

Registered company number: 8662400

Registered charity number: 1162562

Registered provider number: 4821

Chartford Housing Limited

Report and Financial Statements

Year ended 31 March 2019

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Chartford Housing Limited

BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

Directors/

Management Board

Mark Dowson (Chair)	John Bell
Sarah Benjamin	Yvonne Castle
Phillip Charlton	Alan Goodrum
Wayne Noteman	

Senior Management Team: The executive comprise the senior management team of the sole member, Horton Housing Association.

Registered Office: Chartford House, 54 Little Horton Lane, Bradford, BD5 0BS

Company Registration no: 8662400

Charity Registration no: 1162562

Registered Provider no: 4821

Solicitors: Schofield Sweeney
Church Bank House
Church Bank
Bradford
BD1 4DY

Auditors: Saffery Champness LLP
Mitre House
North Park Road
Harrogate
HG1 5RX

Bankers: Barclays Bank plc
10 Market Street
Bradford
BD1 1NR

Development consortium: Accent Group Development Consortium
Charlestown House
Acorn Park Industrial Estate
Shipley
BD17 7SW

Development partner: Greenoak Development Consultancy
High Austby House
Ilkley
LS29 0BJ

Chartford Housing Limited

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31 March 2019.

CONSTITUTION

Chartford Housing Limited was incorporated (in the United Kingdom) on 23 August 2013 and is constituted as a company limited by guarantee and not having a share capital. As at 31 March 2019 the sole member, Horton Housing Association, had guaranteed £1 in the event of a winding up of the company. The current Articles of Association are as amended by special resolutions dated 24 June 2015.

The company registered with the Charity Commission as a charity on 7 July 2015. The company registered with the Homes and Communities Agency as a registered provider on 1 October 2015 and started operations on that date.

PRINCIPAL ACTIVITIES

The charitable objects of the company are to carry on for the benefit of the community the business of providing housing, including the provision of social housing, and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means.

In the year covered by these accounts the principal activities of the company were:

- 1) Acting as a landlord for supported housing providers who are not registered providers
- 2) Developing residential supported housing properties with the assistance of Homes England grants

As a member of the Horton Housing Group the company works closely with the other group members: Horton Housing Association, Horton Housing Support Limited and Bradford Base Social Enterprise Company Limited. The company has paid due regard to the Charity Commission guidance on public benefit.

GOVERNANCE, BOARD MEMBERS AND EXECUTIVE OFFICERS

The Management Board has adopted and complies with the NHF 2015 Code of Governance.

The Management Board comprises all the current directors of the company and must comprise of no less than 5 and no more than 12 members. The following are directors of the company that have held office during the year and until the date this report was approved:

Mark Dowson (Chair)	John Bell
Sarah Benjamin	Yvonne Castle
Phillip Charlton	Robert Clayton (resigned 15 January 2019)
Alan Goodrum	Wayne Noteman

The Board meet every two months. All staff resources and other resources, including the skills of the senior management team, are provided under a Support Services Agreement with the parent undertaking, Horton Housing Association, and agreed costs charged to Chartford Housing Limited through an inter-company management charge.

Chartford Housing Limited

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW AND FINANCIAL RESULTS

At the beginning of the financial year the company owned 46 units of supported accommodation in Bradford, Halifax and Skipton and also leased or managed a further 310 units for let as supported accommodation. The rents from all the properties are guaranteed under management agreements with managing agents. During the year the company purchased or developed 47 further units of supported accommodation in Bradford and Halifax. Some of these were to replace some of the short term leased properties. The company leased or managed 272 units of supported accommodation as at the 31 March 2019.

The new developments in Halifax relate to the conversion of a former Georgian house into 3 self-contained flats in Trinity Place and the conversion and extension of a former NHS building on Hopwood Lane into 16 self-contained flats. Trinity Place completed at the end of April 2018 and Hopwood Lane main building completed in October 2018, with the extension completing in February 2019. Both developments benefit from Homes England Social Housing Grant as well as Empty Homes Grant from Calderdale Council. The new development in Bradford relates to the acquisition, refurbishment and reconfiguration of 23 self-contained flats, partially funded by Social Housing Grant which was completed in October 2018. In addition, 5 further dispersed properties were purchased and refurbished. On all developments the balance of funding comes via a loan from Horton Housing Association. Grants are recognised in the accounts when grant conditions are met, which for Homes England and Calderdale Council grants is on completion of the development, in accordance with the Housing SORP 2014.

The rent received for owned properties and properties on short-term lease agreements amounted to £548k in the year to 31 March 2019 (2018: £445k).

The overall surplus for the year amounted to £444k (2018: £61k) and reserves of £1,269k are carried forward at 31 March 2019. The value of residential property held by the company as at 31 March 2019 was £6.5 million (2018: £5.0 million).

FUTURE DEVELOPMENTS

The company continues to work with the Accent Group Development Consortium and Horton Housing Association to identify new opportunities to develop new supported housing schemes. In 2019-20 the company plans to begin the development of 26 new build flats, a property conversion to create 4 flats, and the acquisition and refurbishment of approximately 20 dispersed properties for ex-offenders and move-on use. The company is also working on a proposal for a new gypsy and traveller site in the York area.

POLICY, PROCEDURE AND INTERNAL CONTROL

The company has adopted all of the policies, procedures and internal controls of its parent, Horton Housing Association, which are also adopted by other members of Horton Housing Group. Some of those policies, procedures and internal controls have been modified to take into account the particular activities of the company. The company has also developed some of its own specific policies and procedures where it has been felt necessary. The Group has its own Quality Assurance Team (QAT) that provides an internal audit function for all members. The QAT develop an annual Group Risk-Based Internal Audit Plan that is then implemented over the course of the financial year.

Chartford Housing Limited

REPORT OF THE DIRECTORS (CONTINUED)

RESERVES POLICY

The company has adopted the Reserves Policy of the Horton Housing Group and does not operate a separate policy. The policy sets out that sufficient reserves should be maintained “in order to provide reliable services over the longer term and have the capacity to absorb setbacks and to take advantage of change and opportunity”.

The Horton Housing Group operates comprehensive risk management procedures in order to minimise the risk of sudden financial loss or the inability to continue operating. One of the Group’s key strategic objectives is to grow the business, particularly its property assets, and Chartford Housing Limited is a primary deliverer of that objective. The company benefits from loan financing and operational support from the Group parent company, Horton Housing Association. These arrangements are set out in an Intragroup Agreement and Support Services Agreement. Good risk management enables the company to use its available funds as fully as possible to achieve its charitable objectives and reduces the need for large reserves to be held as cash.

The company aims to steadily build up its reserves and as at 31 March 2019 the company’s unrestricted general reserve stood at £1,195k and the revaluation reserve at £74k. The level of reserves is regularly monitored as part of its financial reporting and budgeting processes.

IDENTIFYING AND EVALUATING KEY RISKS

There are over-arching Group Strategic and Operational Risk Registers (ORR) which apply to all the group entities and which identify key risks and the controls required to manage those risks. New risks can be added to the ORR at any time, it is reviewed quarterly, and there is an annual review as part of the business planning process. A separate ORR for Chartford Housing Limited covers risks specifically related to the company. This is reviewed six-monthly by the Board, with the business plan, and quarterly by senior management.

A Group Audit Committee, to which a member of the Chartford Housing Limited Board is appointed, carries out a three-year cycle of reviews to consider every risk on the ORR and assess the effectiveness and adequacy of the controls to limit those risks. Risks relating specifically to Chartford Housing Limited were incorporated into this cycle from 1st April 2017. The reviews assess whether any actions are required to ensure each risk is adequately controlled.

INFORMATION AND PERFORMANCE REPORTING SYSTEMS

The Board has identified Key Performance Indicators and performance against these indicators is reviewed by the Board at its regular meetings. Many of the indicators used are those used by Housemark and/or Acuity Smaller Providers Benchmarking (SPBM) so that the company can benchmark against others in the sector. The indicators provide data on:

- Rent collected, rent arrears, rent lost through voids, rent lost through bad debts
- Average re-let times, unoccupied days
- Emergency repairs, urgent repairs & routine repairs performance
- Gas Safety Certification
- Client satisfaction with repairs and other services
- Complaints, incidents and accidents
- VFM Standard (April 2018) metrics

Chartford Housing Limited

REPORT OF THE DIRECTORS (CONTINUED)

EFFICIENCY AND VALUE FOR MONEY

The Group and the company aim to ensure efficiency through:

- Strong and accountable governance
- A commitment to quality
- Management competency
- Good employment practices
- Continuous service delivery improvement
- Sustainable growth
- Sound financial control and management
- Staff awareness of the need for efficiency
- Involving clients in the services they receive
- Good procurement practices

To ensure that services provide Value for Money they need to be:

- Delivered economically
- Delivered efficiently
- Delivered effectively
- Of the right quality
- Designed to meet the needs of our clients and other stakeholders

The company is required to demonstrate that it meets the Regulator of Social Housing's VFM Standard (April 2018). The Standard requires Registered Providers to annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:

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

The company used to adopt the Group's Efficiency Strategy and accompanying Efficiency Strategy Action Plan. Following the release of the VFM Standard (April 2018) the company developed its own VFM Strategy and carried out a full review of how the Board ensures that VFM is an integral part of everything the company does. As a result of this review the Board has expanded on its strategic objectives as set out in the company's business plan. These now make clear the VFM objectives and ensures that the business plan targets include achievable VFM goals. Additionally, the KPIs reported to the Board have been expanded to include the performance metrics set out by the Regulator of Social Housing and further additional VFM related indicators.

The Regulator published a set of nine metrics, under five headings, that must be reported upon and we set these out below, identified with an asterisk, and with a brief commentary on each. We also show some of our own internal metrics that we think add to an understanding of the company's performance. Where available we have used the SPBM (Small Providers Benchmarking) Outcomes for 2018 as a benchmark comparison figure and comment upon variances from the benchmark.

Chartford Housing Limited

REPORT OF THE DIRECTORS (CONTINUED)

Business health

***Operating margin (overall) 31.1% (2018: 31.7%) SPBM benchmark 2018: 22.26%**

The company has had healthy operating margins however, as we are relatively small, the denominator (income) in this calculation can be disproportionately affected by the amount of social housing grant we receive in a year. Operating margin could potentially vary considerably depending on when new developments are completed as SHG is not taken to income until completion.

***Operating margin (social housing lettings) 31.1% (2018: 31.7%) SPBM benchmark 2018: 26.40%**

This figure is the same as Operating Margin (overall) as all of the company's income is from social housing lettings.

***EBITDA MRI 121.1% (2018: 228.8%) SPBM benchmark 2018: 297.48%**

This figure shows interest cover and is a key indicator for liquidity and investment capacity. The figures exclude the effects of grant recognition and any impairment. It measures the level of surplus generated compared to interest payable. Our figures have reduced this year due to the amount of development we have undertaken, and the related loan interest that we have paid. This is reflective of being a developing association. Most small providers in the SPBM benchmark group are not developing to the same extent.

Development

***New supply (social) 47 (2018: 1) SPBM benchmark 2018: 0**

Units developed as a % of owned (social) 12.9% (2018: 0.3%) SPBM benchmark 2018: 0

***New supply (non-social) We have no non-social housing so this metric does not apply to us.**

As a new and small provider we are developing at a sustainable pace. As we grow and build capacity we expect to be able to increase supply. There were numerous completions in the current year as we completed a number of schemes.

***Gearing 82.8% (2018: 75.5%) SPBM benchmark 2018: 19.92%**

As a new provider that was set up primarily to develop new property the gearing is high compared to the sector benchmark. Loan finance is provided by the parent of the Group, Horton Housing Association, which is committed to supporting Chartford Housing's development plans.

Cumulative Homes England SHG invested £2,241,028 (2018: £893,528)

This reflects the amount of development activity that has occurred in the last two financial years.

Chartford Housing Limited

REPORT OF THE DIRECTORS (CONTINUED)

Outcomes delivered

Customer satisfaction **90.3% (2018: 92.8%)** **SPBM benchmark 2018: 92.0%**

These figures relate to the Horton Housing Group as a whole. Most of the properties of the group are owned or leased by Chartford Housing for use by clients of Horton Housing Association or Horton Housing Support Limited so these figures present a fair reflection of customer satisfaction with Chartford Housing. Our annual client satisfaction survey is carried out towards the end of each calendar year and there were 351 respondents this year (2018: 331).

***Reinvestment** **38.2% (2018: 46.9%)** **SPBM benchmark 2018: 4.14%**

This metric looks at the investment in property as a percentage of the value of total properties held. Unlike most small providers, Chartford Housing Limited is actively developing.

Lettable days available from owned property **28,529 (2018: 13,434)**

Actual number of days let as a % of lettable days **95.1% (2018: 96.1%)**

Effective Asset Management

***Return on capital employed** **9.1% (2018: 3.3%)** **SPBM benchmark 2018: 3.44%**

This metric compares the operating surplus to total assets less current liabilities. Because the company is small and takes Social Housing Grant to income when performance related conditions are met there are likely to be large variations dependent on how many developments are completed in a particular financial year. 2019 has been significantly affected by the amount of grant received in the year in the same way as the Operating Margin metric is affected.

Operating efficiencies

***Headline social housing cost per unit** **£929 (2018: £691)** **SPBM benchmark 2018: £4,258**

Underlying cost per unit is currently very low and this is mainly because all the developments are new since operations began and there has therefore been relatively little maintenance cost. In addition, the management agreements with managing agents mean that day-to-day maintenance and service charge costs are the responsibility of the agent. The increase reflects the increase in directly owned properties of Chartford Housing Limited, managed by agents, as compared to those properties leased to Chartford Housing Limited and then managed by the lessors under a lease and management arrangement. Over time we expect our social housing costs per unit to increase.

Management fees paid per unit of stock (owned and leased) **£298 pa (2018: £295 pa)**

Total cost of delivery of each lettable day **£23.24 (2018: £31.25)**

Chartford Housing Limited

REPORT OF THE DIRECTORS (CONTINUED)

The company is able to take advantage of being a part of the Horton Housing Group. Chartford Housing benefits from the resources of the Group and in particular it has benefitted from:

- Low borrowing costs which have been passed on in the inter-company loan agreements to Chartford Housing Limited.
- An annual fixed inter-company management charge with the Group which provides all the administrative resources required to operate the company.
- Management agreements with managing agents that are members of the Group, that passes the responsibility for day-to-day repairs and most housing management functions to the managing agents.
- Management agreements with managing agents that are members of the Group, that passes the risk of rent voids and bad debt losses to the managing agents.

Evidence of efficiency gains

Every year targets are set within the company's Business Plan that include actions relating to improving Value for Money. We seek to identify and improve in areas that we think can be improved. VFM gains may be financial or qualitative and we enter data on our VFM Register to tabulate and quantify the gains made. The VFM Register relates to the Horton Housing Group as a whole. If the Group as a whole makes gains then this assists in keeping down the inter-company charges made to Chartford Housing Limited. We have selected examples of some of the efficiencies that have been made including those that have particular relevance to Chartford Housing Limited:-

- In December 2017 the Group purchased BRIXX software to improve the speed and accuracy of long-term financial forecasting, and this was implemented in the 2018/19 financial year.
- The Group created a new post of Head of ICT and appointed in March 2019. The new post will make savings in consultants costs by bringing the in-house expertise required to develop a new ICT Strategy. It is expected that improvements in ICT Department efficiency, ICT procurement and ICT service reliability will result from this appointment.
- The Group created the new post of Compliance Manager in 2018. This post is expected to ensure compliance with GDPR and Health & Safety legislation. It should also improve performance reporting to SMT and the Boards of all group companies.
- The Group carried out a stock condition survey on all its stock and updated its planned maintenance programme based on the results. This should ensure that stock continues to meet the quality standards expected.
- In May 2018 the Group upgraded from Kypera to Castleton Housing and Financials, including a Fixed Asset module, to further improve the housing management and finance systems.

Chartford Housing Limited

REPORT OF THE DIRECTORS (CONTINUED)

COMPLIANCE WITH THE GOVERNANCE AND FINANCIAL VIABILITY STANDARD

In order to register as a Registered Provider on 1 October 2015 the company had to demonstrate to the then HCA that it met the Governance and Financial Viability Standard. The Board assess their compliance with the Standard at least once a year and more often if there are any significant events that might affect compliance. The Board seek assurance that they continue to comply with the Standard via management self-assessment. In 2016/17 an external consultant also reviewed compliance with the Standard through an advisory audit. In 2017/18 the management self-assessment was formalised into a template form, which the Board reviews annually. This was subject to formal audit in 2018/19 and continues to provide the Board with re-assurance. An updated 2018/19 management self-assessment was completed in early 2019. The Board is satisfied that it meets all the requirements of the Standard at the date of this report.

COMPLIANCE WITH OTHER RSH STANDARDS

The company completed a full review of its compliance with RSH Standards in 2016/17 using management self-assessment and an advisory audit by an external consultant. In 2017/18 the management self-assessment was formalised into a template form, which the Board reviews each year. For 2018/19 this exercise was completed again and reviewed by the Board in early 2019. The Board is satisfied that it continues to meet all the requirements of the RSH Standards at the date of this report, with one exception.

The exception relates to the Home Standard, specifically “criterion d, 5.23” in section 5 of the Decent Homes Guidance, which relates to the type of heating systems that should be used in a Decent Home. The company has identified that the electrical heating systems in some properties that are leased from private landlords cannot be classed as “electric storage heaters” and therefore, as set out at section 5.25, fail the Decent Homes standard. The Board has satisfied itself that, in all other respects, these properties meet the thermal comfort requirements of the Standard and do not create a Category 1 hazard in terms of excess cold.

The company has set out a target for all properties to meet the Decent Homes Standard and is working with those private landlords to ensure, as a minimum, that heating systems are modernised or, if this cannot be agreed the properties are handed back at the end of their leases. We set out below the progress made and the maximum timeframes (determined by the length of leases) set to reduce the number of affected properties to zero.

Actual March 2018	Actual March 2019	Target March 2020	Target March 2021	Target March 2022	Target March 2023
94	55	33	31	20	0

STATEMENT OF THE RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors (who are also the Trustees of the Charitable Company) are responsible for preparing the Directors’ report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources including the income and expenditure of the company for that period.

Chartford Housing Limited

REPORT OF THE DIRECTORS (CONTINUED)

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- observe the methods and principles in the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2014, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable company and enable it to ensure that the financial statements comply with paragraph 16 of Schedule 1 to the Housing Act 1996 (to 31st March 2011) and The Housing and Regeneration Act 2008, (from 1st April 2011) and the Accounting Direction for Social Housing in England from April 2015 and the Companies Act 2006.

They are also responsible for safeguarding the assets of the Charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

At the date of making this report each of the company's Directors, as set out on page 2, confirm the following:

- So far as each Director is aware, there is no relevant audit information of which the Charitable company's auditors are unaware; and
- Each Director has taken all the steps that he ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The Report of the Directors was approved on 16th July 2019 and signed on its behalf by:

Chair

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTFORD HOUSING LIMITED

Opinion

We have audited the financial statements of Chartford Housing Limited for the year ended 31 March 2019 which comprise the Statement of comprehensive income, Statement of financial position 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) and the Housing SORP 2014.

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 and The Accounting Direction for Social Housing in England from April 2015.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and,

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTFORD HOUSING LIMITED
(CONTINUED)**

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 9 and 10, the directors are 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTFORD HOUSING LIMITED
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

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.

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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Alison Robinson
For and on behalf of Saffery Champness LLP

Saffery Champness LLP
Chartered Accountants
Statutory Auditors
Mitre House
North Park road
Harrogate
HG1 5 RX

Date:

Saffery Champness LLP is eligible to act as an auditor
in terms of section 1212 of the Companies Act 2006

Chartford Housing Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	3	1,985,612	480,408
Operating expenditure		(1,369,071)	(328,232)
		<hr/>	<hr/>
Operating surplus	5	616,541	152,176
Interest receivable		-	-
Interest and financing costs	6	(172,472)	(91,521)
		<hr/>	<hr/>
Surplus for the year	13	444,069	60,655
Revaluation surplus	13	1,563	17,066
		<hr/>	<hr/>
Total comprehensive income for the year		<u>445,632</u>	<u>77,721</u>

The notes on pages 18 to 27 form part of these financial statements.

All of the activities of the company are classed as continuing.

All recognised gains and losses are included in the statement of comprehensive income.

Chartford Housing Limited

**STATEMENT OF FINANCIAL POSITION
at 31 March 2019**

Registered Company number: 8662400

	Note	2019 £	2018 £
Tangible fixed assets			
Housing properties	8	6,485,789	5,033,434
		<hr/>	<hr/>
		6,485,789	5,033,434
Current assets			
Debtors	9	225,373	144,642
Cash and cash equivalents		273,840	273,730
		<hr/>	<hr/>
		499,213	418,372
Creditors: amounts falling due within one year	10	(216,140)	(864,032)
		<hr/>	<hr/>
Net current (liabilities)/assets		283,073	(445,660)
Total assets less current liabilities		<hr/>	<hr/>
		6,768,862	4,587,774
Creditors: amounts falling due after more than one year	11	(5,500,000)	(3,764,544)
Total net assets		<hr/>	<hr/>
		1,268,862	823,230
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Non-equity share capital		-	-
Revenue reserves	13	1,195,324	749,000
Revaluation reserve	13	73,538	74,230
Total reserves		<hr/>	<hr/>
		1,268,862	823,230
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 18 to 27 form part of these financial statements.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors on 16 July 2019 and signed on its behalf by:

Director

Director

Chartford Housing Limited

**STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2019**

	Note	Share capital £	Unrestricted fund £	Total £
Balance at 1 April 2017		-	745,509	745,509
Year ended 31 March 2018				
Surplus from statement of comprehensive income		-	77,721	77,721
Balance at 31 March 2018		-	823,230	823,230
Year ended 31 March 2019				
Surplus from statement of comprehensive income		-	445,632	445,632
Balance at 31 March 2019		-	1,268,862	1,268,862

The notes on pages 18 to 27 form part of these financial statements.

Chartford Housing Limited

STATEMENT OF CASH FLOWS
for the year ended 31 March 2019

	Note	2019 £	2018 £
Net cash inflow from operating activities	16	<u>1,137,825</u>	<u>912,102</u>
Cash flow from investing activities			
Purchase and construction of housing properties	8	(2,480,699)	(2,362,065)
		<u>(2,480,699)</u>	<u>(2,362,065)</u>
Cash flow from financing activities			
New Loans		7,179,409	2,252,245
Loan repayments		(5,663,953)	(490,625)
Interest paid	6	(172,472)	(91,521)
		<u>1,342,984</u>	<u>1,670,099</u>
Net change in cash and cash equivalents in the period		<u>110</u>	<u>220,136</u>
Cash and cash equivalents at the beginning of the period		<u>273,730</u>	<u>53,594</u>
Cash and cash equivalents at the end of the period		<u><u>273,840</u></u>	<u><u>273,730</u></u>

The notes on pages 18 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

1 LEGAL STATUS

The company is registered with the Regulator of Social Housing (RSH) as a housing provider.

2 ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and comply with the Accounting Direction for Social Housing in England from April 2015. Chartford Housing Limited meets the definition of a public benefit entity under FRS 102.

Accounting Convention

The financial statements are prepared under the historical cost convention, modified by the revaluation of land and buildings. The accounting policies have been applied consistently (except as otherwise stated).

Going concern

The financial statements have been prepared on a going concern basis. The Company has adequate reserves and a satisfactory level of contracted future income. The Company is financed by loans from its parent entity, Horton Housing Association.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, management charges for services supplied in the year and grants and donations received in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting.

Interest payable

Interest is allocated at a constant rate on the carrying amount over the period of the borrowing. Interest payable is charged to the income and expenditure account in the year.

Tax status

The company has charitable status, and is therefore not subject to taxation on surpluses arising from its charitable activities.

Housing properties

Housing properties are principally properties available for rent and are stated at valuation. The initial cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

2 ACCOUNTING POLICIES (continued)

Housing properties under construction are transferred to housing properties held for letting on the date of practical completion.

Depreciation of housing properties

Freehold land is not depreciated.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. Major components are treated as separable assets and depreciated over the shorter of their expected useful economic lives or the lives of the structure to which they relate, over the following periods:

Kitchen	15 years
Bathroom	15 years
Boiler	15 years
Internal doors	20 years
Windows	30 years
External doors	30 years
Electrical	30 years
Central heating rads and pipework	30 years
Roof	40 years
Structure	40 years

Impairment

Housing properties will be reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to the operating surplus for the year.

In addition, revaluations of properties are undertaken on completion of developments and at regular intervals thereafter. If these valuations are less than the carrying value of the property, an impairment charge will result. The impairment charge is charged to operating surplus for the year, unless there has been a previous upward revaluation of that property. In that case the impairment would be charged to revaluation reserves (to the extent of previous upward revaluations) with any balance then being charged to operating surplus.

Financial Instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Social Housing Grant

Social Housing Grants (SHG) are receivable from Homes England, and are utilised to fund an element of the capital costs of housing properties.

SHG is recognised using the performance model under the Housing SORP 2014, and recognised as revenue when performance-related conditions are met. Any grants that do not have specific performance-related conditions imposed are recognised as revenue when the grant proceeds are received or receivable.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

2 ACCOUNTING POLICIES (continued)

SHG due from Homes England or received in advance is included as a current asset or liability.

Where, following the sale of a property, SHG becomes repayable, to the extent it is not subject to abatement, it is included as a current liability until it is repaid. SHG is sub-ordinated in respect of loans by agreement with Homes England.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Planned repairs (major repairs / cyclical maintenance)

Major repairs and cyclical maintenance are charged in the Income and Expenditure Account, except to the extent that major repairs result in an increase in net rental income, reduced future maintenance costs or a significant extension to the life of the property in which case the cost is capitalised.

Provision for the cost of major repairs and cyclical maintenance is only made where a legally binding obligation to carry out the work exists at the balance sheet date and the work has actually started or a liability incurred in respect thereof before that date.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Creditors and Provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Chartford Housing Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

3 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2019			2018		
	Turnover £	Operating costs £	Operating surplus £	Turnover £	Operating costs £	Operating surplus £
Social housing lettings and management charges	1,985,612	1,369,071	616,541	480,408	328,232	152,176

	Supported Housing £	Total 2019 £	Total 2018 £
Rent receivable net of identifiable service charges	356,536	356,536	244,752
Service charges receivable	-	-	-
Management charges	191,576	191,576	200,348
Government Grants taken to income	1,437,500	1,437,500	25,000
Other Income	-	-	10,308
Turnover from social housing lettings	<u>1,985,612</u>	<u>1,985,612</u>	<u>480,408</u>
Expenditure on social housing lettings			
Management costs	327,507	327,507	223,498
Routine maintenance	11,657	11,657	22,508
Depreciation of housing properties & other assets	151,420	151,420	82,226
Impairment of housing properties	878,487	878,487	-
Operating expenditure on social housing lettings	<u>1,369,071</u>	<u>1,369,071</u>	<u>328,232</u>
Operating surplus/(deficit) on social housing lettings	<u>616,541</u>	<u>616,541</u>	<u>152,176</u>
Void losses	<u>-</u>	<u>-</u>	<u>-</u>

Chartford Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

4 ACCOMMODATION

	2019	2018
	No.	No.
Managed by Agents (supported housing accommodation):	93	46
	<u>93</u>	<u>46</u>

The supported housing accommodation includes two flats (2018: two) for use by agents in furtherance of the performance of their duties.

In addition to the above, the company acted as landlord for 272 (2018: 310) units of supported housing accommodation under short-term leases from Horton Housing Association.

Units under development

There were 4 units (2018: 39) purchased, where construction has not yet commenced, at the year-end.

At the end of the year, the classes of accommodation are analysed as follows:

	2019	2018
	No.	No.
Supported housing accommodation:		
Self-contained flats	93	46
	<u>93</u>	<u>46</u>

5 OPERATING SURPLUS

The operating surplus is arrived at after charging:

	2019	2018
	£	£
Depreciation / impairment of housing properties	1,029,907	82,226
Auditors' remuneration for audit services	4,800	4,600
	<u>1,034,707</u>	<u>86,826</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Interest on group loans	<u>172,472</u>	<u>91,521</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

7 EMPLOYEES

The company does not directly employ any staff and no Directors' remuneration or key management personnel remuneration is included within these financial statements.

8 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Housing properties held for letting £	Housing properties under construction £	Total £
Cost/Valuation			
At 1 April 2018	3,066,542	2,058,052	5,124,594
Additions	-	2,480,699	2,480,699
Transfers	4,396,899	(4,396,899)	-
Impairment	(878,487)	-	(878,487)
	<u>6,584,954</u>	<u>141,852</u>	<u>6,726,806</u>
At 31 March 2019			
Depreciation			
At 1 April 2018	91,160	-	91,160
Charged in year	151,420	-	151,420
Revaluation	(1,563)	-	(1,563)
At 31 March 2019	<u>241,017</u>	<u>-</u>	<u>241,017</u>
Depreciated cost			
At 31 March 2019	<u>6,343,937</u>	<u>141,852</u>	<u>6,485,789</u>
At 31 March 2018	<u>2,975,382</u>	<u>2,058,052</u>	<u>5,033,434</u>

The properties held for letting are subject to regular valuations at Existing Use Value by Carter Towler LLP. In the opinion of the Directors there is no material difference between the value of land and buildings at 31 March 2019 and the latest valuations on those properties.

The historic cost of properties held for letting is £7,485,100 (2018 - £3,088,201).

9 DEBTORS

	2019 £	2018 £
Government grants receivable	144,833	40,000
Prepayments and accrued income	2,709	59,145
Inter-company account	77,831	45,497
	<u>225,373</u>	<u>144,642</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Debt (note 12)	-	220,000
Trade creditors	8,471	16,416
Accruals and deferred income	61,791	537,822
Inter-company account	145,878	89,794
	<u>216,140</u>	<u>864,032</u>

Included above is deferred income of £nil relating to government grants (2018: £410,625).

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Debt (note 12)	5,500,000	3,764,544
	<u>5,500,000</u>	<u>3,764,544</u>

12 DEBT ANALYSIS

	2019 £	2018 £
Due within one year	-	220,000
	<u>-</u>	<u>220,000</u>
Due after more than one year	5,500,000	3,764,544
	<u>5,500,000</u>	<u>3,764,544</u>
Debt is repayable as follows:		
Debt within one year	-	220,000
Between one and two years	-	257,500
Between two and five years	5,500,000	653,134
After five years	-	2,853,910
	<u>5,500,000</u>	<u>3,984,544</u>

The full amount of the debt above is unsecured.

Chartford Housing Limited

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

13 RESERVES

General Reserve	2019
	£
Opening funds at 1 April 2018	749,000
Surplus for the financial year	444,069
Transfer from Revaluation Reserve	2,255
	<hr/>
Closing funds at 31 March 2019	<u><u>1,195,324</u></u>

Revaluation Reserve

Opening balance at 1 April 2018	74,230
Revaluation	1,563
Transfer to General Reserve	<u>(2,255)</u>
Closing balance at 31 March 2019	<u><u>73,538</u></u>

14 FINANCIAL INSTRUMENTS

	2019	2018
Carrying amount of financial assets measured at amortised cost	<u>222,664</u>	<u>85,497</u>
Carrying amount of financial liabilities measured at amortised cost	<u>5,716,140</u>	<u>4,217,951</u>

15 FINANCIAL COMMITMENTS

Expenditure commitments are as follows:

	2019	2018
	£	£
Capital expenditure		
Expenditure contracted for but not provided in the accounts	<u><u>-</u></u>	<u><u>1,440,695</u></u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

16 CASH GENERATED FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Cash flow from operating activities		
Operating surplus	616,541	152,176
Depreciation and impairment of tangible fixed assets	1,029,907	82,226
Decrease in debtors	(80,731)	58,293
Increase/(decrease) in creditors	<u>(427,892)</u>	<u>619,407</u>
Net cash inflow from operating activities	<u><u>1,137,825</u></u>	<u><u>912,102</u></u>

17 CONTINGENT ASSETS/LIABILITIES

The company had no contingent assets or contingent liabilities at 31 March 2019 (2018: £nil).

18 ULTIMATE PARENT UNDERTAKING AND CONTROL

The company is limited by guarantee and is controlled by its sole member, Horton Housing Association. The company is consolidated into the financial statements of Horton Housing Association. The consolidated financial statements can be obtained from Chartford House, 54 Little Horton Lane, Bradford, BD5 0BS.

Horton Housing Association is registered under the Co-operative and Community Benefit Societies Act 2014 (25057R) and provides supported housing and related support to vulnerable people who are in need of such assistance.

19 POST BALANCE SHEET EVENTS

There were no post balance sheet events to report.

20 RELATED PARTIES

During the year expenses of £15 (2018 - £185) were paid to 1 Director

The company works closely with the other Horton Housing Group companies. It acts as landlord, by way of short-term leases, for properties owned or leased by Horton Housing Association (HHA), and then appoints HHA or Horton Housing Support Ltd (HHS) to manage them on a day-to-day basis. Leases and management agreements are in place to regulate these transactions and the company charges HHA and HHS a net fee per week for this service.

Chartford Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

HHA supplies the staff and support services to the company and receives a management fee for those services.

Chartford Housing also owns and leases property directly, some purchased from HHA, and it contracts the day-to-day housing management of these properties to HHA or HHS as appropriate. HHA or HHS receives a fee for these services. HHA also provides loan funding to Chartford Housing to enable it to develop and own properties. Interest is charged on these loans.

The following is a summary of the amounts recognised and received from the other group companies:

	2019	2018
	£	£
Fees charged to HHA		
- For acting as landlord for properties	58,385	61,331
- For use of one flat as an office	4,816	4,865
- Recharge of costs incurred on behalf	1,627	-
Fees charged to HHS		
- For acting as landlord for properties	120,748	124,605
- For use of property as an office	6,000	-
- Recharge of costs incurred on behalf	-	4,563
Total related party fee income	<u>191,576</u>	<u>195,364</u>
Fees from HHA for management services	54,096	46,145
Fees from HHA for support services	108,750	105,000
Interest charged on loan received from HHA	172,473	91,521
Fees from HHS for management services	20,078	-
Recharge of costs incurred by Bradford BASE on behalf of CHL	540	-
Total related party charges	<u>355,937</u>	<u>242,666</u>
Assets purchased from HHA	<u>-</u>	<u>1,183,022</u>

As at 31 March 2019, the following balances were due from/(to) the other Group companies:

	2019	2018
	£	£
Trading Accounts:		
Horton Housing Association	(145,338)	(89,794)
Horton Housing Support Ltd	77,831	45,497
Bradford BASE Social Enterprise Company Ltd	(540)	-
Loans from Horton Housing Association	(5,500,000)	(3,984,544)