

HORTON HOUSING ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023

HORTON HOUSING ASSOCIATION

FINANCIAL STATEMENTS

Year ended 31 March 2023

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HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2023

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 people experiencing vulnerability 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 adopted the NHF 2020 Code of Governance with effect from 1 April 2022, and worked through a short workplan in the 2022/23 year to achieve full compliance by March 2023. It has undertaken an annual assessment of compliance using the NHF's recommended checklist as a basis for this assessment to confirm compliance as at March 2023. The Management Board's assessment is that it complies with the Code, with two exceptions where it believes the arrangements in place are equivalent to, or better than, the formal requirements of the Code. These are:

1. There is a dedicated senior board member (normally a vice-chair or senior independent director) with duties that include appraisal of the chair and assisting the chair to ensure the effectiveness of the board.
2. The appraisal of the board's chair is led by a senior board member, informed by the views of all board members.

The Management Board has appointed an independent consultant who leads and coordinates a full appraisal process for the Chair (and all Board members), and as part of this process it is informed by the views of all other Board members.

The Association employed 359 staff as at 31 March 2023 across schemes and offices in the Bradford, Kirklees, Calderdale and North Yorkshire local authorities.

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2023

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.

Overall income for the Group has increased significantly, due to increasing rental income, further services contract income being generated in the year, and a significantly higher level of grant income generated by the Registered Provider.

The Registered Provider subsidiary, Chartford Housing Limited, continues to play an increasingly important role as the Group's development arm. It has developed £18.0 million of supported housing in its first seven and a half years of trading and continues to have a development programme with in excess of £1m of further developments due to complete before the end of 2023-24.

Most services contracts are operated by the trading subsidiary, Horton Housing Support Limited, which has continued to grow in 2022-23 as it took on more contracts.

As the effects of the COVID-19 pandemic have reduced during 2022-23, the Association has been able to interact with its clients more and resume some of the services that were affected in prior years. However the Association continues to deliver its services in a COVID secure way when necessary, 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 £2.2m (2022: £1.8m), although this included £1.8m (2022: £1.1m) of SHG capital grants shown as income in the year, as well as bearing £1.4m (2022: £0.3m) of impairment charges. The net assets of the Group grew from £21.7m to £24.1m as the Group undertook significant developments during the year with the grant support noted. The net assets of the Association grew from £16.1m to £18.0m, with the majority of the development being undertaken by its subsidiary Chartford Housing Limited. The future funding position for 2023-24 remains healthy. The Association has a robust risk management system which seeks to ensure that the potential impacts of future financial risks are minimised.

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2023

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 67 volunteers (2022: 62) are currently working across the organisation.

Share capital

At 31 March 2023 a total of 17 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.

Auditors

The previous auditors, Saffery Champness LLP indicated their desire to stand down as auditors to the Association on completion of the 2021-22 audit. The Association undertook a tender exercise during the year and have appointed Crowe U.K. LLP as auditors for the 2022-23 audit. Crowe U.K. LLP have indicated their willingness to remain as auditors for the 2023-24 year.

REFERENCE & ADMINISTRATIVE INFORMATION

Management Board	Huw Jones Ernie Gilbert-Gray David Noble Ray Milne Abdulmateen Khan Gurmeet Viridi Laura Benian Catherine Thomas Darren Wiggins (resigned 28/9/22) Robert Clayton (resigned 28/6/23) Steven Fox (resigned 28/6/23) Katie Gates-Hartley (appointed 22/6/22) Hao Zheng (appointed 14/12/22) David Targett (appointed 28/6/23) Sara Johnson (appointed 28/6/23)
Solicitors	Schofield Sweeney, Church Bank House, Church Bank, Bradford, BD1 4DY
Bankers	Barclays Bank plc, 10 Market Street, Bradford, BD1 1NR
Auditors	Crowe U.K. LLP, The Lexicon, Mount Street, Manchester, M2 5NT

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT

Year ended 31 March 2023

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 Group and the Association and of their 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 Group and 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 Group and 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 6 September 2023.



Huw Jones

Management Board Member

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Year ended 31 March 2023

Opinion

We have audited the financial statements of Horton Housing Association (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2023 which comprise consolidated statement of comprehensive income, consolidated and Association's statement of financial position, consolidated 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 state of the Group and Association's affairs as at 31 March 2023 and of Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 Group's or 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.

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 March 2023

Other information

The Management Board is responsible for the other information contained within the annual report. 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.

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 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the Group 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 is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Board determines 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 is responsible for assessing the Group's and 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 either intends to liquidate the Group or Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 March 2023

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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Communities and Co-Operatives Benefits Societies Act 2014 and taxation legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, estimates and the timing of recognition of income. Our audit procedures to respond to these risks included enquiries of management and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements 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 2023

Use of our report

This report is made solely to the Association's members 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 Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

The Lexicon

Mount Street

Manchester

M2 5NT

19th September 2023

HORTON HOUSING ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

		2023		2022	
	Notes	£	£	£	£
Charges from residents		8,405,983		7,823,398	
Less: Voids and bad debts		(665,058)		(605,518)	
		7,740,925		7,217,880	
Public sector contracts and grants		10,507,764		8,792,728	
Donations		6,513		6,912	
Coronavirus Job Retention Scheme		-		21,699	
Other income		898,146		699,796	
Social Housing Grant income		2,289,481		1,483,169	
Interest receivable		19,178		248	
Restricted fund grant release	12	-		1,250	
Total income		21,462,007		18,223,682	
Expenditure					
Staff costs	7	10,998,146		9,732,622	
Employee related costs		308,104		244,524	
Maintenance		1,138,208		968,875	
Premises and office costs		723,455		943,610	
Equipment repair & renewal costs		361,639		262,171	
Depreciation		1,600,550		1,344,692	
Impairment		1,475,477		345,097	
Landlord Charges		681,017		508,076	
Contract partner fees		216,814		341,265	
Loan Interest		411,830		346,772	
Legal and professional costs		286,219		447,332	
Resettlement support costs		221,932		434,721	
Other costs		887,009		487,040	
Total expenditure		19,310,400		16,406,797	
Operating surplus before revaluations, gains and reserves transfers	3	2,151,607		1,816,885	
Actuarial gain/(loss) on pension scheme		141,000		57,000	
		2,292,607		1,873,885	
Revaluation Surplus		120,527		741,136	
Result after revaluations and gains		2,413,134		2,615,021	
Transfer from Revaluation Reserve		174,710		339,353	
Total comprehensive income for the year		2,587,844		2,954,374	

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 28 form part of these financial statements.

HORTON HOUSING ASSOCIATION

STATEMENTS of FINANCIAL POSITION as at 31 March 2023

	Note	Group 2023 £	2022 £	Association 2023 £	2022 £
Fixed assets					
Land & buildings (inc. partially grant funded assets)		32,297,044	30,561,703	14,220,834	13,727,494
Other fixed assets		703,866	738,629	553,775	579,180
Investment in subsidiaries	10			2	2
	11	33,000,910	31,300,332	14,774,611	14,306,676
Debtors due after one year	4	1,000	-	11,701,000	10,700,000
Current assets					
Debtors and prepayments	4	3,290,671	3,374,262	2,780,736	2,510,610
Cash at bank and in hand		2,373,736	2,812,420	2,135,514	2,185,007
		5,664,407	6,186,682	4,916,250	4,695,617
Current liabilities					
Creditors and accruals	5	(2,318,753)	(3,414,386)	(1,122,540)	(1,257,406)
Net current assets		3,345,654	2,772,296	3,793,710	3,438,211
Liabilities falling due after one year					
Creditors and accruals	5	(12,220,056)	(12,218,256)	(12,220,056)	(12,218,256)
Pension obligation	21	-	(140,000)	-	(140,000)
		(12,220,056)	(12,358,256)	(12,220,056)	(12,358,256)
Net assets		24,127,508	21,714,372	18,049,265	16,086,631
Represented by:					
Issued share capital	6	17	15	17	15
Restricted funds	12	-	26,250	-	26,250
Accumulated General reserve funds	19	20,198,126	17,704,559	15,032,927	12,923,534
Revaluation reserve	18	3,929,365	3,983,548	3,016,321	3,136,832
		24,127,508	21,714,372	18,049,265	16,086,631

The financial statements were approved by the Management Board and authorised for issue on 6 September 2023 and are signed on their behalf by:



Huw Jones
Management Board Member



Ernie Gilbert-Gray
Management Board Member

The notes on pages 12 to 28 form part of these financial statements.

HORTON HOUSING ASSOCIATION

CONSOLIDATED CASHFLOW STATEMENT

Year ended 31 March 2023

	Notes	2023 £	2022 £
Net cash inflow from operating activities	15	4,568,386	4,853,487
Cash flow from investing activities			
Interest received		19,178	248
Interest paid		(411,830)	(346,772)
Purchase of tangible fixed assets		(4,657,220)	(4,031,028)
RCGF Recycled		-	(25,000)
Receipts on sales of tangible fixed assets		42,800	139,817
Net cash outflow from investing activities		(5,007,072)	(4,262,735)
Cash flow from Financing activities			
Shares (redeemed)/issued		2	1
New long term loans		-	-
Repayment of long term loans		-	(423,285)
Net cash inflow from financing		2	(423,284)
Net change in cash and cash equivalents in the period		(438,684)	167,468
Cash and cash equivalent at the beginning of the period		2,812,420	2,644,952
Cash and cash equivalent at the end of the period		2,373,736	2,812,420

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2023

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 Group and the Association have adequate reserves, a satisfactory level of contracted future income, and long-term secured funding drawn down, with further secured loan facilities available. It meets all its lending covenants with significant headroom above the financial covenants required.

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 2023

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 2023

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 21. 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 assets or 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	
	2023	2022	2023	2022
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation/impairment of tangible fixed assets	3,076,027	1,689,789	878,899	807,213
Loss/ (profit) on disposal of tangible assets	(41,658)	14,363	(35,860)	(3,250)
Operating lease rentals	29,850	47,213	15,391	24,000
Auditors remuneration	31,200	32,000	12,900	11,200

Included within turnover is income from government grants of £12,797,244 (2022: £10,342,090).

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

4 Debtors and prepayments

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
DUE WITHIN ONE YEAR:				
Trade debtors and rent arrears	1,515,327	1,857,870	281,091	223,940
Sundry debtors and prepayments	1,648,241	1,164,623	436,881	148,784
Amounts due from subsidiary	-	-	2,062,764	2,137,886
Statutory funding receivable	127,103	351,769	-	-
	3,290,671	3,374,262	2,780,736	2,510,610
DUE AFTER ONE YEAR:				
Loan to subsidiary	-	-	11,700,000	10,700,000
Pension Asset	1,000	-	1,000	-
	1,000	-	11,701,000	10,700,000

In the Association's 2022 prior year comparator, an intercompany transaction relating to the receipt of gift aid from a subsidiary of £749,428 was inadvertently omitted. This has been corrected and affects both this debtors note 4 and the reserves note 19.

The inter-company loan has been made to the subsidiary company, Chartford Housing Limited. It was renegotiated following the refinancing of the Association's loan portfolio with Triodos and the new facility agreement took effect from 1 July 2022. The loan is now repayable on 30 June 2027. £10m of the loan is at a fixed rate of 3.54% per annum, with loans in excess of £10m at an interest rate of BoE base rate plus a margin of 2.2%, subject to a minimum of 2.3%. The loan is unsecured.

Included within Group debtors above are financial assets held at amortised cost of £2,595,263 (2022: £2,932,503).

Included within the Association's debtors above are financial assets held at amortised cost of £14,103,989 (2022: £12,398,321).

5 Creditors and accruals

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Due within one year:				
Trade creditors	385,218	505,104	-	-
PAYE and National Insurance	159,042	165,268	159,042	165,268
Sundry creditors and accruals	1,296,164	1,460,077	963,498	1,033,577
Deferred income	478,329	1,283,937	-	58,561
	2,318,753	3,414,386	1,122,540	1,257,406
Due after one year:				
Loan account – Triodos Bank	12,220,056	12,218,256	12,220,056	12,218,256

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

5 Creditors and accruals (continued)

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

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Loan maturity analysis:				
Repayable within one year	-	-	-	-
Repayable within one to two years	-	-	-	-
Repayable within two to five years	522,148	76,091	522,148	76,091
Repayable after five years	11,697,908	12,142,165	11,697,908	12,142,165
	12,220,056	12,218,256	12,220,056	12,218,256

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 2023 is £41.4k, 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 Group creditors above are financial liabilities measured at amortised cost of £13,524,542 (2022: £13,698,849).

Included within Association's creditors are financial liabilities measured at amortised cost of £12,790,500 (2022 - £12,767,245).

6 Share capital

The Association had issued 17 fully paid shares of £1 each to its members at 31 March 2023 (2022:15). All shares have equal voting and other rights.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

7 Staff costs

	2023 £	2022 £
Salaries	8,469,558	7,560,630
Employers National Insurance	750,166	642,072
Pension contributions	327,447	309,525
Agency & security staff	1,450,975	1,220,395
	<u>10,998,146</u>	<u>9,732,622</u>

Included within staff costs is £35,860 (2022: £1,560) 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

	2023 No.	2022 No.
Full-time	319	300
Part-time	46	48

9 Key management personnel

	2023 £	2022 £
Aggregate emoluments of the Group's key management personnel including pension contributions and benefits in kind	<u>524,072</u>	<u>517,508</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 2023

10 Investment in subsidiaries (continued)

The aggregate amount of capital and reserves and the results of subsidiary undertakings for the year ended 31 March 2023 are as follows:

	Capital and reserves 31 March 2023 £	Surplus/(Deficit) for the year 31 March 2023 £
Horton Housing Support Limited	73,719	1,629,800
Bradford Base Social Enterprise Company Limited	64,069	2,230
Chartford Housing Limited	5,988,678	382,546

11 Fixed assets

Group

Land and Buildings

	Housing Properties £	Housing in the course of construction £	Land & buildings Total £
Cost/Valuation			
At 1 April 2022	31,190,177	1,886,366	33,076,543
Additions	86,507	4,109,595	4,196,102
Disposals	(5,232)	-	(5,232)
Impairment	(1,475,477)	-	(1,475,477)
Transfers	4,408,718	(4,408,718)	-
Revaluation	47,672	-	47,672
At 31 March 2023	34,252,365	1,587,243	35,839,608
Depreciation			
At 1 April 2022	2,514,840	-	2,514,840
Charge for year	1,105,809	-	1,105,809
Disposals	(5,230)	-	(5,230)
Revaluation	(72,855)	-	(72,855)
At 31 March 2023	3,542,564	-	3,542,564
Net book value			
At 31 March 2023	30,709,801	1,587,243	32,297,044
At 31 March 2022	28,675,337	1,886,366	30,561,703

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

11 Fixed assets (continued)

Group

Other Fixed assets

	Furnishings	Motor vehicles	Office equipment	Total
	£	£	£	£
Cost/Valuation				
At 1 April 2022	730,075	334,070	2,204,949	3,269,094
Additions	220,404	90,098	150,616	461,118
Disposals		(73,619)	(5,173)	(78,792)
Impairment				
At 31 March 2023	950,479	350,549	2,350,392	3,651,420
Depreciation				
At 1 April 2022	457,303	249,063	1,824,099	2,530,465
Charge for year	262,156	50,981	181,604	494,741
Disposals		(72,479)	(5,173)	(77,652)
At 31 March 2023	719,459	227,565	2,000,530	2,947,554
Net book value				
At 31 March 2023	231,020	122,984	349,862	703,866
At 31 March 2022	272,772	85,007	380,850	738,629

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

11 Fixed assets (continued)

Association

Land and Buildings

	Housing Properties	Housing in the course of construction	Land & buildings Total
	£	£	£
Cost/Valuation			
At 1 April 2022	15,627,358	10,336	15,637,694
Additions	52,311	1,148,770	1,201,081
Disposals	(92,371)	-	(92,371)
Impairment	(35,234)	-	(35,234)
Transfers	794,748	(794,748)	-
Revaluation	-	-	-
At 31 March 2023	16,346,812	364,358	16,711,170
Depreciation			
At 1 April 2022	1,910,200	-	1,910,200
Charge for year	585,602	-	585,602
Disposals	(5,232)	-	(5,232)
Revaluation	(234)	-	(234)
At 31 March 2023	2,490,336	-	2,490,336
Net book value			
At 31 March 2023	13,857,476	363,358	14,220,834
At 31 March 2022	13,717,158	10,336	13,727,494

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

11 Fixed assets (continued)

Association

Other Fixed assets

	Furnishings	Motor vehicles	Office equipment	Total
	£	£	£	£
Cost/Valuation				
At 1 April 2022	730,075	129,218	1,435,087	2,294,380
Additions	220,404	68,567	105,036	394,007
Disposals		(59,305)	(5,173)	(64,478)
Impairment		-	-	
At 31 March 2023	950,479	138,480	1,534,950	2,623,909
Depreciation				
At 1 April 2022	457,303	95,090	1,162,807	1,715,200
Charge for year	262,156	28,022	128,094	418,272
Disposals		(58,165)	(5,173)	(63,338)
At 31 March 2023	719,459	64,947	1,285,728	2,070,134
Net book value				
At 31 March 2023	231,020	73,533	249,222	553,775
At 31 March 2022	272,772	34,128	272,280	579,180

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 2023 and the latest valuations on those properties.

The historic cost of properties held for letting for the group is £35,907,354 (Company: £15,666,833).

12 Restricted funds for capital projects

Group and Association

	Bradford Trident	2023	2022
	£	£	£
Restricted funds b/f	26,250	26,250	27,500
Allocated to income in the year	-	-	(1,250)
Transferred to general funds in the year	(26,250)	(26,250)	-
Restricted funds c/f	-	-	26,250

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

The grant from Bradford Trident has been transferred to general reserves as the restrictions on its use are no longer in force.

13 Financial Commitments

Expenditure commitments are as follows:

	2023 £	2022 £
Capital Expenditure		
Expenditure contracted for but not provided in the accounts	145,807	1,319,078

14 Operating lease commitments

At 31 March 2023 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	
	2023 £	2022 £	2023 £	2022 £
Not later than one year	5,382	29,755	-	15,000
Between one and five years	2,242	7,624	-	-
Later than five years	-	-	-	-
	7,624	37,379	-	15,000

15 Cash generated from operating activities

Group

	2023 £	2022 £
Net operating surplus	2,292,607	1,873,885
Grants released	-	(1,250)
Returns on investment and servicing of finance	392,652	346,524
Pension scheme non cash movement	(141,000)	(35,000)
Depreciation and impairment of tangible fixed assets	3,076,027	1,689,789
Loss/ (profit) on disposal of fixed assets	(41,658)	14,363
Capitalised costs written off	-	47,584
Decrease/(Increase) in debtors	83,591	(48,098)
(Decrease)/Increase in creditors	(1,093,833)	965,690
Net cash inflow from operating activities	4,568,386	4,853,487

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

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 2022 £	Revaluations in the year £	Transfers £	Balance as at 31 March 2023 £
GROUP				
Revaluation reserve	3,983,548	120,527	(174,710)	3,929,365
ASSOCIATION				
Revaluation reserve	3,136,832	234	(120,745)	3,016,321

19 Movement in general reserves

	Balance as at 1 April 2022 £	Surplus in year £	Transfers £	Balance as at 31 March 2023 £
GROUP				
General reserve	17,704,559	2,292,607	200,960	20,198,126
ASSOCIATION				
General reserve	12,923,534	1,962,398	146,995	15,032,927

In the Association's 2022 opening balance from the prior year accounts, an intercompany transaction relating to the receipt of gift aid from a subsidiary of £749,428 was inadvertently omitted. This has been corrected and affects both this reserves note 19 and note 4 (debtors).

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 2023

20 Related party transactions

The restricted funds described in Note 12 to the accounts have also been transferred to general reserves in the year.

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 2023, the following balances were due from/(to) the other Group entities in respect of the above transactions:

	2023 £	2022 £
Trading accounts:		
Horton Housing Support Limited	1,420,255	1,244,443
Bradford BASE Social Enterprise Limited	57,325	13,295
Chartford Housing Limited	585,184	130,720
Loans to Chartford Housing Limited	11,700,000	10,700,000

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

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.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

21 Pension obligations (continued)

Contributions for the accounting period ending 31 March 2023

The Employer's Regular contributions to the fund are £nil for the period ending 31 March 2023 and are estimated to be £nil for the period ending 31 March 2024 (HLP only).

Assumptions

The latest full actuarial valuation of Horton Housing Association's HLP liabilities took place as at 31 March 2022. The principal assumptions relating to the accounting valuation as at 31 March 2023 are set out below:

	31 March 2023	31 March 2022
Duration of liabilities (years)	27.2	34.1
Discount Rate	4.50%	2.70%
CPI Inflation	2.60%	2.80%
Pension increases	2.60%	2.80%
Pension accounts revaluation rate	2.60%	2.80%
Salary increases	3.85%	4.05%

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 2022 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.

	31 March 2023	31 March 2022
Males		
Member aged 65 at accounting date	21.6	21.8
Member aged 45 at accounting date	22.9	22.5
Females		
Member aged 65 at accounting date	24.6	24.6
Member aged 45 at accounting date	25.7	25.7

Asset Allocation

	Value at 31 March 2023 %	Value at 31 March 2022 %
Equities	80.8	79.8
Property	3.3	4.0
Government bonds	6.9	7.4
Corporate bonds	4.6	4.8
Cash	2.3	2.9
Other	2.1	1.1
Total	100	100

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

21 Pension obligations (continued)

Reconciliation of funded status to balance sheet

	Value as at 31 March 2023 £	Value as at 31 March 2022 £
Fair value of assets	161,000	157,000
Present value of funded liabilities	(160,000)	297,000
Funded status	1,000	(140,000)
Unrecognised asset	-	-
Pension liability recognised on the balance sheet	1,000	(140,000)

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

	2023 £	2022 £
Operating cost		
Current service cost	13,000	18,000
Financing cost		
Interest on net defined benefit liability	4,000	4,000
Pension Expense recognised in profit and loss	17,000	22,000

The allowance for administration expenses included in Current Service Cost is £nil (2022: £nil).

Amounts recognised in other comprehensive income

	2023 £	2022 £
Asset gains/(losses) arising during the period	137,000	11,000
Liability (losses)/gains arising during the period	4,000	46,000
Total amount recognised in other comprehensive income	141,000	57,000

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2023

21 Pension obligations (continued)

Changes to the present value of the defined benefit obligation

	2023	2022
	£	£
Opening defined benefit obligation	297,000	316,000
Current service cost	13,000	18,000
Interest expense on defined benefit obligation	8,000	7,000
Contributions by participants	2,000	2,000
Actuarial (gains)/losses on liabilities	(160,000)	(46,000)
Closing defined benefit obligation	160,000	297,000

Changes to the fair value of assets

	2023	2022
	£	£
Opening fair value of assets	157,000	141,000
Interest income on assets	4,000	3,000
Remeasurement of gains on assets	(2,000)	11,000
Contributions by participants	2,000	2,000
Closing fair value of assets	161,000	157,000

Actual return on assets

	2023	2022
	£	£
Interest income on assets	4,000	3,000
Gain on assets	(2,000)	11,000
Actual return on assets	2,000	14,000