Limited has been identified as a significant component due to its size.

Overview of audit			
Coverage	We audit the following within the group: 100% of Group profit before tax (2020: 100%) 100% of Group revenue (2020: 100%) 100% of Group total assets (2020: 100%)		
Key audit matters		2021	2020
	The recoverable amount of property developed for sale	Yes	Yes
	Going concern	No	Yes
Materiality	Group financial statements as a whole £4.4m based on 6% of adjusted operating surplus (2020: £30m based on 1.8 of total assets)		

Key audit matters

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

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality detailed in the table on the following page.

Key audit matter		How the scope of our audit addressed the key audit matter
The recoverable amount of property developed for sale	As explained in the accounting policies as per Note 1, properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £65.3m. For properties in development at the balance sheet date, (see Note 16) an assessment is needed of an anticipated selling price and a determination of the expected costs to complete. Due to the volume of properties developed for sale and the level of judgement involved there is inherent estimation uncertainty for both sales proceeds and costs to complete, we consider there is a significant risk that the carrying amount of properties developed for sale is misstated and was therefore a key audit matter.	Having obtained management's assessment of the net realisable value of properties developed for sale, we tested this on a sample basis. Our samples were chosen from the populations of items that represented both developments under construction and completed developments at year-end. For developments under construction, our sample was determined by the value of costs incurred to date for each scheme and their anticipated gross profit margin. For a sample of completed properties, we agreed the amounts involved to supporting documentation where the property was sold post year-end. Where the property was not yet sold we obtained third-party housing market information to confirm that properties were held at the lower of cost and net realisable value. For a sample of properties under development, we obtained details of the expected costs to complete from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation. We examined supporting documentation for anticipated sales proceeds and we compared the incurred expenditure to the estimated amount at that date. We also assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on a sample of schemes that completed in the year. Sensitivity analysis was performed to determine the point at which a rise in costs to complete would result in a material misstatement. When determining sensitivities consideration was given to a range of uncertainties and the possibility of these outcomes occurring. We also considered other current factors including the status of its construction, contractual arrangements and testing undertaken to validate the accuracy of costs to complete. In assessing the accuracy of the £0.6m write down and £0.4m write back, for a sample of schemes, management's assessment was agreed to supporting documentation, including third party property valuations and third party cost to complete estimates. **Key observations** Our work identified no factual misstatements or inappropriate application of judgement or estimation and we have concluded that relevant information has been appropriately reported taking account of reasonable assumptions.

Rationale for the materiality benchmark applied

The benchmark used for the current year materiality is adjusted operating surplus. Adjusted operating surplus is of particular interest to the users of the financial statements as it is a term defined for the purposes of the entity's lending covenants. This involves adjusting operating profit for depreciation, amortisation, capitalised major works and the net profit/loss on non-outright sale properties. Performance materiality has been determined taking into account various factors including: the expected total value of known and likely misstatements, brought forward misstatements, management's attitude towards adjustments, the number of material estimates, and how homogeneous processes are within the group.

Component materiality

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £83,000 to £4,200,000. In the audit of each component, we further applied performance materiality levels of between 70% and 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £80,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Materiality

	Group financial statements		Parent Association financial statements	
Year	2021	2020	2021	2020
Materiality	£4.4m	£30m (£3.5m in respect of specific materiality)	£4.2m	£27m (£3.1m in respect of specific materiality)
Basis for determining materiality	6% of adjusted operating surplus	1.8% of total assets (5% of adjusted operating surplus in respect of specific materiality)	6% of adjusted operating surplus	1.8% of total assets (5% of adjusted operating surplus in respect of specific materiality)
Performance materiality	£3.1m	£21m (£2.4m in respect of specific materiality)	£2.9m	£19m (£2.1m in respect of specific materiality)
Basis for determining performance materiality	70% of materiality	71% of materiality	70% of materiality	71% of materiality

Other information

The board are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information in the 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 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.

In this context, we also have nothing to report in relation to our responsibility to specifically address the following items in the other information. We would be required to report, as uncorrected material misstatements of the other information, where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 42 – the statement given by the board that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for members to assess the Group and Association's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit, or
- Audit committee reporting set out on pages 45 to 48 - the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; and
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 41 – the parts of the directors' statement relating to the company's compliance with the UK Corporate Governance Code do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Matters on which we are required to report by exception

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

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements
- adequate accounting records have not been kept by the Group and Association, or
- a satisfactory system of control has not been maintained over transactions, or
- the Group and 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 statement of Board's responsibilities, set out on page 42, 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 is responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

The audit procedures to address the risks identified included:

- We assessed the susceptibility of the Group and Association's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals and tested the application of cut-off and revenue recognition.
- Reviewed and challenged the application of significant accounting estimates and judgements made in the preparation of the financial statements, notably impairment, housing property and inventory allocations and the recoverable amount of properties developed for sale. Our consideration of these significant accounting estimates and judgements reflected the impact these have on reported financial performance.
- Discussed with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and
- Read minutes of meetings of those charged with governance, reviewed internal audit reports and reviewed correspondence with HMRC and the Regulator of Social Housing.

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

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

Use of our report

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

BDO LLP

Philip Cliftlands
Senior Statutory Auditor
For and on behalf of BDO LLP London

Date 11 August 2021

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

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	Notes	2021	2020
		£000	£000
Turnover	3	152,751	141,683
Operating costs	3	(69,609)	(72,448)
Cost of sales	3	(36,640)	(31,002)
Gain on disposal of fixed assets (staircasings and redemptions)	3	7,871	11,557
Gain on disposal of fixed assets	3	-	280
Operating surplus	3	54,373	50,070
Interest receivable	6	31	183
Interest and finance costs	7/8	(19,770)	(20,955)
Movement in fair value of financial instruments	24	1,791	(2,645)
Surplus before taxation	9	36,425	26,653
Taxation	10	-	-
Surplus for the year		36,425	26,653
Movement in fair value of hedged financial instruments	24	10,165	(7,433)
Remeasurement of pension liability	27	(6,533)	7,397
Total comprehensive income for the year		40,057	26,617

All amounts relate to continuing activities.
Movements in reserves are shown in the consolidated statement of changes in equity.

Association statement of comprehensive income

For the year ended 31 March 2021

	Notes	2021	2020
		£000	£000
Turnover	3	144,903	141,619
Operating costs	3	(69,593)	(70,901)
Cost of sales	3	(29,071)	(31,002)
Gain on disposal of fixed assets (staircasings and redemptions)	3	7,871	11,557
Gain on disposal of fixed assets	3	-	280
Operating surplus	3	54,110	51,553
Interest receivable	6	858	1,073
Interest and finance costs	7/8	(19,357)	(20,725)
Movement in fair value of financial instruments	24	1,791	(2,645)
Surplus before taxation	9	37,402	29,256
Taxation	10	-	-
Surplus for the year		37,402	29,256
Movement in fair value of hedged financial instruments	24	10,165	(7,433)
Remeasurement of pension liability	27	(6,533)	7,397
Total comprehensive income for the year		41,034	29,220

All amounts relate to continuing activities.
Movements in reserves are shown in the statement of changes in equity.

Consolidated statement of financial position

As at 31 March 2021

	Notes	2021	2020
		£000	£000
Fixed assets			
Housing properties	12	1,578,697	1,496,318
Investment properties	14	482	482
Other tangible fixed assets	15	15,070	15,193
Homebuy loans receivable		42,196	45,562
		1,636,445	1,557,555
Current assets			
Housing stock for sale	16	65,289	83,559
Debtors	17	14,812	26,754
Cash and cash equivalents		33,489	20,855
		113,590	131,168
Creditors - amounts falling due within one year	18	(76,314)	(81,671)
Net current assets		37,276	49,497
Total assets less current liabilities		1,673,721	1,607,052
Creditors - amounts falling due after more than one year	19	(1,118,956)	(1,085,675)
Derivative financial instruments	24	(66,528)	(78,484)
Provision for liabilities - pensions	27	(11,402)	(6,115)
Net assets		476,835	436,778
Capital and reserves			
Called up share capital	26	-	-
Reserves - Revenue reserve		545,020	515,128
- Cash flow hedge reserve		(68,185)	(78,350)
Total reserves		476,835	436,778

The financial statements were approved by the Board on 28 July 2021 and signed on its behalf by:

Steve White
Chair

Gerard McCormack
Board Member

Matthew Hayday
Secretary

Association statement of financial position

As at 31 March 2021

	Notes	2021	2020
		£000	£000
Fixed assets			
Housing properties	12	1,578,278	1,495,892
Investment in subsidiaries	13	50	50
Investment properties	14	482	482
Other tangible fixed assets	15	15,070	15,193
Homebuy loans receivable		42,146	45,512
		1,636,026	1,557,129
Current assets			
Housing stock for sale	16	26,436	43,187
Debtors	17	39,419	46,089
Cash and cash equivalents		31,529	20,162
		97,384	109,438
Creditors - amounts falling due within one year	18	(69,873)	(70,870)
Net current assets		27,511	38,568
Total assets less current liabilities		1,663,537	1,595,697
Creditors - amounts falling due after more than one year	19	(1,118,166)	(1,084,891)
Derivative financial instruments	24	(66,528)	(78,484)
Provision for liabilities - pensions	27	(11,402)	(6,115)
Net assets		467,441	426,207
Capital and reserves			
Called up share capital	26	-	-
Reserves - Revenue reserve		535,626	504,557
- Cash flow hedge reserve		(68,185)	(78,350)
Total reserves		467,441	426,207

The financial statements were approved by the Board on 28 July 2021 and signed on its behalf by:

Steve White
Chair

Gerard McCormack
Board Member

Matthew Hayday
Secretary

Statement of changes in equity

As at 31 March 2021

Consolidated	Revenue reserve £000	Cash flow hedge reserve £000	Total reserves £000
Balance at 1 April 2019	468,474	(58,313)	410,161
Surplus for the year	26,653	-	26,653
Change in hedging relationship of financial instruments	12,604	(12,604)	–
Movement in fair value of hedged financial instruments	-	(7,433)	(7,433)
Remeasurement of pension liability	7,397	-	7,397
Balance at 1 April 2020	515,128	(78,350)	436,778
Surplus for the year	36,425	-	36,425
Movement in fair value of hedged financial instruments	-	10,165	10,165
Remeasurement of pension liability	(6,533)	-	(6,533)
Balance at 31 March 2021	**545,020**	**(68,185)**	**476,835**

Association	Revenue reserve £000	Cash flow hedge reserve £000	Total reserves £000
Balance at 1 April 2019	455,300	(58,313)	396,987
Surplus for the year	29,256	-	29,256
Change in hedging relationship of financial instruments	12,604	(12,604)	-
Movement in fair value of hedged financial instruments	-	(7,433)	(7,433)
Remeasurement of pension liability	7,397	-	7,397
Balance at 1 April 2020	504,557	(78,350)	426,207
Surplus for the year	37,402	-	37,402
Movement in fair value of hedged financial instruments	-	10,165	10,165
Retained reserves on closure of Moat Foundation	200	-	200
Remeasurement of pension liability	(6,533)	-	(6,533)
Balance at 31 March 2021	**535,626**	**(68,185)**	**467,441**

Consolidated statement of cash flows

For the year ended 31 March 2021

	2021	2020
	£000	£000
Net cash generated from operating activities (note 29)	84,152	43,390
Cash flow from investing activities:		
Purchase of housing properties	(107,712)	(102,433)
Purchase of other fixed assets	(1,402)	(2,691)
Proceeds from sale of tangible fixed assets	18,667	24,178
Grants received	7,891	2,076
Homebuy loans repaid	635	910
Interest received	31	183
Net cash outflow from investing activities	(81,890)	(77,777)
Cash flow from financing activities:		
Interest paid	(23,329)	(24,844)
Interest element of finance lease rental payment	(8)	(15)
Cash collateral returned/(paid)	7,373	(7,430)
New secured loans	-	7,589
Proceeds from Bond	-	140,256
Drawdown/(repayment) of revolving credit facilities	38,836	(73,429)
Repayment of borrowings	(12,500)	(7,272)
Net cash inflow from financing activities	10,372	34,855
Taxation	-	-
Net increase in cash and cash equivalents	12,634	468
Cash and cash equivalents at 1 April	20,855	20,387
Cash and cash equivalents at 31 March	33,489	20,855

Net debt analysis	At 31 March 2020	Cash flows	Other non-cash changes	At 31 March 2021
Cash and cash equivalents				
Cash and cash equivalents	20,855	12,634	-	33,489
Borrowings				
Debt due within one year	(17,038)	(6,411)	8,766	(14,683)
Debt due after one year	(522,609)	(20,135)	(8,766)	(551,510)
Derivative financial liabilities	(78,484)	-	11,956	(66,528)
	(618,131)	(26,546)	11,956	(632,721)
Total net debt	(597,276)	(13,912)	11,956	(599,232)

1. Principal accounting policies

Basis of preparation

MHL is a public benefit entity. The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Accounting Direction for Private Registered Providers of Social Housing 2019 and the Statement of Recommended Practice for registered social housing providers 2018 (SORP), published by the National Housing Federation. The financial statements have been prepared on the historic cost basis except for modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The financial statements are presented in pounds Sterling (£000s).

Basis of consolidation

The consolidated financial statements of MHL incorporate the financial statements of its subsidiaries - Moat Housing Group Limited, Moat Development Limited, Mariner Facilities Management Limited, Moat Homes Finance Plc and Moat Construction Services Limited.

Intercompany transactions and balances between group companies are eliminated in full.

Disclosure exemptions

In preparing the group financial statements, advantage has been taken of the exemption not to disclose transactions, eliminated on consolidation, with wholly owned group undertakings.

In preparing the separate financial statements of the parent company, advantage has been taken of the exemption available in FRS102 not to present a statement of cash flows and related notes.

Going concern

In March 2021 the Board approved the budget for 2021/22. The impact of COVID-19 was considered in the preparation of the budget, however based on our experience of operating in the current environment we are expecting that it will have a limited impact. For example, the budget includes a full programme of major works but we are anticipating a requirement for some additional temporary staff, lower travel costs, and fewer asset sales. The budget meets all Board approved financial strength indicators.

In June 2021 the Board reviewed the 30-year long-term financial plan which builds on the 2021/22 budget as the base year and includes detailed stress testing and recovery planning. Additional costs have been added to the current plan in the medium/long-term to meet fire remediation and zero carbon costs which has resulted in a reduction in development capacity from 2023/24. The plan maintains a strong liquidity position and meets banking covenants throughout, without relying on asset sales to pay interest. The stress testing also indicates that there is sufficient headroom on covenants to allow for remedial action to be taken in the event of adverse external conditions or if the assumptions used in the plan change.

The Board has concluded that there is a reasonable expectation that Moat has adequate resources to continue in operational existence for over 12 months from the date of this report. It therefore continues to adopt the going concern basis in the financial statements.

Housing properties

Housing properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, interest capitalised during the development period, directly attributable development and administration costs, and expenditure incurred in respect of improvements which modernise and extend the life of existing properties.

Housing properties for rent are split between land, structure and major components with a substantially different economic life.

Shared ownership property costs are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset. The fixed asset portion is split between land and structure as the rights and obligations towards improving the property reside with the shared owner.

Housing properties in the course of construction are stated at cost and are not depreciated. They are transferred to completed properties when they are ready for letting or sale.

Gains and losses on disposal of housing property fixed assets are determined by comparing the proceeds with the carrying amount and incidental costs of sale. Gains/losses on staircasings and redemptions are recognised in operating surplus. Gains on stock rationalisation disposals are shown within gain/loss on disposal of fixed assets below operating surplus.

Housing properties - depreciation

Depreciation is charged on a straight line basis over the expected economic useful lives of each component part of housing properties. Land is not depreciated. The estimated useful lives are as follows:

Structure	100 years
Kitchens	20 years
Bathrooms	30 years
Windows	30 years
Heating	15 years
Roofs	50 years
Doors	20 years
Electrical wiring	40 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Non-component works to existing properties

Expenditure incurred on existing housing properties is capitalised if it provides an incremental future benefit, including an increase in the rental income over the life of the property, a reduction in future maintenance costs, or a significant extension to the life of the property. Expenditure incurred on major repairs, cyclical and day-to-day repairs to housing properties is charged to operating expenditure in the consolidated statement of comprehensive income in the year in which it is incurred.

Interest capitalised on housing properties

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. The interest capitalised is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. Interest is capitalised at the weighted average effective interest rate on the Group's borrowings.

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the asset. No depreciation is provided on freehold land. The estimated useful lives are as follows:

Office buildings	50 years
Motor vehicles	3 years
Office equipment, fixtures and fittings	5-10 years
Computer equipment	3 years
Scheme furniture and equipment	3-40 years

Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Assets acquired by way of finance leases are capitalised as tangible fixed assets at their fair value (or, if lower, the present value of the minimum lease payments as determined at inception of the lease), and are depreciated over the shorter of the lease term and useful life. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to interest in the consolidated statement of comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments (excluding costs for servicing and insurance) made under operating leases are recognised in operating expenditure in the consolidated statement of comprehensive income on a straight line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, when the payments are recognised as incurred. Lease incentives received are recognised over the term of the lease as an integral part of the total lease expense.

Impairment of fixed assets (excluding investments)

The carrying amounts of the Group's fixed assets (excluding investments) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets are grouped into the smallest group of assets that generates cash flows from continuing use.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its estimated recoverable amount and is recognised in operating expenditure in the consolidated statement of comprehensive income.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Social Housing Grant (SHG)

SHG is recognised as deferred grant income and released as turnover in the consolidated statement of comprehensive income over the life of the structure of housing properties in accordance with the accrual model. Grants relating to expenditure on tangible fixed assets are credited to turnover at the same rate as the depreciation on the assets to which the grant relates. The deferred element of the grants is included in creditors as deferred income.

On disposal of properties, all associated SHG is transferred to either the Recycled capital grant fund (RCGF) or Disposal proceeds fund (DPF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

Investments in Homebuy

Under the Homebuy scheme, the Group receives Homebuy grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the Group meet the definition of concessionary loans and are shown as fixed asset investments in the consolidated statement of financial position. The Homebuy grant provided by the government to fund all or part of a Homebuy loan is shown as deferred income in creditors due in more than one year.

In the event that the property is sold, the Group recovers the equivalent loaned percentage of the property at the time of the sale. The grant is reclassified to the recycled capital grant fund when the loans are redeemed up to the amount of the original grant and to the extent the proceeds permit. The Group retains any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of proceeds is offset against the grant.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are not depreciated but are held at fair value. Changes in fair value are recognised in surplus for the year in the consolidated statement of comprehensive income. Rental income from these properties is taken to turnover.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Housing stock for sale

Completed properties and properties under construction for open market sales and the first tranche portion of shared ownership properties are recognised at the lower of cost and net realisable value. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal. At each reporting date, the housing stock for sale is assessed for any adjustment. If a write down is necessary the carrying amount is reduced to its selling price less costs to complete and sell. The loss is immediately recognised in the consolidated statement of comprehensive income.

Interest incurred on borrowings relating to the development of open market sale properties is expensed as it is due.

On disposal, sales proceeds are included in turnover and the cost of sales, including costs incurred in the development of the properties, marketing and other incidental costs, are included in operating expenses.

Mixed tenure developments

Where a mixed tenure development includes shared ownership or open market sales, the costs incurred in acquiring and developing the land attributed to each element of the scheme reflect the different tenure types.

Service charge reserve funds

Charges which are made to leaseholders for future major repairs such as replacement windows and roofs and the replacement of equipment within their estates are ring fenced for use on their properties/estates only. Such funds are disclosed in the statement of financial position as creditors.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial instruments

Debtors and creditors

Debtors and creditors with no stated interest rate and are receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the statement of comprehensive income in operating costs.

Recoverable amount of rental and other trade receivables

The recoverable value of rental and other receivables is estimated and the debtor is impaired by appropriate amounts.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Other financial instruments (not considered to be basic financial instruments)

Derivative financial instruments

The Group uses certain financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the surplus for the year immediately unless the derivative is designated and effective as a hedging instrument, see below.

Hedge accounting

The Group designates certain derivatives as hedging instruments in cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the surplus for the year. Amounts previously recognised in other comprehensive income are reclassified to surplus for the year when the hedged item is recognised in surplus for the year or when the hedging relationship ends.

Impairment of financial assets

Financial assets not carried at fair value are assessed for indicators of impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Impairment losses are recognised in the surplus for the year.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

When a subsequent event causes the amount of the impairment loss to decrease, the decrease is reversed through the surplus for the year.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which services are rendered by employees. The Group participates in the Aviva defined contribution plan, closed to new members, and the Social Housing Pension Scheme (SHPS) defined contribution plan which is open to all new employees and current employees have the opportunity to switch into it.

Defined benefit plans

The Group participates in the Social Housing Pension Scheme (SHPS) operated by The Pensions Trust and is deemed to participate in the Growth Plan as an Additional Voluntary Contribution (AVC) vehicle for members of the SHPS scheme; the Essex County Council pension scheme; and the London Borough of Merton pension scheme. These schemes are closed to new employees.

The amounts charged to operating surplus are the costs arising from the employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to surplus for the year and included within finance costs. Re-measurement amounts of the net assets/defined liability are recognised in other comprehensive income. Defined benefit schemes are funded in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Actuarial valuations are obtained triennially and are updated at each reporting date.

The Growth Plan continues to be treated as a defined contribution.-

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment.

Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised as the best estimate of the amount required to settle the obligation at the reporting date.

Annual leave

A provision is made for annual leave accrued by employees which they are entitled to carry forward and use by 31 December. The provision is measured at the salary cost payable for the period of absence.

Turnover

Turnover represents the following material income streams which are measured at the fair value of the consideration received or receivable:

- Rent and service charge income receivable (net of void losses), fees receivable, revenue grants from public authorities are all recognised on an accruals basis as they fall due.
- Proceeds from first tranche sales of low-cost home ownership properties and from properties developed for open market sales are recognised on legal completion of the sale.
- Social Housing Grant (SHG) is amortised to turnover over the useful economic life of the property to which the grant relates.
- Coronavirus Job Retention Scheme (CJRS) grant is recognised on an accruals basis as it falls due.

Agency managed accommodation

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the consolidated statement of comprehensive income includes only that income and expenditure which relates solely to the Group such as rental income in turnover and repairs in operating costs.

Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

VAT

Moat Homes Limited, Moat Housing Group Limited and Moat Homes Finance Plc are registered as a VAT group. A large proportion of the Group's income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the consolidated statement of comprehensive income.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future periods if the revision affects both current and future periods.

Critical judgements

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

Impairment

As explained in note 1, a review of the carrying value of housing properties is carried out annually to determine whether there are any indicators of impairment. Indicators considered included indicators in paragraph 27.9 of FRS 102 and paragraph 14.6 of Housing SORP 2018. In the review, we have taken schemes to be cash-generating units as these represent groups of properties in the same location where the same services are provided. If a different level of cash generating unit had been used (e.g. individual properties within a particular scheme) the conclusion on impairment may have been different. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Impairment is assessed by comparing carrying value to the higher of value-in-use and fair value less costs to sell. If the carrying value is greater than the higher of value in use and fair value less costs to sell, an impairment provision is made. Value-in-use requires management estimates of timing of cash flows, discount rate and life of the asset. Management use estimates to determine fair value less costs to sell based on information available regarding sales of similar properties and depreciated replacement cost.

Rented properties

There were no general indicators of impairment on rented properties.

Low cost home ownership properties

Indicators of impairment for the fixed asset portion of completed shared ownership properties have been assessed for the year ending 31 March 2021, including the uncertainty surrounding the housing market due to the COVID-19 pandemic. We have monitored the impact on housing values throughout the outbreak based on sales values being achieved and market reports and there were no general indicators of impairment.

The need for an impairment review of the fixed asset portion of completed shared ownership properties is indicated if there have been losses on staircasings during the year. There were no material losses on staircasings during the year to indicate the need for impairment.

Schemes in development/land banked

All development schemes are assessed using an investment appraisal model, which is reviewed annually by the Finance Committee, to ensure the appropriateness of assumptions. During development the schemes are reviewed against the investment appraisal for any fluctuations in costs or anticipated sales values which adversely affected the net present value of the scheme, highlighting any schemes which needed to be assessed for impairment.

We calculate the recoverable amount on these schemes as the higher of the fair value and the value-in-use. In line with Housing SORP 2018, in order to take into account the service potential of the scheme, we use depreciated replacement cost as a measure of value-in-use.

For shared ownership schemes where there was a write down in the net realisable value for the first tranche portion, we reviewed the potential impact on future staircasings. In most cases the impact of grant and no marketing costs indicated that there was no trigger for impairment. For rented schemes we carried out an impairment review where additional costs highlighted a negative net book value.

We have identified one scheme where significant additional costs have resulted in an impairment of £1.7m. For another scheme, an increased depreciated replacement cost value has resulted in a reduction in the impairment amount of £0.8m. The net effect is an impairment of £0.9m.

Land banked schemes where there is no current investment appraisal are reviewed to compare the carrying value to the estimated fair value if the land is sold. No new schemes required an impairment and there were no changes to existing impairment amounts.

Housing stock for sale

Housing stock for sale is recognised at the lower of cost and net realisable value. In assessing net realisable value management considers publicly available information and internal forecasts on future sales activity.

We have reviewed the sales value of our homes for sale, both available for sale and in construction. Information from actual sales values achieved, mortgage valuations provided to potential residents, and discussions with developers and estate agents have been used to review current sales values. This has incorporated a review of the impact of COVID-19.

We have identified 14 shared ownership schemes where we have been able to write back £449k of the impairment accounted for at 31 March 2020 due to strong sales values being achieved. This has been offset by the need to reduce the net realisable value on three schemes by £733k, due to increased costs on two schemes and reduced sales values on the third. This gives a net reduction in net realisable value of £285k.

The review of our open market sale stock has identified the need for a further reduction of £365k to reflect current sales values on one scheme. Following a decision to sell the land rather than continue to develop another high value scheme, we have written back a previous impairment of £431k. This gives a net increase in net realisable value of £66k.

Key sources of estimation uncertainty

Estimated useful lives

Fixed assets are depreciated over their estimated useful lives. The components into which housing properties are split and their associated estimated lives are considered to be the appropriate level based on knowledge of the repairs and maintenance programme carried out. The actual lives of individual components can however vary based on factors such as product life, wear and tear, maintenance programmes and environmental factors.

Housing property cost allocation

In mixed tenure developments costs are allocated between different tenures on a floor area basis. The allocation of the cost of shared ownership properties between housing properties and housing stock for sale is based on the estimated first tranche sale portion. We predict the amount to be sold by reviewing historic sale portions, current economic conditions and location.

Rent arrears

The value of arrears that will not be collected is estimated based on our past experience of collection of different types of debt. The impact of Universal Credit has been estimated based on our experience of known customers on Universal Credit. The impact of COVID-19 has been based on our experience over the past year. For both of these there is uncertainty about the longer-term impact.

Pensions

The liability for future pension payments depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase and mortality rates. Qualified actuaries are engaged to provide expert advice in each of the pension schemes of which the Group is a member. The principal actuarial assumptions provided by the actuaries have been reviewed and considered to be applicable to the Group.

Interest rate swaps

Uncertainties in the valuation of interest rate swaps include future interest rates and counterparty credit risk. Moat uses a debt and derivative advisory company, regulated by the Financial Conduct Authority, to value its derivatives. The key assumptions used in the valuation are a discount rate of six months LIBOR and in order to calculate the effective/ineffective values, the dollar offset method on a cumulative basis is used.

Operating segments

The provision of social housing is the principal activity. Segmental information is disclosed in note 3 where social housing lettings activity is split into different tenures and into other social housing activities such as sale of social housing and development administration. Housing property cost is split into different tenures and stages of construction in note 12. The Executive Team, the Chief Operating Decision Maker, do not routinely receive any further segmental information.

3. Particulars of turnover, operating costs, cost of sales and operating surplus - Group

	2021				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	108,229	(63,584)	-	-	44,645
Other social housing activities					
Contracted services	687	(590)	-	-	97
Development administration	9	(2,349)	-	-	(2,340)
Regeneration project	-	(77)	-	-	(77)
Impairment of schemes under construction	-	(916)	-	-	(916)
Shared ownership property sales	34,338	-	(29,071)	-	5,267
Write down of housing stock held for sale	-	(285)	-	-	(285)
Staircasing activity on low cost home ownership	-	-	-	6,025	6,025
Redemption of equity loans	-	-	-	1,846	1,846
Investment in communities	-	(838)	-	-	(838)
Coronavirus Job Retention Scheme grant received	135	-	-	-	135
Other	1,473	(954)	-	-	519
Non-social housing activities					
Market renting lettings	174	(30)	-	-	144
Open market sales	7,695	-	(7,569)	-	126
Write back of housing stock held for sale	-	66	-	-	66
Other	11	(52)	-	-	(41)
Total	152,751	(69,609)	(36,640)	7,871	54,373

	2020				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	103,217	(62,134)	-	-	41,083
Other social housing activities					
Contracted services	674	(592)	-	-	82
Development administration	13	(2,418)	-	-	(2,405)
Regeneration projects	-	(1,167)	-	-	(1,167)
Impairment of schemes under construction	-	(1,179)	-	-	(1,179)
Shared ownership property sales	36,215	-	(31,002)	-	5,213
Write down of housing stock held for sale	-	(1,422)	-	-	(1,422)
Staircasing activity on low cost home ownership	-	-	-	8,994	8,994
Redemption of equity loans	-	-	-	2,563	2,563
Gain on disposal of fixed assets	-	-	-	280	280
Investment in communities	-	(892)	-	-	(892)
Other	1,445	(1,098)	-	-	347
Non-social housing activities					
Market renting lettings	106	(12)	-	-	94
Write down of housing stock held for sale	-	(1,491)	-	-	(1,491)
Other	13	(43)	-	-	(30)
Total	141,683	(72,448)	(31,002)	11,837	50,070

3. Particulars of turnover, operating costs, cost of sales and operating surplus - Group (continued)

	2021				2020
	General needs and affordable rent	Low cost home ownership	Housing for older people / supported housing	Total	Total
	£000	£000	£000	£000	£000
Turnover from social housing lettings					
Rents receivable	61,378	22,570	7,521	91,469	86,941
Service charge income	4,619	5,402	1,652	11,673	10,776
Net rental income	65,997	27,972	9,173	103,142	97,717
Amortisation of Social Housing Grant	3,663	985	439	5,087	5,077
Other revenue grant	-	-	-	-	423
Total turnover from social housing lettings	69,660	28,957	9,612	108.229	103,217
Operating costs of social housing lettings					
Management	(9,452)	(4,741)	(2,744)	(16,937)	(15,850)
Service charge costs	(4,333)	(5,158)	(1,599)	(11,090)	(10,974)
Routine maintenance	(9,185)	-	(1,559)	(10,744)	(11,479)
Planned maintenance	(3,652)	(19)	(658)	(4,329)	(3,520)
Major repairs	(8,140)	(26)	(1,369)	(9,535)	(8,813)
Capitalised major repair expenditure	6,021	-	1,013	7,034	6,295
Rent losses from bad debts	(133)	(11)	(3)	(147)	(599)
Depreciation of housing properties	(13,224)	(2,941)	(1,671)	(17,836)	(17,194)
Total operating costs of social housing lettings	(42,098)	(12,896)	(8,590)	(63,584)	(62,134)
Operating surplus on social housing lettings	27,562	16,061	1,022	44,645	41,083
Void losses	(1,014)	-	(336)	(1,350)	(974)

3. Particulars of turnover, operating costs, cost of sales and operating surplus - Association

	2021				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	108,209	(63,575)	-	-	44,634
Other social housing activities					
Contracted services	687	(590)	-	-	97
Development administration	9	(2,349)	-	-	(2,340)
Regeneration projects	-	(77)	-	-	(77)
Impairment of schemes under construction	-	(916)	-	-	(916)
Shared ownership property sales	34,338	-	(29,071)	-	5,267
Write down of housing stock held for sale	-	(285)	-	-	(285)
Staircasing activity on low cost home ownership	-	-	-	6,025	6,025
Redemption of equity loans	-	-	-	1,846	1,846
Investment in communities	-	(838)	-	-	(838)
Coronavirus Job Retention Scheme grant received	135	-	-	-	135
Other	1,473	(954)	-	-	519
Non-social housing activities					
Market renting lettings	52	(9)	-	-	43
Total	144,903	(69,593)	(29,071)	7,871	54,110

	2020				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	103,197	(62,125)	-	-	41,072
Other social housing activities					
Contracted services	674	(592)	-	-	82
Development administration	13	(2,418)	-	-	(2,405)
Regeneration projects	-	(1,167)	-	-	(1,167)
Impairment of schemes under construction	-	(1,179)	-	-	(1,179)
Shared ownership property sales	36,215	-	(31,002)	-	5,213
Write down of housing stock held for sale	-	(1,422)	-	-	(1,422)
Staircasing activity on low cost home ownership	-	-	-	8,994	8,994
Redemption of equity loans	-	-	-	2,563	2,563
Gain on disposal of fixed assets	-	-	-	280	280
Investment in communities	-	(892)	-	-	(892)
Other	1,445	(1,098)	-	-	347
Non-social housing activities					
Market renting lettings	75	(8)	-	-	67
Total	141,619	(70,901)	(31,002)	11,837	51,553

3. Particulars of turnover, operating costs, cost of sales and operating surplus - Association (continued)

	2021				2020
	General needs and affordable rent	Low cost home ownership	Housing for older people / supported housing	Total	Total
	£000	£000	£000	£000	£000
Turnover from social housing lettings					
Rents receivable	61,361	22,570	7,521	91,452	86,924
Service charge income	4,618	5,402	1,652	11,672	10,775
Net rental income	65,979	27,972	9,173	103,124	97,699
Amortisation of Social Housing Grant	3,661	985	439	5,085	5,075
Other revenue grants	-	-	-	-	423
Total turnover from social housing lettings	69,640	28,957	9,612	108,209	103,197
Operating costs on social housing lettings					
Management	(9,451)	(4,741)	(2,744)	(16,936)	(15,849)
Service charge costs	(4,332)	(5,158)	(1,599)	(11,089)	(10,973)
Routine maintenance	(9,185)	-	(1,559)	(10,744)	(11,479)
Planned maintenance	(3,652)	(19)	(658)	(4,329)	(3,520)
Major repairs	(8,140)	(26)	(1,369)	(9,535)	(8,813)
Capitalised major repair expenditure	6,021	-	1,013	7,034	6,295
Rent losses from bad debts	(133)	(11)	(3)	(147)	(599)
Depreciation of housing properties	(13,217)	(2,941)	(1,671)	(17,829)	(17,187)
Total operating costs on social housing lettings	(42,089)	(12,896)	(8,590)	(63,575)	(62,125)
Operating surplus on letting activities	27,551	16,061	1,022	44,634	41,072
Void losses	(1,014)	-	(336)	(1,350)	(974)

4. Board members and Executive Team

The key management personnel are defined as members of the Executive Team, listed on page 39.

The total remuneration including pension contributions, received by Executive Team members was £925,712 (2020: £804,122). The membership of the Executive Team increased by one in March 2020 with the role of Executive DIrector: Governance and Compliance.

The remuneration of the Chief Executive, who was also the highest paid director, in the year was as follows:

	2021	2020
	£000	£000
Emoluments, excluding pension contributions	246	257
Pension contributions - in respect of services as director	-	-
	246	257

The Chief Executive is an ordinary member of the SHPS defined contribution scheme who is not currently contributing to the scheme.

Non-executive board members received £94,313 (2020: £92,500) as fees for their services to the Group and also received £856 as expenses during the year (2020: £4,363). They were paid on a pro-rata basis:

	Remuneration per annum	
	2021	2020
	£	£
MHL chair	20,450	20,000
Senior independent director	14,000	12,000
Committee chair	12,100	11,000
Board member	11,000	11,000

Details of Board and Committee members can be found on pages 34 and 40.

5. Employee information - Group

The average number of employees (including the Executive Team) expressed as full-time equivalents (calculated based on a standard working week of 35 hours) during the year was as follows:

	2021	2020
	Number	Number
Housing	206	201
Management	89	89
New business and sales	50	48
	345	338

Staff costs (including the Executive Team) consist of:

	2021	2020
	£000	£000
Wages and salaries	13,854	13,177
Social security costs	1,479	1,372
Other pension costs	1,108	1,160
	16,441	15,709

47 (2020: 39) employees, including the Executive Team, earned over £60,000 in remuneration in the following bands:

	2021	2020
	No of employees	No of employees
£60,000 - £69,999	16	13
£70,000 - £79,999	11	9
£80,000 - £89,999	5	4
£90,000 - £99,999	7	7
£110,000 - £119,999	-	1
£120,000 - £129,999	3	1
£140,000 - £149,999	1	-
£160,000 - £169,999	1	1
£180,000 - £189,999	2	2
£240,000 - £249,999	1	-
£250,000 - £259,999	-	1

Remuneration includes salary, allowances, pension contributions, bonuses and compensation for loss of office.

6. Interest receivable

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Interest receivable	31	183	858	1,073

7. Interest payable

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
On bank loans, overdrafts and other loans	23,852	24,772	23,439	24,542
Interest on finance leases	8	15	8	15
Notional interest on RCGF balances	59	445	59	445
Less: interest capitalised	(4,278)	(4,596)	(4,278)	(4,596)
	19,641	20,636	19,228	20,406

The average rate of interest used for capitalisation was 3.45% (2020: 3.80%)

8. Other finance costs

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Pension finance costs				
Merton and Essex pension schemes	27	27	27	27
SHPS pension scheme	101	291	101	291
SHPS Growth Plan pension scheme	1	1	1	1
	129	319	129	319

9. Surplus before taxation

	Group		Association	
	2021	2020	2021	2020
Surplus before tax is stated after (charging)/crediting:	£000	£000	£000	£000
Depreciation of housing properties				
Charge for the year	(17,090)	(16,503)	(17,083)	(16,497)
Accelerated depreciation on replaced components	(746)	(691)	(746)	(690)
Note 3	(17,836)	(17,194)	(17,829)	(17,187)
Depreciation of other fixed assets	(1,502)	(1,420)	(1,502)	(1,420)
Amortisation of government grant	5,087	5,077	5,085	5,075
Impairment of scheme in construction/redevelopment	(916)	(1,179)	(916)	(1,179)
Operating lease rentals	(272)	(186)	(272)	(186)
Auditor's remuneration:				
Audit of financial statements	(87)	(93)	(66)	(72)

10. Taxation

Group	2021	2020
Current tax		
UK corporation tax	-	-

	2021	2020
Surplus before tax	36,425	26,653
Current tax at 19% (2020: 19%)	6,921	5,064
Effects of:		
Surpluses subject to charitable exemption	(7,106)	(5,559)
Loss carried forward	185	495
Total current tax	-	-

	2021	2020
Association	£000	£000
Current tax		
UK corporation tax	-	-

	2021	2020
	£000	£000
Surplus before tax	37,402	29,256
Current tax at 19% (2020: 19%)	7,106	5,559
Effects of:		
Surpluses subject to charitable exemption	(7,106)	(5,559)
Total current tax	-	-

11. Residential accommodation owned and/or managed - Group

	As at 31 March 2020	Additions	Disposals	Change in Tenure/ Other	As at 31 March 2021
Owned and managed					
Social housing					
General needs	8,125	28	(2)	(12)	8,139
General needs affordable rent	1,904	192	-	2	2,098
Housing for older people	1,469	-	-	-	1,469
Housing for older people affordable rent	63	-	-	-	63
Supported housing	99	1	-	3	103
Shared ownership	5,472	197	(40)	(20)	5,609
Leasehold properties	1,050	-	(1)	14	1,063
Non-social housing					
Open market rented properties	5	-	-	-	5
Total owned and managed	18,187	418	(43)	(13)	18.549
Owned not managed					
Social housing					
General needs	1	-	-	-	1
Supported housing	142	-	-	(3)	139
Non-social housing					
Care homes	44	-	-	-	44
Total owned not managed	187	-	-	(3)	184
Managed not owned					
Social housing					
General needs	309	-	-	-	309
General needs affordable rent	1	-	-	-	1
Leasehold properties	58	-	-	-	58
Equity loan properties	1,219	-	(84)	-	1,135
Non-social housing					
Leasehold properties	15	-	-	-	15
Firstbuy loans	2	-	-	-	2
Freehold properties	978	-	-	16	994
Total managed not owned	2,582	-	(84)	16	2,514
Residential properties owned and/or managed	20,956	418	(127)	-	21,247

Owned and managed non-residential					
Community hubs	4	-	-	-	4
Staff housing and guest rooms	6	-	(1)	-	5
Garages	580	-	(3)	-	577
Commercial	24	1	-	-	25
Total owned and managed non-residential	614	1	(4)	-	611

11. Residential accommodation owned and/or managed - Association

	As at 31 March 2020	Additions	Disposals	Change in Tenure/ Other	As at 31 March 2021
Owned and managed					
Social housing					
General needs	8,122	28	(2)	(12)	8,136
General needs affordable rent	1,904	192	-	2	2,098
Housing for older people	1,469	-	-	-	1,469
Housing for older people affordable rent	63	-	-	-	63
Supported housing	99	1	-	3	103
Shared ownership	5,472	197	(40)	(20)	5,609
Leasehold properties	1,050	-	(1)	14	1,063
Non-social housing					
Open market rented properties	3	-	-	-	3
Total owned and managed	18,182	418	(43)	(13)	18,544
Owned not managed					
Social housing					
General needs	1	-	-	-	1
Supported housing	142	-	-	(3)	139
Non-social housing					
Care homes	44	-	-	-	44
Total owned not managed	187	-	-	(3)	184
Managed not owned					
Social housing					
General needs	309	-	-	-	309
General needs affordable rent	1	-	-	-	1
Leasehold properties	58	-	-	-	58
Equity loan properties	1,219	-	(84)	-	1,135
Non-social housing					
Freehold properties	978	-	-	16	994
Total managed not owned	2,565	-	(84)	16	2,497
Residential properties owned and/or managed	20,934	418	(127)	-	21,225

Owned and managed non-residential					
Community hubs	4	-	-	-	4
Staff housing and guest rooms	6	-	(1)	-	5
Garages	580	-	(3)	-	577
Commercial	24	1	-	-	25
Total owned and managed non-residential	614	1	(4)	-	611

12. Tangible fixed assets - housing properties - Group

	Rented		Shared ownership		
	Completed	Under construction	Completed	Under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2020	1,087,240	54,935	455,817	72,150	1,670,142
Additions	7,034	73,948	-	22,894	103,876
Capitalised interest	-	1,490	-	2,788	4,278
Schemes completed	32,685	(32,685)	22,704	(22,704)	-
Change in tenure	(1,137)	-	1,137	-	-
Disposals	(4,365)	-	(7,227)	-	(11,592)
At 31 March 2021	1,121,457	97,688	472,431	75,128	1,766,704
Depreciation					
At 1 April 2020	(145,479)	-	(24,380)	-	(169,859)
Charge in year	(14,149)	-	(2,941)	-	(17,090)
Change in tenure	129	-	(129)	-	-
Released on disposal	3,384	-	439	-	3,823
At 31 March 2021	(156,115)	-	(27,011)	-	(183,126)
Impairment					
At 1 April 2020	(124)	(3,634)	(207)	-	(3,965)
Charge in year	-	488	-	(1,404)	(916)
At 31 March 2021	(124)	(3,146)	(207)	(1,404)	(4,881)
Net Book Value - 2021	965,218	94,542	445,213	73,724	1,578,697
Net Book Value - 2020	941,637	51,301	431,230	72,150	1,496,318

12. Tangible fixed assets - housing properties - Association

	Rented		Shared ownership		
	Completed	Under construction	Completed	Under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2020	1,086,767	54,935	455,817	72,151	1,669,670
Additions	7,034	73,948	-	22,894	103,876
Capitalised interest	-	1,490	-	2,788	4,278
Schemes completed	32,685	(32,685)	22,704	(22,704)	-
Change in tenure	(1,137)	-	1,137	-	-
Disposals	(4,365)	-	(7,227)	-	(11,592)
At 31 March 2021	1,120,984	97,688	472,431	75,129	1,766,232
Depreciation					
At 1 April 2020	(145,434)	-	(24,379)	-	(169,813)
Charge in year	(14,143)	-	(2,940)	-	(17,083)
Change in tenure	129	-	(129)	-	-
Released on disposal	3,384	-	439	-	3,823
At 31 March 2021	(156,064)	-	(27,009)	-	(183,073)
Impairment					
At 1 April 2020	(124)	(3,634)	(207)	-	(3,965)
Charge in year	-	488	-	(1,404)	(916)
At 31 March 2021	(124)	(3,146)	(207)	(1,404)	(4,881)
Net Book Value - 2021	964,796	94,542	445,215	73,725	1,578,278
Net Book Value - 2020	941,209	51,301	431,231	72,151	1,495,892

12. Tangible fixed assets - housing properties - (continued)

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Housing properties at cost comprise:				
Freeholds	1,507,854	1,425,840	1,507,382	1,425,368
Long leaseholds	257,800	243,252	257,800	243,252
Short leaseholds	1,050	1,050	1,050	1,050
	1,766,704	1,670,142	1,766,232	1,669,670

13. Investment in subsidiaries

	Description	Country of incorporation	% of ordinary shares held	Holding company	Investment £
Moat Housing Group Ltd	Non Charitable RP	England	100%	MHL	1
Moat Homes Finance Plc	Finance Company	England	100%	MHL	50,000
Moat Construction Services Ltd	Dormant	England	100%	MHL	1
Moat Development Ltd	Dormant	England	100%	MHG	1
Mariner Facilities Management Ltd	Dormant	England	100%	MHG	100
					50,103

MHL has paid £12,500 of the allotted share capital in MHF (2020: £12,500).

14. Investment properties

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Investment properties at 31 March	482	482	482	482

Investment properties are held at fair value. These are commerical properties which were revalued by external chartered surveyors, Residentially, at 31 March 2021.

15. Other tangible fixed assets - Group and Association

	Freehold land and buildings	Scheme equipment	Other	Total
	£000	£000	£000	£000
Cost				
At 1 April 2020	11,481	8,830	7,862	28,173
Additions	-	699	680	1,379
At 31 March 2021	11,481	9,529	8,542	29,552
Depreciation				
At 1 April 2020	(3,201)	(4,459)	(5,320)	(12,980)
Charge for the year	(240)	(641)	(621)	(1,502)
At 31 March 2021	(3,441)	(5,100)	(5,941)	(14,482)
Net book value - 2021	8,040	4,429	2,601	15,070
Net book value - 2020	8,280	4,371	2,542	15,193

Included within the net book value of Other is an amount of £58k (2020: £110k) in respect of assets held under a finance lease. These are classed as finance leases as the rental period amounts to the estimated useful life of the asset concerned.

16. Housing stock for sale

Housing stock for sale is the cost of open market sales schemes and the cost attributed to the first tranche element of shared ownership schemes. The cost of shared ownership schemes is split between current and fixed assets based on the expected percentage of first tranche sales which is currently in the region of 30%.

	First tranche sale stock		Open market sale		
	Under construction	Completed	Under construction	Completed	Total
Group	£000	£000	£000	£000	£000
As at 1 April 2020	27,356	15,831	22,910	17,462	83,559
Additions	11,320	588	6,255	420	18,583
Sales	(14,694)	(13,681)	(1,205)	(7,055)	(36,635)
Schemes completed	(1,930)	1,930	(4,098)	4,098	-
(Write down)/write back	(284)	-	431	(365)	(218)
As at 31 March 2021	21,768	4,668	24,293	14,560	65,289

	First tranche sale stock		Open market sale		
	Under construction	Completed	Under construction	Completed	Total
Association	£000	£000	£000	£000	£000
As at 1 April 2020	27,356	15,831	-	-	43,187
Additions	11,320	588	-	-	11,908
Sales	(14,694)	(13,681)	-	-	(28,375)
Schemes completed	(1,930)	1,930	-	-	-
(Write down)/write back	(284)	-	-	-	(284)
As at 31 March 2021	21,768	4,668	-	-	26,436

17. Debtors

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Due within one year				
Arrears of rent and service charges	3,760	3,698	3,755	3,697
Provision for bad and doubtful debts	(1,749)	(2,454)	(1,745)	(2,453)
	2,011	1,244	2,010	1,244
Amounts due from Group entities	-	-	24,878	19,604
Prepayments and accrued income	10,095	15,765	10,092	15,764
Cash collateral given	324	7,697	57	7,430
Other debtors	1,612	1,278	1,612	1,277
	14,042	25,984	38,649	45,319
Due after one year				
Other debtors	770	770	770	770
	14,812	26,754	39,419	46,089

18. Creditors: amounts falling due within one year

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Bank overdraft	5	243	5	243
Housing loans (note 19)	14,667	16,962	9,673	6,735
Trade creditors	4,270	2,640	3,634	2,636
Owed to other Group entities	-	-	1,785	1,943
Recycled capital grant fund (note 21)	29,702	32,063	29,702	32,063
Finance lease liabilities (note 19)	16	76	16	76
Other creditors	9,177	8,205	7,370	6,498
Accruals and deferred income	18,477	21,482	17,688	20,676
	76,314	81,671	69,873	70,870

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

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Housing loans	301,437	272,520	301,437	272,520
Bond issue	250,000	250,000	-	-
Government grant - housing properties	461,489	450,868	461,354	450,731
Homebuy grant	36,826	39,557	36,826	39,557
Owed to other Group entities	-	-	287,652	289,144
Recycled capital grant fund (note 21)	27,054	29,130	27,054	29,130
Disposal proceeds fund (note 21)	-	299	-	299
Service charge creditor	3,769	3,410	3,749	3,394
Finance lease liabilities	73	89	73	89
Other creditors	38,308	39,802	21	27
	1,118,956	1,085,675	1,118,166	1,084,891

Housing loans	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Within one year (note 18)	14,667	16,962	9,673	6,735
Between one and two years	9,717	8,912	9,717	8,912
Between two and five years	28,550	26,996	28,550	26,996
In more than five years:				
Repayable by instalments	265,957	239,562	265,957	239,562
Repayable other than by instalments	250,000	250,000	-	-
Issue costs	(2,787)	(2,950)	(2,787)	(2,950)
Over one year (note 19)	551,437	522,520	301,437	272,520
Total housing loans	566,104	539,482	311,110	279,255

Housing loans and Bond issue

All of the above are secured by fixed charges on the Group's housing assets and are repayable at variable and fixed rates of interest in the range of 0.29% - 12.84% (2020: 0.80% - 12.84%) per annum.

19. Creditors: amounts falling due after more than one year (continued)

Source of housing loans

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
The Finance for Residential Social Housing Plc	3,497	3,566	3,497	3,566
Banks and building societies	265,394	238,866	260,400	228,639
Affordable Housing Finance Plc	50,000	50,000	50,000	50,000
Moat Homes Finance Plc Bond	250,000	250,000	-	-
Issue costs	(2,787)	(2,950)	(2,787)	(2,950)
	566,104	539,482	311,110	279,255

Finance leases

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Within one year (note 18)	16	76	16	76
Between one and five years	73	69	73	69
In more than five years	-	20	-	20
	89	165	89	165

Government grant

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Social Housing Grant (SHG) and other government grant	540,609	525,123	540,462	524,976
Cumulative amortisation	(79,120)	(74,255)	(79,108)	(74,245)
	461,489	450,868	461,354	450,731

20. Total government grant assistance

Total government grant assistance received or receivable to date is as follows:

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
SHG on housing properties	540,609	525,123	540,462	524,976
Homebuy and starter home initiative	36,826	39,557	36,826	39,557
Recycled capital grant fund	56,756	61,193	56,756	61,193
Disposal proceeds fund	-	299	-	299
Add: cumulative amount credited to statement of comprehensive income	13,769	13,769	12,050	12,050
	647,960	639,941	646,094	638,075

21. Recycled capital grant fund - Group and Association

	2021		2020	
	Homes England	GLA	Homes England	GLA
	£000	£000	£000	£000
At 1 April	54,176	7,017	53,874	7,012
Inputs to fund: Grants recycled	3,685	819	6,204	866
Transfer from Disposal Proceeds Fund	249	50	-	-
Interest accrued	54	6	394	49
	58,164	7,892	60,472	7,927
Withdrawals from fund: New build	(7,330)	(1,970)	(6,196)	(910)
Repaid	-	-	(100)	-
At 31 March	50,834	5,922	54,176	7,017
Amounts three years or older where repayment may be required	29,702	-	31,453	610

Any amounts in the Disposal Proceeds Fund at 6 April 2020 were transferred into the Recycled capital grant fund.

22. Other financial commitments - Group and Association

At 31 March 2021 there are future commitments under non-cancellable operating leases as follows:

	Land and building lease commitments		Other lease commitments	
	2021	2020	2021	2020
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	108	48	39	45
Between one and five years	-	-	44	79
In more than five years	-	-	-	-
	108	48	83	124

23. Capital commitments

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Capital expenditure contracted for but not provided in the financial statements	150,260	158,643	137,101	126,889
Capital expenditure authorised but not yet contracted for	58,078	23,108	58,078	23,108

Capital commitments will be funded from existing and new facilities, cash from operating activities and first tranche/open market sale proceeds.

24. Financial instruments

The carrying values of financial assets and liabilities are summarised below:

	Group		Association	
	2021	2020	2021	2020
Financial assets	£000	£000	£000	£000
Measured at undiscounted amount receivable:				
Trade and other debtors and cash collateral given (note 17)	4,717	10,989	29,327	30,325
Cash and cash equivalents	33,489	20,855	31,529	20,162
	38,206	31,844	60,856	50,487

24. Financial instruments (continued)

	Group		Association	
	2021	2020	2021	2020
Financial liabilities	£000	£000	£000	£000
Measured at fair value and designated as an effective hedge:				
Derivative financial liabilities (note 25)	68,185	78,350	68,185	78,350
Measured at fair value through the surplus for the year:				
Ineffective interest rate swaps	(1,657)	134	(1,657)	134
	66,528	78,484	66,528	78,484
Measured at amortised cost:				
Loans payable (notes 18,19)	316,104	289,482	311,110	279,255
Bond payable (note 19)	250,000	250,000	-	-
Obligations under finance leases (notes 18,19)	89	165	89	165
Intercompany loans payable (notes 18,19)	-	-	289,437	291,087
Measured at undiscounted amount payable:				
Trade and other creditors (notes 18,19)	74,006	75,782	32,467	33,474
	706,727	693,913	699,631	682,465

Ineffective interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Assumptions used in the valuation are a discount rate of 6 months LIBOR and the dollar offset method on a cumulative basis for calculating effective/ineffective values.

Income, expense, gains and losses in respect of financial instruments are:

	Group		Association	
	2021	2020	2021	2020
	£000	£000	£000	£000
Interest income and expense				
Total interest income for financial assets at amortised cost	31	183	858	1,073
Total interest expense for financial liabilities at amortised cost	(23,860)	(24,787)	(23,447)	(24,557)
Fair value gains and losses				
On derivative financial liabilities designated as an effective hedge	10,165	(7,433)	10,165	(7,433)
On financial liabilities measured at fair value through surplus for the year	1,791	(2,645)	1,791	(2,645)
	(11,873)	(34,682)	(10,633)	(33,562)

25. Hedging financial instruments - Group and Association

	Due within one year		Due after one year	
	2021	2020	2021	2020
	£000	£000	£000	£000
On derivative financial liabilities designated as an effective hedge:				
Interest rate swaps	-	-	68,185	78,350

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Assumptions used in the valuation are a discount rate of 6 months LIBOR and the dollar offset method on a cumulative basis for calculating effective/ineffective values.

Cash flow hedges

The following table details the notional principal amounts and the remaining terms of interest rate swap contracts designated as cash flow hedges outstanding as at the reporting date:

	Average contract fixed interest rate		Notional principal value		Fair value	
	2021	2020	2021	2020	2021	2020
	%	%	£000	£000	£000	£000
More than five years	4.02	4.40	143,000	143,000	68,185	78,350

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' LIBOR. The Group settles the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts are designated as cash flow hedges. All interest rate swaps reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect surplus and deficit over the period to maturity of the interest rate swaps. £48m of the cash flow swaps mature in 2029 and the remaining £95m matures in 2038.

26. Called-up share capital

	Association	
	2021	2020
	£	£
Allotted, issued and fully paid £1 shares		
At 1 April	8	11
Cancelled during the year	(2)	(3)
Issued during the year	3	-
As at 31 March	9	8

Each of Moat's non-executive members holds one share of £1 in the Association. These shares confer the right to vote at general meetings and are irredeemable, being cancelled on cessation of membership. They do not confer a right to dividends or a provision for distribution on a winding-up.

27. Pension obligations

Defined contribution schemes

MHL participates in the defined contribution scheme with SHPS. The total expense charged to surplus in the period ended 31 March 2021 was £881k (2020: £832k). This scheme is open to all new employees and current employees have the opportunity to switch into this scheme.

MHL also participates in the Aviva defined contribution scheme. The total expense charged to surplus in the period ended 31 March 2021 was £170k (2020: £172k). This scheme is closed to new employees.

Defined benefit schemes

A defined benefit scheme is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and remuneration. The schemes have rules which specify the benefits to be paid and are financed accordingly with assets being held in independently administered funds. A full actuarial valuation of each of the defined benefit schemes we participate in is carried out every three years with interim reviews in the intervening years.

The schemes are 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.

Social Housing Pension Scheme (SHPS)

MHL participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. MHL has closed the scheme to new employees.

The scheme is classed as a defined benefit scheme in the UK. Previously it was not possible for MHL to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, and the scheme was accounted for as a defined contribution scheme. From 1 April 2018 it has been possible to identify the share of the underlying assets and liabilities belonging to individual participating employers on a consistent and reasonable basis. From that date MHL has accounted for the scheme as a defined benefit scheme.

The value of each member's liabilities has been calculated by undertaking a full valuation of SHPS as at 30 September 2017, the last date when full membership data was obtained. The liability for each employer has been determined by calculating the liability for the appropriate members linked to each employer. The liability for orphan members (members with no remaining sponsoring employer for historical reasons) has been allocated in proportion to each employer's share of the overall liabilities.

SHPS is not a segregated multi-employer scheme and does not, therefore, have ring-fenced assets for each participating employer. The fair value of an employer's assets in SHPS for the purpose of FRS 102 is determined as the employer's share of the market value of the scheme assets split in proportion to the employer's share of the trustee's triennial funding liabilities at the accounting date. This process has been adopted as it is the approach adopted by the trustee should an employer bulk transfer from the scheme to an alternative defined benefit scheme. Hence the output is deemed to be the employer's fair value of assets. In order to obtain this fair value for an employer, the trustee's funding liabilities are calculated for all employers at the accounting date. Each employer's percentage share of the total funding liabilities is then determined.

That percentage share is then applied to the market value of the assets of the scheme as at the accounting date to determine the employer's fair value of assets at the accounting date.

A full actuarial valuation for the scheme was carried out at 30 September 2017 by independent, qualified actuaries, Jardine Lloyd Thompson Group Plc (JLT). The valuation uses a set of assumptions determined by JLT based on financial conditions as at 30 September 2017. MHL have chosen not to change the assumptions provided.

To assess the value of the Employers' liabilities at 31 March 2021, JLT have rolled forward the 30 September 2017 valuation to 30 September 2020 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of MHL and its employees.

As the scheme is in deficit, MHL has agreed to a deficit funding arrangement. Under the new recovery plan based on the 30 September 2017 valuation, from 1 April 2021 MHL's deficit contributions are £1,364,310 per annum. These payments will increase annually by 2% from 1 April 2022 and on each 1 April thereafter until September 2026. The recovery plan will be reviewed as part of the September 2020 actuarial valuation.

The scheme is classified as a 'last man standing' arrangement. Therefore, MHL 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.

London Borough of Merton and Essex County Council pension schemes

MHL provides two pension schemes under the Local Government Pension Scheme (LGPS) to its employees. Both schemes are defined benefit schemes and have been closed to new employees.

The last full actuarial valuations were conducted as at 31 March 2019 by independent, qualified actuaries, Barnett Waddingham LLP for both schemes, using the projected unit credit method. The valuation has set the contributions for the period from 1 April 2020 to 31 March 2023.

To assess the value of the Employers' liabilities at 31 March 2021, Barnett Waddingham LLP have rolled forward the value of the Employers' liabilities calculated for the funding valuations as at 31 March 2019, using financial assumptions that comply with FRS 102. To calculate the asset share, they have rolled forward the assets allocated to MHL at 31 March 2019 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of MHL and its employees.

27. Pension obligations (continued)

The financial assumptions, set with reference to market conditions at the reporting date, used to calculate the results are as follows:

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2021	2021	2021
Assumptions as at 31 March:	% pa	% pa	% pa
RPI increases	3.3%	3.3%	3.4%
CPI increases	2.9%	2.9%	2.9%
Salary increases	3.9%	3.9%	n/a
Pension increases	n/a	2.9%	2.9%
Discount rate	2.2%	2.0%	2.0%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	n/a	n/a

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2020	2020	2020
Assumptions as at 31 March:	% pa	% pa	% pa
RPI increases	2.6%	2.8%	2.9%
CPI increases	1.6%	1.9%	2.0%
Salary increases	2.6%	2.9%	n/a
Pension increases	n/a	1.9%	2.0%
Discount rate	2.4%	2.4%	2.4%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	n/a	n/a

The expected return on assets is the discounted rate.

27. Pension obligations (continued)

The assumed life expectations from age 65 are:

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2021	2021	2021
	Years	Years	Years
Retiring today - Males	21.6	21.6	21.1
Retiring today - Females	23.5	23.4	23.9
Retiring in 20 years - Males	22.9	22.9	22.4
Retiring in 20 years - Females	25.1	24.7	25.3

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2020	2020	2020
	Years	Years	Years
Retiring today - Males	21.5	21.8	21.4
Retiring today - Females	23.3	23.7	24.0
Retiring in 20 years - Males	22.9	23.2	22.8
Retiring in 20 years - Females	24.5	25.2	25.5

Amounts recognised in the surplus in respect of these defined benefit schemes are as follows:

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund	Total
	2021	2021	2021	2021
	£000	£000	£000	£000
Service cost	(29)	(18)	-	(47)
Net interest on defined benefit liability	(101)	(10)	(17)	(128)
Administration expenses	(28)	(1)	(2)	(31)
Total	(158)	(29)	(19)	(206)

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund	Total
	2020	2020	2020	2020
	£000	£000	£000	£000
Service cost	(83)	(30)	-	(113)
Net interest on defined benefit liability	(291)	(11)	(16)	(318)
Administration expenses	(28)	(1)	(2)	(31)
Total	(402)	(42)	(18)	(462)

27. Pension obligations (continued)

Amounts recognised in other comprehensive income in respect of these defined benefit schemes are as follows:

Remeasurement of pension liability in other comprehensive income	SHPS DB Pension Fund 2021 £000	Essex Pension Fund 2021 £000	Merton Pension Fund 2021 £000	Total 2021 £000
Return on assets in excess of interest	3,914	582	428	4,924
Change in financial assumptions	(10,261)	(645)	(473)	(11,379)
Change in demographic assumptions	(203)	44	30	(129)
Actuarial gains/(losses) due to scheme experience	(22)	35	38	51
Remeasurement of pension liability	(6,572)	16	23	(6,533)

Remeasurement of pension liability in other comprehensive income	SHPS DB Pension Fund 2020 £000	Essex Pension Fund 2020 £000	Merton Pension Fund 2020 £000	Total 2020 £000
Return on assets in excess of interest	(29)	(179)	(117)	(325)
Other actuarial gains/(losses)	-	21	(87)	(66)
Change in financial assumptions	5,839	240	188	6,267
Change in demographic assumptions	460	11	79	550
Actuarial gains/(losses) due to scheme experience	1,108	(27)	(110)	971
Remeasurement of pension liability	7,378	66	(47)	7,397

The amounts included in the statement of financial position arising in respect of these defined benefit schemes are as follows:

Net pension liability in the statement of financial position as at 31 March:	SHPS DB Pension Fund 2021 £000	Essex Pension Fund 2021 £000	Merton Pension Fund 2021 £000	Total 2021 £000
Present value of defined benefit obligation	(56,208)	(3,236)	(2,678)	(62,122)
Fair value of Fund assets (bid value)	45,927	2,837	1,956	50,720
Deficit	(10,281)	(399)	(722)	(11,402)

Net pension liability in the statement of financial position as at 31 March	SHPS DB Pension Fund 2020 £000	Essex Pension Fund 2020 £000	Merton Pension Fund 2020 £000	Total 2020 £000
Present value of defined benefit obligation	(45,525)	(2,664)	(2,295)	(50,484)
Fair value of Fund assets (bid value)	40,587	2,227	1,555	44,369
Deficit	(4,938)	(437)	(740)	(6,115)

27. Pension obligations (continued)

Movements in the present value of defined benefit obligations were as follows:

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2021	2021	2021
	£000	£000	£000
Opening defined benefit obligation	(45,525)	(2,664)	(2,295)
Current service cost	(29)	(18)	-
Expenses	(28)	-	-
Interest cost	(1,072)	(62)	(53)
Change in financial assumptions	(10,261)	(645)	(473)
Change in demographic assumptions	(203)	44	30
Actuarial gains/(losses) due to scheme experience	(22)	35	38
Estimated benefits paid net of transfers in	1,003	81	75
Contributions by scheme participants	(71)	(7)	-
	(56,208)	(3,236)	(2,678)

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2020	2020	2020
	£000	£000	£000
Opening defined benefit obligation	(52,852)	(2,863)	(2,484)
Current service cost	(83)	(19)	-
Past service cost	-	(11)	-
Expenses	(28)	-	-
Interest cost	(1,205)	(68)	(57)
Change in financial assumptions	5,839	240	188
Change in demographic assumptions	460	11	79
Actuarial gains/(losses) due to scheme experience	1,108	(27)	(110)
Estimated benefits paid net of transfers in	1,322	79	89
Contributions by scheme participants	(86)	(6)	-
	(45,525)	(2,664)	(2,295)

27. Pension obligations (continued)

Movements in the fair value of defined benefit obligations were as follows:

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2021	2021	2021
	£000	£000	£000
Opening fair value of Fund assets	40,587	2,227	1,555
Interest on assets	971	52	36
Return on assets in excess of interest	3,914	582	428
Administration expenses	-	(1)	(2)
Contributions by employer including unfunded	1,387	51	14
Contributions by Fund participants	71	7	-
Estimated benefits paid plus unfunded net of transfers in	(1,003)	(81)	(75)
	45,927	2,837	1,956

The total return on the SHPS DB Pension Fund assets for the year to 31 March 2021 is £4,885,000.
The total return on the Essex Pension Fund assets for the year to 31 March 2021 is £634,000.
The total return on the Merton Pension Fund assets for the year to 31 March 2021 is £464,000.

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2020	2020	2020
	£000	£000	£000
Opening fair value of Fund assets	39,593	2,392	1,797
Interest on assets	914	57	41
Return on assets in excess of interest	(29)	(179)	(117)
Other actuarial gains/(losses)	-	21	(87)
Administration expenses	-	(1)	(2)
Contributions by employer including unfunded	1,345	10	12
Contributions by Fund participants	86	6	-
Estimated benefits paid plus unfunded net of transfers in	(1,322)	(79)	(89)
	40,587	2,227	1,555

The total return on the SHPS DB Pension Fund assets for the year to 31 March 2020 is £885,000.
The total return on the Essex Pension Fund assets for the year to 31 March 2020 is £122,000.
The total return on the Merton Pension Fund assets for the year to 31 March 2020 is £76,000.

27. Pension obligations (continued)

The analysis of the scheme assets at reporting date was as follows:

SHPS DB Pension Fund - Employer asset share - bid value	2021	2021	2020	2020
	£000	%	£000	%
Absolute return	2,535	5%	2,116	5%
Alternative risk premia	1,730	4%	2,838	7%
Corporate bond fund	2,714	6%	2,314	6%
Credit relative value	1,445	3%	1,113	3%
Distressed opportunities	1,326	3%	782	2%
Emerging markets debt	1,854	4%	1,229	3%
Fund of hedge funds	5	-	24	-
Global equity	7,320	16%	5,936	15%
High yield	1,375	3%	-	-
Infrastructure	3,062	7%	3,020	7%
Insurance-linked securities	1,103	2%	1,247	3%
Liability driven investment	11,673	25%	13,470	33%
Liquid Credit	548	1%	17	-
Long lease property	900	2%	702	2%
Net current assets	279	1%	174	-
Opportunistic credit	1,259	3%	-	-
Opportunistic illiquid credit	1,168	3%	982	2%
Private debt	1,095	2%	818	2%
Property	954	2%	894	2%
Risk sharing	1,672	4%	1,371	4%
Secured income	1,910	4%	1,540	4%
Total assets	45,927	100%	40,587	100%

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.

Essex Pension Fund - Employer asset share - bid value	2021	2021	2020	2020
	£000	%	£000	%
Equities	1,753	62%	1,303	59%
Gilts	73	2%	96	4%
Other bonds	142	5%	135	6%
Property	202	7%	200	9%
Cash/temporary investments	134	5%	93	4%
Alternative assets	328	12%	257	12%
Other managed funds	205	7%	143	6%
Total assets	2,837	100%	2,227	100%

27. Pension obligations (continued)

Merton Pension Fund - Employer asset share - bid value	2021	2021	2020	2020
	£000	%	£000	%
Equities	1,268	65%	922	59%
Gilts	160	8%	200	13%
Property	52	3%	54	3%
Cash	75	4%	8	1%
Multi asset credit	163	8%	134	9%
Diversified growth	159	8%	141	9%
Infrastructure	79	4%	96	6%
Total assets	1,956	100%	1,555	100%

Social Housing Pension Scheme (SHPS) - The Growth Plan

MHL participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for MHL to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme. The scheme is closed to new employees.

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

The scheme is classified as a "last man standing" arrangement. Therefore MHL 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.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m.

To eliminate this funding shortfall, the trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025	£11,243,000 per annum (payable monthly and increasing by 3.0% each year on 1 April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025	£12,945,440 per annum (payable monthly and increasing by 3.0% each year on 1 April)
From 1 April 2016 to 30 September 2028	£54,560 per annum (payable monthly and increasing by 3.0% each year on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

As the scheme is in deficit and MHL has agreed to a deficit funding arrangement, MHL recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	2021	2020
	£000	£000
Present value of provision	(30)	(36)

28. Contingent liabilities

MHL has been notified by TPT Retirement Solutions that the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2019 was £43.3m.

MHL has been notified by TPT Retirement Solutions that the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Growth Plan as at 30 September 2020 was £103k.

29. Statement of cash flows - Group

Reconciliation of surplus for the year to cash generated from operations:

	2021	2020
	£000	£000
Surplus for the year	36,425	26,653
Adjustments for non-cash items		
Depreciation of tangible fixed assets	14,771	12,300
Amortisation of government grants	(4,865)	(4,779)
Impairment of tangible fixed assets	916	963
Pension costs less contributions payable	(1,246)	(905)
Movement in fair value of financial instruments	(1,791)	2,645
Changes in working capital		
Increase in housing stock	18,148	(3,038)
Decrease/(increase) in debtors	11,943	(15,873)
Increase in creditors	4,391	7,369
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	(18,667)	(24,178)
Cost of tangible fixed asset disposals	12,186	14,441
Interest payable	19,345	20,545
Interest receivable	(31)	(183)
Additional cash collateral (returned)/paid	(7,373)	7,430
Cash generated from operations	84,152	43,390

30. Related party transactions

Key management personnel are Board members and the Executive Team. Their only transactions with Moat are remuneration which is disclosed in notes 4 and 5.

The names of all Group members are set out in note 13. MHL is regarded by the Board as the ultimate parent undertaking of the Group. The consolidated financial statements incorporate the financial statements of all Group members.

Transactions with pension schemes which benefit employees are disclosed in note 27.

31. Analysis of intra group transactions between regulated and non-regulated entities

Moat incorporates MHL and MHG which are both registered providers of social housing regulated by the Regulator of Social Housing (RSH). Other group members are not regulated by the RSH. These are MDL, MFM and MCS which are dormant and MHF which is a special purpose vehicle set up to raise funds through a bond issue.

MHL intra-group transactions with MHF:
MHF obtains finance directly from capital markets and on-lends to MHL. The on-lent funding to MHL is under a secured loan agreement, which is backed by housing assets of MHL. If there are any payments which are not made to MHF, then it has the right to enforce the security under the loan. During the year MHL paid £11.0m to MHF in interest payments (2020: £8.9m). At 31 March 2021, MHL owed MHF £289k (2020: £289k) of accrued interest and £289.2m (2020: £291.2m) of loans.

32. Legislative authority

Moat Homes Limited and Moat Housing Group Limited are incorporated under the Co-operative and Community Benefits Societies Act 2014. Moat Development Limited, Mariner Facilities Management Limited, Moat Homes Finance Plc, and Moat Construction Services Limited are incorporated under the Companies Act 2006. In addition Moat Homes Limited and Moat Housing Group Limited are Registered Providers.

Moat

Registered under the Co-operative and Community Benefits Societies Act 2014 No. 17434R
Registered under Section 5 of the Housing Associations Act 1985 No. L0386

moat.co.uk

Moat Homes Limited is a charitable housing association. August 2021 Ref 088