

HORTON HOUSING ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022

HORTON HOUSING ASSOCIATION

FINANCIAL STATEMENTS

Year ended 31 March 2022

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HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2022

Registration

Horton Housing Association was registered on the 29 November 1985 under the Industrial & Provident Societies Act 1965, registered number 25057R. Legislative changes have replaced the Industrial & Provident Societies Act 1965 with The Co-operative and Community Benefit Societies Act 2014 effective from 1 August 2014. Horton Housing Association is an exempt charity and wholly owns its trading subsidiary, Horton Housing Support Limited (company registration number 5353586) and is also the sole member of Bradford Base Social Enterprise Company Limited, a charitable Company Limited by Guarantee (company registration number 6768226) and Chartford Housing Limited, a charitable Company Limited by Guarantee (company registration number 8662400) and a Registered Provider (registration number 4821), which commenced trading on 1 October 2015. The group of companies are known as the Horton Housing Group.

The registered office of the company is at Chartford House, 54 Little Horton Lane, Bradford, BD5 0BS.

Principal activities

The main charitable activities of the Association are the provision of supported housing for the benefit of the community and the provision of support and other services to vulnerable people who are in need of assistance.

Organisation

Association policy is determined by the Management Board and implemented by the Senior Management Team led by the Chief Executive.

The Management Board has adopted and complies with the NHF 2015 Code of Governance. The Board undertakes an annual assessment of compliance using the NHF's recommended checklist as a basis for this assessment to confirm compliance. The NHF Code of Governance has been updated and reissued in November 2020. During 2021/22 the Management Board has undertaken an assessment of compliance with the new Code. This has identified a small number of areas that need some action to achieve full compliance. The Board has agreed to formally adopt the 2020 Code from 1 April 2022, and is working through a plan to achieve full compliance before 31 March 2023 or to explain why it won't comply at that date.

The Association employed 363 staff as at 31 March 2022 across schemes and offices in the Bradford, Kirklees, Calderdale and North Yorkshire local authorities.

Policies

The Association follows best practice in the housing and community care areas and maintains comprehensive policies which are reviewed by senior managers and by the Management Board on a systematic basis. Specific policies and practice are also regularly reviewed by commissioners and other funders.

Review of the year

The Association continued to oversee the growth of the Horton Housing Group.

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2022

The Association itself has increased its own rental income with an increase in the property portfolio, but has suffered a drop in its external contract income as grant agreements from the Home office and some others, have ended or been replaced by contract income with the subsidiary, Horton Housing Support Limited. Overall income has however increased as management charges from the Association to the rest of the Horton Group have significantly increased to reflect the higher levels of business being undertaken by the subsidiaries.

The Registered Provider subsidiary, Chartford Housing Limited, has played an increasingly important role as the Group's development arm. It has developed £15.7 million of supported housing in its first six and a half years of trading and at least a further £2.5 million of further developments are due to complete before the end of 2022-23.

Most services contracts are operated by the trading subsidiary, Horton Housing Support Limited, which has grown significantly in 2021-22 as it took on more contracts.

Despite the continuing challenges presented by the COVID-19 pandemic throughout the year, the Association has ensured delivery of its services in a COVID secure way, incorporating Government requirements and advice into its working practices and minimising spread of the virus.

The Association continues to develop its reputation of delivering high quality, value for money services. Our detailed Annual Review can be found on-line at www.hortonhousing.co.uk and is published in September.

Review of the financial position

The Association's core financial strength enabled the Group to maintain most existing services, bid for new contracts and develop new schemes. The Group generated an operating surplus of £1.8m (2021: £2.9m), although this included £1.1m (2021: £2.8m) of SHG capital grants in the year. The net assets of the Group grew from £19.1m to £21.7m as the Group undertook significant developments during the year with grant support. The assets of the Association grew from £14.3m to £16.1m, with the majority of the development being undertaken by its subsidiary Chartford Housing Limited. The future funding position for 2022-23 is healthy despite the challenges of the COVID 19 pandemic over the last year. The Association has a robust risk management system which seeks to ensure that the potential impacts of future financial risks are minimised.

Voluntary help

Many of the Group's schemes, as well as the Management Boards of the Group companies, rely on volunteers. The impact of the COVID 19 pandemic affected the Group's abilities to utilise volunteers at many schemes and we are only gradually building back up our volunteer base. Approximately 62 volunteers (2021: 60) are currently working across the organisation.

Share capital

At 31 March 2022 a total of 15 shares of £1 each had been issued to members and were fully paid. Horton Housing Support Ltd has 2 issued shares of £1 each which are owned by the Association. Bradford Base Social Enterprise Company Limited and Chartford Housing Limited have Horton Housing Association as their only member.

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2022

Auditors

Saffery Champness LLP have expressed their desire to stand down as auditors to the Association on completion of the 2021-22 audit. The Association is undertaking a tender exercise to appoint new auditors for 2022-23.

REFERENCE & ADMINISTRATIVE INFORMATION

Management Board:	Huw Jones (Chair) Ernie Gilbert-Gray (Secretary) Steve Fox Bob Clayton David Noble Ray Milne Abdul Khan Gurmeet Viridi Darren Wiggins Wayne Noteman (Resigned 8/10/2021) Richard Libby (Resigned 31/01/2022) Laura Benian (Appointed 15/12/2021) Catherine Thomas (Appointed 15/12/2021) Katie Gates-Hartley (appointed 22/06/22)
Solicitors:	Schofield Sweeney, Church Bank House, Church Bank, Bradford, BD1 4DY
Bankers:	Barclays Bank plc, 10 Market Street, Bradford, BD1 1NR
Auditors:	Saffery Champness LLP, Mitre House, North Park Road, Harrogate, HG1 5RX

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT

Year ended 31 March 2022

STATEMENT OF THE RESPONSIBILITIES OF THE MANAGEMENT BOARD

The Management Board are responsible for preparing the report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Management Board are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of its income and expenditure for the period.

In preparing these financial statements, the Management Board are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Co-operative and Community Benefit Societies Act 2014;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 Association will continue in business.

The Management Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Management Board are aware:

- there is no relevant audit information of which the Association's auditors are unaware, and
- the Management Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

This report was approved by the Management Board on 20 July 2022.



Huw Jones
Management Board Member

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Year ended 31 March 2022

Opinion

We have audited the financial statements of Horton Housing Association (the parent entity) and its subsidiaries (the Group) for the year ended 31 March 2022 which comprise the statement of financial activities, balance sheet and the cash flow statement, and notes to the financial statements, including 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).

In our opinion the financial statements:

- give a true and fair view of the Association and Group's state of affairs as at 31 March 2022 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 Co-operative and Community Benefit Societies Act 2014.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Management Board with respect to going concern are described in the relevant sections of this report.

Other information

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

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 March 2022

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Board

As explained more fully in the Management Board's Responsibilities Statement set out on page 4, the Management Board 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 Management Board 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 Management Board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board's either intend to liquidate the Association or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under 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.

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 March 2022

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the Association's financial statements to material misstatement and how fraud might occur, including through discussions with the Management Board, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the Association by discussions with the Management Board and updating our understanding of the sector in which the Association operates.

Laws and regulations of direct significance in the context of the Association include UK tax legislation, and the Co-operative and Community Benefit Societies Act 2014.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the Association's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities, to identify potential material misstatements arising. We discussed the Association's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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

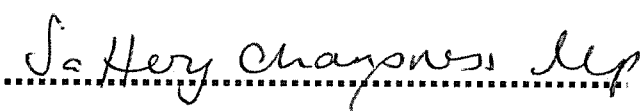
HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 March 2022

Use of our report

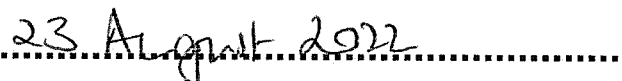
This report is made solely to the Management Board, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Management Board those matters we are required to state to them in an auditor's report 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 Management Board as a body, for our audit work, for this report, or for the opinions we have formed.



Saffery Champness LLP

Chartered Accountants
Statutory Auditors
Mitre House
North Park Road
Harrogate
HG1 5RX

Date:



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

HORTON HOUSING ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

		2022		2021	
	Notes	£	£	£	£
Charges from residents		7,823,398		7,138,957	
Less: Voids and bad debts		(605,518)		(536,996)	
			7,217,880		6,601,961
Public sector contracts and grants			8,792,728		7,307,962
Donations			6,912		1,261
Coronavirus Job Retention Scheme			21,699		214,979
Other income			699,796		603,606
Social Housing Grant income			1,483,169		2,870,275
Interest receivable			248		2,752
Restricted fund grant release	12		1,250		1,250
Total income			18,223,682		17,604,046
Expenditure					
Staff costs	7	9,732,622		9,175,686	
Employee related costs		244,524		225,735	
Maintenance		968,875		612,735	
Premises and office costs		943,610		1,066,831	
Equipment repair & renewal costs		262,171		266,538	
Depreciation		1,344,692		1,043,992	
Impairment		345,097		547,682	
Landlord Charges		508,076		529,558	
Contract partner fees		341,265		347,727	
Loan interest		346,772		343,785	
Legal and professional costs		447,332		129,496	
Resettlement support costs		434,721		8,814	
Other costs		487,040		409,520	
Total expenditure			16,406,797		14,708,099
Operating surplus before revaluations, gains and reserves transfers	3		1,816,885		2,895,947
Actuarial gain/ (loss) on pension scheme			57,000		(63,000)
Revaluation surplus			741,136		1,664,049
Result after revaluations and gains			2,615,021		4,496,996
Transfer from Revaluation Reserve	19/20		339,353		427,239
Total comprehensive income for the year			2,954,374		4,924,235

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. All recognised gains and losses are included in the statement of comprehensive income.

The notes on pages 12 to 26 form part of these financial statements.

HORTON HOUSING ASSOCIATION

STATEMENTS of FINANCIAL POSITION

as at 31 March 2022

	Note	Group		Association	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Land & buildings (inc. partially grant funded assets)		30,561,703	27,770,132	13,727,494	13,742,278
Other fixed assets		738,629	624,557	579,180	410,146
Investment in subsidiaries				2	2
	11	<u>31,300,332</u>	<u>28,394,689</u>	<u>14,306,676</u>	<u>14,152,426</u>
Debtors due after one year	4	-	-	10,700,000	10,400,000
Current assets					
Debtors and prepayments	4	3,374,262	3,326,164	1,761,182	1,752,477
Cash at bank and in hand		2,812,420	2,644,952	2,185,007	2,011,617
		<u>6,186,682</u>	<u>5,971,116</u>	<u>3,946,189</u>	<u>3,764,094</u>
Current liabilities					
Creditors and accruals	5	(3,414,386)	(2,911,334)	(1,257,406)	(1,621,769)
Net current assets		<u>2,772,296</u>	<u>3,059,782</u>	<u>2,688,783</u>	<u>2,142,325</u>
Liabilities falling due after one year					
Creditors and accruals	5	(12,218,256)	(12,178,871)	(12,218,256)	(12,178,871)
Pension obligation	21	(140,000)	(175,000)	(140,000)	(175,000)
		<u>(12,358,256)</u>	<u>(12,353,871)</u>	<u>12,358,256</u>	<u>(12,353,871)</u>
Net assets		<u>21,714,372</u>	<u>19,100,600</u>	<u>15,337,203</u>	<u>14,340,880</u>
Represented by:					
Issued share capital	6	15	14	15	14
Restricted funds	12	26,250	27,500	26,250	27,500
Accumulated General reserve funds	19	17,704,559	15,491,321	12,174,106	11,461,537
Revaluation reserve	18	3,983,548	3,581,765	3,136,832	2,851,829
		<u>21,714,372</u>	<u>19,100,600</u>	<u>15,337,203</u>	<u>14,340,880</u>

The financial statements were approved by the Management Board on 20 July 2022 and signed on their behalf by:



Huw Jones
Management Board Member



Robert Clayton
Management Board Member

The notes on pages 12 to 26 form part of these financial statements.

HORTON HOUSING ASSOCIATION

CONSOLIDATED CASHFLOW STATEMENT

Year ended 31 March 2022

	<i>Notes</i>	2022	2021
		£	£
Net cash inflow from operating activities	15	4,853,487	4,703,717
Cash flow from investing activities			
Interest received		248	2,752
Interest paid		(346,772)	(343,785)
Purchase of tangible fixed assets		(4,031,028)	(5,602,931)
RCGF Recycled		(25,000)	-
Receipts on sales of tangible fixed assets		139,817	125
Net cash outflow from investing activities		(4,262,735)	(5,943,839)
Cash flow from Financing activities			
Shares (redeemed)/issued		1	-
New long term loans		-	-
Repayment of long term loans		(423,285)	(451,313)
Net cash inflow from financing		(423,284)	(451,313)
Net change in cash and cash equivalents in the period		167,468	(1,691,435)
Cash and cash equivalent at the beginning of the period		2,644,952	4,336,387
Cash and cash equivalent at the end of the period		2,812,420	2,644,952

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

1 ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS102). The particular accounting policies adopted are described below. The accounting standards have been applied consistently (except as otherwise stated).

Horton Housing Association meets the definition of a public benefit entity under FRS 102.

Basis of Consolidation

The group financial statements consolidate the financial statements of Horton Housing Association and its subsidiary companies, Horton Housing Support Limited, Bradford Base Social Enterprise Company Limited, and Chartford Housing Limited, on a line by line basis.

Accounting Convention

The consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of the land and buildings.

Going Concern

The financial statements have been prepared on a going concern basis. The Association has adequate reserves and a satisfactory level of contracted future income.

Turnover and revenue recognition

Turnover comprises gross income from rents, public sector contracts and grants, property management, donations, investment income, services management and other grants and income as set out on the Statement of Comprehensive Income. Training and other income is accounted for in the period to which it relates. Grant income is recognised in line with the terms of the grant. Rental income is recognised in accordance with agreements in place.

Grants

Revenue grants are accounted for in the period to which they relate. Grants received in advance are carried forward as creditors. Capital grants are matched to expenditure incurred or carried forward to the next accounting period if appropriate.

Government Grants received have been accounted for dependent on the nature of the grant. Revenue grants received have been released to income on receipt, subject to any performance conditions being met. Grants with specific performance conditions are released to income at the point the funders' conditions are met.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

1 ACCOUNTING POLICIES (continued)

Creditors and provisions

Creditors and provisions are recognised where the Association 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.

Depreciation

Depreciation is calculated so as to write off the cost of an asset over its useful economic life.

Land & buildings	2.5% pa on cost on buildings
Refurbishments	2.5% - 10% pa on cost
Motor vehicles	25% pa on cost
Office equipment	10% - 33.33% pa on cost
Office equipment (cycle-to-work scheme)	66.67% pa on reducing balance
Residential furnishings & fittings	33.3% pa on cost

In Chartford Housing Limited, the major components of housing properties 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, at the following annual rates:

Land	Not depreciated
Structure	2.5% pa on cost
Roofs	2.5% pa on cost
Central heating	3.3% pa on cost
Electrical	3.3% pa on cost
External doors	3.3% pa on cost
Windows	3.3% pa on cost
Internal doors	5% pa on cost
Boiler	6.7% pa on cost
Bathroom	6.7% pa on cost
Kitchen	6.7% pa on cost

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.

Financial Instruments

The Group only has financial assets and 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.

Operating leases

Rent payable under operating leases is charged to the income and expenditure account over the term of the lease.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

1 ACCOUNTING POLICIES (continued)

Pensions

The Association has a policy of contributing to employees' personal pension schemes.

The Association is also an admitted body with the West Yorkshire Pension Fund, as detailed in note 20. This is a defined benefit scheme and the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost is shown as part of the interest charge and actuarial gains or losses are shown separately within the statement of comprehensive income.

The defined benefit section is funded, with the assets held separately from those of the company, 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented within long term liabilities.

2 Taxation

The Association has charitable taxation status and is exempt from income and corporation tax. The only taxation borne in the year was VAT charged as expenditure but not recoverable.

3 Operating surplus

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation/impairment of tangible fixed assets	1,689,789	1,591,674	807,213	647,206
Loss/ (profit) on disposal of tangible assets	14,363	(125)	(6,320)	-
Operating lease rentals	47,213	44,672	24,000	24,000
Auditors remuneration	32,000	19,970	11,200	6,800

Included within turnover is income from government grants of £10,342,090 (2021: £10,178,237).

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

4 Debtors and prepayments

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
DUE WITHIN ONE YEAR:				
Trade debtors and rent arrears	1,857,870	1,408,109	223,940	195,938
Sundry debtors and prepayments	1,164,623	417,259	148,784	129,281
Amounts due from subsidiary	-	-	1,388,458	992,647
Statutory funding receivable	351,769	1,500,886	-	434,611
	<u>3,374,262</u>	<u>3,326,164</u>	<u>1,761,182</u>	<u>1,752,477</u>
DUE AFTER ONE YEAR:				
Loan to subsidiary	-	-	10,700,000	10,400,000

The inter-company loans have been made to the subsidiary company, Chartford Housing Limited. They are repayable on 31 March 2024, and have an interest rate of BoE base rate plus a margin of 2.5%. The loans are unsecured.

Included within Group debtors above are financial assets held at amortised cost of £2,932,503 (2021: £3,208,220).

Included within the Association's debtors above are financial assets held at amortised cost of £13,698,849 (2021: £12,086,116).

5 Creditors and accruals

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
DUE WITHIN ONE YEAR:				
Trade creditors	505,104	512,368	-	-
PAYE and National Insurance	165,268	144,751	165,268	144,751
Sundry creditors and accruals	1,460,077	1,538,835	1,033,577	891,702
Deferred income	1,283,937	252,710	58,561	-
Amount due to subsidiary	-	-	-	122,646
Loan account – Triodos Bank	-	462,670	-	462,670
	<u>3,414,386</u>	<u>2,911,334</u>	<u>1,257,406</u>	<u>1,621,769</u>
DUE AFTER ONE YEAR:				
Loan account – Triodos Bank	<u>12,218,256</u>	<u>12,178,871</u>	<u>12,218,256</u>	<u>12,178,871</u>

Deferred income comprises advanced fees received in relation to services and grants.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

5 Creditors and accruals (continued)

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
LOAN MATURITY ANALYSIS:				
Repayable within one year	-	462,670	-	462,670
Repayable within one to two years	-	475,083	-	475,083
Repayable within two to five years	76,091	1,503,174	76,091	1,503,174
Repayable after five years	12,142,165	10,200,614	12,142,165	10,200,614
	<u>12,218,256</u>	<u>12,641,541</u>	<u>12,218,256</u>	<u>12,641,541</u>

On 31 January 2022, the Association refinanced its loan portfolio with its sole lender, Triodos bank. From that date it had a total loan facility of £17.3 million, with £5m undrawn. £5m has been fixed for 5 years until 31 January 2027 at 3.19% per annum, with a second tranche of £5m fixed for 10 years until 31 January 2032 at 3.08% per annum. The remaining £2.3m has been drawn at variable rates. This facility has a variable rate of interest at a margin of 1.8% per annum over BoE Base Rate, subject to a minimum of 1.9% per annum.

An arrangement fee of £45k was capitalised and is being amortised over 25 years. The balance remaining at 31st March 2022 is £43.2k, and is netted off against the loan balance at year end in the statutory accounts.

Capital repayments will commence in February 2027.

The loan facilities are secured by first legal charges over HHA-owned properties, and properties owned by the subsidiary company Chartford Housing Limited.

Included within creditors are financial liabilities measured at amortised cost of £12,767,245 (2021 - £13,313,276).

6 Share capital

The Association had issued 15 fully paid shares of £1 each to its members at 31 March 2022 (2021:14). All shares have equal voting and other rights.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

7 Staff costs

	2022	2021
	£	£
Salaries	7,560,630	7,225,869
Employers National Insurance	642,072	612,662
Pension contributions	309,525	315,184
Agency & security staff	1,220,395	1,021,971
	<u>9,732,622</u>	<u>9,175,686</u>

Included within staff costs is £1,560 (2021: £122,767) in respect of redundancy costs, compensation for loss of office and pay in lieu of notice in respect of a small number of staff that left the organisation.

8 Average number of employees

	2022	2021
	No.	No.
Full-time	300	280
Part-time	48	44

9 Key management personnel

	2022	2021
	£	£
Aggregate emoluments of the Group's key management personnel including pension contributions and benefits in kind	<u>517,508</u>	<u>588,964</u>

10 Investment in subsidiaries

The Association invested £2 in 100% of the issued share capital of Horton Housing Support Limited. The principal activity of the subsidiary is to carry on services to provide for the general welfare and support of vulnerable people and people in need.

The Association is the sole member of Bradford Base Social Enterprise Company Limited and guarantees the company to a maximum of £10. The subsidiary is a registered charity no. 1128217 and its principal activities are to provide education and training and also experience of regular work to vulnerable people and people in need.

The Association is the sole member of Chartford Housing Ltd and guarantees the company to a maximum of £1. The subsidiary is a registered charity no.1162562 and is registered with the Regulator of Social Housing as a Registered Provider no.4821. It commenced trading on 1 October 2015 and its principal activities are to act as the landlord for the majority of tenants of the Horton Housing Group and others, as well as to carry out grant-funded developments of new residential property.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

10 Investment in subsidiaries (continued)

The aggregate amount of capital and reserves and the results of subsidiary undertakings for the year ended 31 March 2022 are as follows:

	Capital and reserves 31 March 2022 £	Surplus/(Deficit) for the year 31 March 2022 £
Horton Housing Support Limited	80,065	(25,071)
Bradford Base Social Enterprise Company Limited	61,839	2,979
Chartford Housing Limited	5,485,839	595,463

11 Fixed assets

Group

	Land & property £	Other fixed assets Motor vehicles £	Office equipment £	Total £
COST/VALUATION				
At 1 April 2021	29,963,227	316,327	2,577,876	32,857,430
Additions	3,534,887	51,243	444,898	4,031,028
Transfers	(103,698)	-	103,698	-
Disposals	(174,869)	(33,500)	(191,448)	(399,817)
Impairment	(345,097)	-	-	(345,097)
Revaluation	202,093	-	-	202,093
At 31 March 2022	<u>33,076,543</u>	<u>334,070</u>	<u>2,935,024</u>	<u>36,345,637</u>
DEPRECIATION				
At 1 April 2021	2,193,095	211,191	2,058,455	4,462,741
Charge for year	870,710	59,555	414,395	1,344,660
Disposals	(9,922)	(21,683)	(191,448)	(223,053)
Revaluation	(539,043)	-	-	(539,043)
At 31 March 2022	<u>2,514,840</u>	<u>249,063</u>	<u>2,281,402</u>	<u>5,045,305</u>
NET BOOK VALUE				
At 31 March 2022	<u>30,561,703</u>	<u>85,007</u>	<u>653,622</u>	<u>31,300,332</u>
At 31 March 2021	<u>27,770,132</u>	<u>105,136</u>	<u>519,421</u>	<u>28,394,689</u>

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

11 Fixed assets (continued)

Association

	Land & property £	Other fixed assets		Total £
		Motor vehicles £	Office equipment £	
COST/VALUATION				
At 1 April 2021	15,591,480	132,799	1,803,466	17,527,745
Additions	26,426	29,919	532,230	588,575
Disposals	(65,000)	(33,500)	(170,534)	(269,034)
Impairment	(12,767)	-	-	(12,767)
Revaluation	97,555	-	-	97,555
At 31 March 2022	15,637,694	129,218	2,165,162	17,932,074
DEPRECIATION				
At 1 April 2021	1,849,202	82,270	1,443,849	3,375,321
Charge for year	413,178	34,503	346,765	794,446
Disposals	(3,250)	(21,683)	(170,504)	(195,437)
Revaluation	(348,930)	-	-	(348,930)
At 31 March 2022	1,910,200	95,090	1,620,110	3,625,400
NET BOOK VALUE				
At 31 March 2022	13,727,494	34,128	545,052	14,306,674
At 31 March 2021	13,742,278	50,529	359,617	14,152,424

Valuations of freehold land and buildings have been carried out regularly by Carter Towler acting in the capacity of independent valuers. Properties were valued on the basis of existing use value in accordance with the RICS Appraisal & Valuation Manual. In the opinion of the management board there is no material difference between the value of land and buildings at 31 March 2022 and the latest valuations on those properties.

The historic cost of properties held for letting for the group is £31,478,637 (Company: £14,908,567).

12 Restricted funds for capital projects

Group and Association

	Bradford	2022	2021
	Trident £	£	£
Restricted funds b/f	27,500	27,500	28,750
Allocated to income in the year	(1,250)	(1,250)	(1,250)
Restricted funds c/f	26,250	26,250	27,500

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

The grant from Bradford Trident is allocated to income over the 40 year expected life of the building.

There are no restricted funds within the subsidiary companies.

13 Financial Commitments

Expenditure commitments are as follows:

	2022	2021
	£	£
Capital Expenditure		
Expenditure contracted for but not provided in the accounts	1,319,078	326,535

14 Operating lease commitments

At 31 March 2022 the group was committed to making the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Not later than one year	29,755	33,672	15,000	24,000
Between one and five years	7,624	24,672	-	15,000
Later than five years	-	-	-	-
	37,379	58,344	15,000	39,000

15 Cash generated from operating activities

Group

	2022	2021
	£	£
Net operating surplus	1,873,885	2,832,947
Grants released	(1,250)	(1,250)
Returns on investment and servicing of finance	346,524	341,033
Pension scheme non cash movement	(35,000)	75,000
Depreciation and impairment of tangible fixed assets	1,689,789	1,591,674
Loss/ (profit) on disposal of fixed assets	14,363	(125)
Capitalised costs written off	47,584	-
Decrease/(Increase) in debtors	(48,098)	(155,007)
(Decrease)/Increase in creditors	965,690	19,445
Net cash inflow from operating activities	4,853,487	4,703,717

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

16 Control

Horton Housing Association is a charitable association which is a Registered Society. Its operations are controlled by its Management Board who are members of the Association. Registered Societies are regulated by the Financial Conduct Authority.

17 Post balance sheet events

There were no post balance sheet events.

18 Revaluation reserve

	Balance as at 1 April 2021 £	Revaluations in the year £	Transfers £	Balance as at 31 March 2022 £
GROUP				
Revaluation reserve	3,581,765	741,136	(339,353)	3,983,548
ASSOCIATION				
Revaluation reserve	2,851,829	446,485	(161,482)	3,136,832

19 Movement in general reserves

	Balance as at 1 April 2021 £	Surplus in year £	Transfers £	Balance as at 31 March 2022 £
GROUP				
General reserve	15,491,321	1,873,885	339,353	17,704,559
ASSOCIATION				
General reserve	11,461,537	551,087	161,482	12,174,106

The transfer from revaluation reserve to general reserve represents the depreciation charge associated with revaluations previously recognised in the revaluation reserve, and the transfer of the elements of the revaluation reserve to the extent properties had been previously impaired, in accordance with FRS102.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

20 Related party transactions

The Association works closely with the other Horton Housing Group entities. It employs all the staff of the Group and incurs many other costs and charges on behalf of the other Group companies in order to operate efficiently. These costs are re-charged as management fees to the other Group entities - Chartford Housing Limited (CHL), Horton Housing Support Limited (HHS) and Bradford Base Social Enterprise Company Limited (BASE) on the basis of the services used by them.

HHS provides property management services to the Association and receives a fee for those services which is netted off from the fees charged to it by the Association. HHS also makes gift aid donations to the Association.

CHL acts as a registered landlord for properties that the Association owns or leases. CHL has agreements with other Group companies, including the Association, to carry out the housing management of those properties. Short-term leases and housing management agreements are in place to regulate these arrangements and CHL charges a fee for its landlord service. CHL has also started to receive revenue grant funding for housing support services in the year, which it contracts HHA to deliver on its behalf.

CHL also owns and leases property itself and again it contracts out the housing management of those properties to other Group companies, including the Association. CHL has borrowed from the Association to fund the purchase and development of the properties it owns. Interest is charged by the Association to CHL at a commercial rate.

BASE provides training services for vulnerable people including clients of companies of the Group. In the past year this has included the provision of ESOL and cultural orientation classes.

The company has taken advantage of the exemption from the requirement to disclose transactions between two or more members of a group, as all group companies are wholly owned subsidiary undertakings of the group to which it is party to the transactions.

As at 31 March 2022, the following balances were due from/(to) the other Group entities in respect of the above transactions:

	2022	2021
	£	£
Trading accounts:		
Horton Housing Support Limited	1,244,443	989,790
Bradford BASE Social Enterprise Limited	13,295	(122,646)
Chartford Housing Limited	130,720	2,857
Loans to Chartford Housing Limited	10,700,000	10,400,000

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

21 Pension obligations

Introduction

Horton Housing Association contributes to its employees' defined contribution schemes in line with its pension policy. This benefit is available for all permanent employees.

Horton Housing Association (the "Employer") was also an admitted body with the West Yorkshire Pension Fund (the "Fund") in respect of one group of employees that were transferred from Incommunities Ltd. This group is referred to as HLP within this note.

The disclosures below relate to the funded liabilities within the Fund, which is part of the Local Government Pension Scheme (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in "The Local Government Pension Scheme Regulations 2013" (as amended) and "The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014" (as amended).

Funding/Governance arrangements of the LGPS

The funded nature of the LGPS requires Horton Housing Association and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, City of Bradford Metropolitan District Council, is responsible for the governance of the Fund.

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return over the accounting period. The Fund holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures.

The Fund Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Contributions for the accounting period ending 31 March 2022

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

The Employer's Regular contributions to the fund are £nil for the period ending 31 March 2022 and are estimated to be £nil for the period ending 31 March 2023 (HLP only).

20 Pension obligations (continued)

Assumptions

The latest full actuarial valuation of Horton Housing Association's HLP liabilities took place as at 31 March 2019. The principal assumptions relating to the accounting valuation as at 31 March 2022 are set out below:

	31 March 2022	31 March 2021
Duration of liabilities (years)	34.1	34.1
Discount Rate	2.70%	2.10%
CPI Inflation	2.80%	2.60%
Pension increases	2.80%	2.60%
Pension accounts revaluation rate	2.80%	2.60%
Salary increases	4.05%	3.85%

Mortality assumptions

The mortality assumptions at the accounting date are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation, and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below. At this accounting date the assumed rates of future mortality have been increased to reflect a slightly more negative outlook as a result of the Covid-19 pandemic.

	31 March 2022	31 March 2021
Males		
Member aged 65 at accounting date	21.8	21.9
Member aged 45 at accounting date	22.5	22.6
Females		
Member aged 65 at accounting date	24.6	24.7
Member aged 45 at accounting date	25.7	25.8

Asset Allocation

	Value at 31 March 2022	Value at 31 March 2021
	%	%
Equities	79.8	79.7
Property	4.0	3.8
Government bonds	7.4	8.3
Corporate bonds	4.8	4.6
Cash	2.9	2.0
Other	1.1	1.6

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

Total	<u>100</u>	<u>100</u>
20 Pension obligations (continued)		

Reconciliation of funded status to balance sheet

	Value as at 31 March 2022 £	Value as at 31 March 2021 £
Fair value of assets	157,000	141,000
Present value of funded liabilities	297,000	316,000
Funded status	<u>(140,000)</u>	<u>(175,000)</u>
Unrecognised asset	-	-
Pension liability recognised on the balance sheet	<u>(140,000)</u>	<u>(175,000)</u>

The split of liabilities at the last valuation between the various categories of members is as follows:

Active members	100%
Deferred pensioners	0%
Pensioners	0%

Amounts recognised in income statement

	2022 £	2021 £
Operating cost		
Current service cost	18,000	10,000
Financing cost		
Interest on net defined benefit liability	4,000	2,000
Pension Expense recognised in profit and loss	<u>22,000</u>	<u>12,000</u>

The allowance for administration expenses included in Current Service Cost is £nil (2021: £nil).

Amounts recognised in other comprehensive income

	2022 £	2021 £
Asset gains/(losses) arising during the period	11,000	25,000
Liability (losses)/gains arising during the period	46,000	(88,000)
Total amount recognised in other comprehensive income	<u>57,000</u>	<u>(63,000)</u>

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

20 Pension obligations (continued)

Changes to the present value of the defined benefit obligation

	2022	2021
	£	£
Opening defined benefit obligation	316,000	212,000
Current service cost	18,000	10,000
Interest expense on defined benefit obligation	7,000	5,000
Contributions by participants	2,000	1,000
Actuarial (gains)/losses on liabilities	(46,000)	88,000
Closing defined benefit obligation	<u>297,000</u>	<u>316,000</u>

Changes to the fair value of assets

	2022	2021
	£	£
Opening fair value of assets	141,000	112,000
Interest income on assets	3,000	3,000
Remeasurement of gains on assets	11,000	25,000
Contributions by participants	2,000	1,000
Closing fair value of assets	<u>157,000</u>	<u>141,000</u>

Actual return on assets

	2022	2021
	£	£
Interest income on assets	3,000	3,000
Gain on assets	11,000	25,000
Actual return on assets	<u>14,000</u>	<u>28,000</u>