REGISTERED NUMBER: 11578R
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HORNSEY HOUSING TRUST LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

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HORNSEY HOUSING TRUST LIMITED
BOARD MEMBERS, SECRETARIES, ADVISORS AND BANKERS
31 MARCH 2021

BOARD

Chair	June Barnes (appointed 24/09/2020) (Rosie Boughton resigned as Chair 24/09/2020)
Chair of Audit Committee	Anne Waterhouse
Deputy Chair	Julie-Ann Gregory (resigned 8/3/2021)
Other Members	Euan Barr (appointed Deputy Chair 19/11/2020) Bevin Betton (resigned 23/7/2020) Rosie Boughton Stephen Ross Stephen Lord
CHIEF EXECUTIVE & SECRETARY	Alwyn Lewis

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Nexia Smith & Williamson
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PRINCIPAL SOLICITOR
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PRINCIPAL BANKER
Barclays Bank Plc
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Registered under the Co-operative and Community Benefit Societies Act No: 11578R
Registered by the Regulator of Social Housing No: L0719

Chair's Statement

Welcome to the annual report and financial statements for 2020/21, which I am pleased to present on behalf of the Board of Management. This report and the report from Alwyn Lewis, our Chief Executive, give a brief overview of the affairs of the Trust during the financial year 2020/21 and a look ahead to 2021/22.

Hornsey Housing Trust (HHT) is a not-for-profit housing association in the London Borough of Haringey, founded in 1933 by Margaret Hill CBE. We house over 400 people in the borough, primarily older people, in self-contained homes in converted street properties and in purpose-built sheltered housing. Our aim is to enable our tenants to live in their community in a way that ensures that as far as possible they live safe, independent and happy lives. Our new tenants are nominees from the local authority and all of our homes are let at social rents.

The work of the Trust is overseen by a Board of Management made up of suitably qualified individuals who give their time and expertise on a voluntary basis. All of us have local links and a desire to ensure HHT provide a good customer service. During the year Rosie Boughton stood down as the Chair having spent three years leading the Board and supporting the Chief Executive and his senior team. We are grateful that she has stayed on the Board sharing her skills and experience. Two other board members left during the year, Bevin Betton and Julie-Ann Gregory, having both been on the Board for nine years. On behalf of all the Board I would like to thank them for their hard work and commitment.

The past year has been a challenging time for the Trust, our staff and most importantly our tenants, as it has mainly been spent in some form of lockdown as a result of COVID-19. This has meant different ways of working for our staff, focussed on ensuring our residents are safe and get the help and support they want.

I became Chair in September 2020 with an early focus, agreed with the rest of the Board, on ensuring that we were compliant with the requirements of our regulator, The Regulator of Social Housing, and with our chosen code of governance, the NHF Code of Governance 2015. We used external consultants to do an in-depth review of our current compliance which showed we were generally satisfactory. We have put in place a workplan to improve and update a number of documents. We expect this work to be complete by September 2021. Later in the commentary to the accounts we refer to our level of compliance.

We also undertook our annual appraisal of all Board members and of the performance of the Board using an external consultant. This concluded that we have a very strong Board for a small housing association. We also undertook a skills review of Board members to identify any gaps to assist in recruiting to a number of Board vacancies. We expect to appoint four new Board members at our Board meeting on 22nd July 2021.

On our work programme for the coming year is a review of the way we involve our tenants in making decisions that affect them, to ensure we listen carefully to their feedback and act on what we hear. We are also very focussed on ensuring our homes are safe with an increased emphasis on fire safety. We successfully outsourced the provision of our day to day maintenance services last year to Newlon Housing Trust and Wates Ltd which has resulted in an improved service. We are currently reviewing the way we deliver our major repairs services to see if we can improve and simplify this.

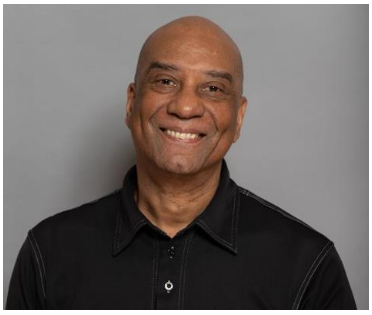
We continue to be keen to provide much needed new homes and are looking to borrow £5 million in the coming year to allow us to develop 20 purpose-built homes for older people in the next few years. To support this, we are in the process of joining the North River Alliance, which is a consortium of smaller North London based Housing Associations which work together to access funding for new homes from the Greater London Authority and to provide development services. This builds on our experience of developing 20 new homes on our own in the last two years.

Overall, the Trust has had a financially successful year, posting a surplus of £468k before pension adjustments. Consistent with our charitable objectives, our surpluses are reinvested in our homes and our services to residents.

I would like to thank my fellow Board members and our staff for their hard work during the year and also thank our local MPs, Catherine West and David Lammy, as well as our local councillors and staff at Haringey and Homes for Haringey for their continuing interest and support.

June Barnes
Chair

HORNSEY HOUSING TRUST LIMITED
REPORT OF THE BOARD
31 MARCH 2021



Chief Executives Message

The past year has been a very challenging yet positive one for the Trust, as we continue to adapt to the changing shape of consumer and fire safety regulations which are emerging in the aftermath of the tragic events at Grenfell Tower in 2017. We continue to operate with the impact of COVID-19 and have focussed our efforts on supporting our tenants, stakeholders, and staff by delivering a good service.

The pandemic has interrupted how we would normally deliver our services. Nevertheless, we have supported our most vulnerable tenants by providing essential and emergency welfare services, co-ordinated by the housing services team, in collaboration with volunteers from Active Age Crouch End (AACE). We have made daily wellbeing and support telephone calls to all our sheltered tenants and the most vulnerable of our tenants living independently in street properties. Our support included undertaking shopping and planning with local pharmacies for essential medication.

As the government has continued to ease the lockdown restrictions, we have ceased some of our weekly calls, in line with a reducing demand, as tenants are more free and able to venture outside and go the shops. We are continuing with ad-hoc calls to our most vulnerable tenants to support their ongoing wellbeing.

In taking this approach, as a small local housing association, we have gained a much better understanding of our tenants' needs and concerns. This has helped shape and refine what we can offer to our most vulnerable tenants. We have compiled a list of people who potentially require additional assistance through this crisis.

Whilst we have seen that COVID-19 has affected arrears, we do benefit from the fact that most of our income comes from housing benefit and universal credit and the impact has been marginal. Our housing team helps tenants by identifying those in need of support and assisting them in making benefit claims to maximise their income, which helps protect the Trust's income stream.

The lockdown also impacted properties that were empty as viewings were temporarily paused but as restrictions ease, we have been able to restart viewings, sign up applicants and welcome them to the Trust as new tenants.

The Trust will be looking at lessons learnt from the lockdown and continues to plan for the easing of restrictions to ensure we remain alert, robust and supportive of our tenants and staff.

I am pleased to say that we took hand over of the remaining five homes of our first development programme for many years in July and welcomed our new tenants.

We have considered the implications of the key changes proposed in the Social Housing White Paper, especially in relation to building safety, complaints, and tenant engagement. We are currently refreshing our approach to tenant engagement.

Our work on health and safety throughout the year has been focused on three key areas, namely: fire safety, water management and gas. Updates of actions taken, to ensure that we are not in breach of standards, are regularly reported to the board.

Also, our complaints policy has been assessed and reviewed to reflect the Housing Ombudsman's new complaint handling code. Newlon Housing Trust, in partnership with Wates plc, have been delivering our day-to-day maintenance service since November 2019, and their performance during the year has been very good, with 96% of all repairs completed on time. We continue to monitor how the service is being delivered and address any issues.

We remain committed to maintaining our existing properties in good repair and developing new homes for social rent. To meet this ambition, we will continue to re-invest our surpluses in maintaining our existing homes and developing new homes. We will also be seeking further bank borrowing over the coming year and additional grant funding to support our development aspirations.

Demand for our homes through Haringey's housing registers remains high, especially for our sheltered properties, though we do recognise that bedsits in our general needs street properties are not as popular and have a strategy to address this.

We have also focussed on how staff can contribute to delivering our strategic objectives by developing their skills and knowledge in customer services, information technology, agile and remote working, and repairs and maintenance.

We know that it is only with the commitment of our staff and Board that, together with the support of our tenants and stakeholders, Hornsey Housing Trust will continue to remain strong, resilient, and adaptable in the face of the challenges and uncertainty in the wider society.

I hope this report provides you with an insight into our finances and what we have achieved at Hornsey Housing Trust and more importantly how we are able to respond to the changing needs of our tenants in 2021/22.

Alwyn Lewis
Chief Executive

CORPORATE GOVERNANCE

Legal Status

Hornsey Housing Trust Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider under the Housing and Regeneration Act 2008 and registered with the Regulator of Social Housing. The Trust subscribes to the National Housing Federation (NHF) model rules which were adopted in September 2018.

Principal Activities

The Trust is a Registered Provider of Social Housing with a primary objective of providing good quality affordable housing. This year the Trust's three core activities were to provide:

- General needs housing, for people over 45 years old;
- Sheltered housing, for independent, older and vulnerable people; and
- Supported services for people with low care needs in our sheltered schemes

The Trust aims to offer affordable solutions to housing needs by effectively managing our financial resources and developing high standards of housing management in partnership with our tenants. Good housing services enable our tenants to live independently, in their own homes, and with additional support, in our sheltered schemes.

The Board places great value and importance on maintaining relationships with its suppliers, tenants and key stakeholders, and considers very carefully any strategic and reputational matters which impact on those relationships.

All surpluses generated by the Trust are used to improve existing homes and services and to provide new homes to meet the demand for social housing in the London Borough of Haringey.

Mission Statement and Values

Our Aim

We are committed to helping older and vulnerable people in the London Borough of Haringey to live securely and independently, by providing good quality homes, value-for-money services, and additional background support.

Our Values

As stated in the Trust's Business Plan in all our dealings with tenants and other stakeholders we work with, we will:

- Act with integrity
- Always engage with tenants and put their needs at the forefront of our work
- Be creative and innovative in our thinking and how we use our resources
- Be agile and collaborative in providing improved services
- Commit to doing our very best for the people we serve.

CORPORATE GOVERNANCE (continued)

Our Objectives

Our five year business plan provides a framework for the delivery of objectives taking us through to the 90th anniversary of the Trust and beyond. The framework will be reviewed annually to ensure that we remain on track and are well placed to respond to future opportunities and challenges. The core objectives which underpin the business plan are being: **SMARTER, BETTER** and **STRONGER.**

These objectives are articulated below:

Objectives	Definition	Success measure
1. Smarter	Capitalise on the advantages of remaining independent, though small; and minimise the disadvantages	Clearer and smarter systems and processes to provide improved value-for-money services to our tenants
2. Better	Continually improving the quality of our housing stock and our services to tenants, providing homes that people want to live in	Maintaining our already high level of tenant satisfaction by improving our understanding of our tenants, and our engagement with them, especially those in our street properties
3. Stronger	Growing in size, while adapting to the changing needs of our tenants	Achievement of growth over the next five years, and the replacement of some of our older, least popular stock with newer, better designed housing

Our Board

The overall strategic direction and performance of the Trust is the responsibility of the Board. The Board has six non-executive members with new members being recruited and currently meets every two months throughout the year. The annual awayday to set and review the strategic direction, financial and operational performance of the Trust was postponed in 2020 due to COVID-19 but these issues were discussed at Board meetings. The Board retains oversight of both internal and external audit and has delegated authority to the Audit Committee to provide scrutiny in these areas.

As part of our succession strategy for the Board, and following the recent skills assessment and review undertaken by Altair Ltd, we will be recruiting new Board members in 2021, with particular focus on skills in housing for older people, tenant engagement and finance. These appointments will further strengthen the Board and enhance the quality of governance.

Audit Committee

The Audit Committee is appointed to act on behalf of the Board to ensure the Trust has in place and operates appropriate controls to safeguard its assets and manage the associated risks. The Committee’s responsibilities include overseeing risk management, ensuring there are appropriate levels of internal control and overseeing the work of internal and external audit. The internal and external auditors attend key meetings and the Committee is responsible for ensuring and monitoring the integrity of the annual financial statements and value for money reporting.

CORPORATE GOVERNANCE (continued)

Regulatory Compliance

The Trust is regulated by the Regulator of Social Housing (RSH) and is required to comply with the Regulator's Governance and Financial Viability Standard. The Board has reviewed its compliance against the regulator's standard and confirms its compliance up to 22 July 2021. An independent review of our governance arrangements was carried out by Campbell Tickell in the last quarter of the financial year, and looked at our documentation and processes to ensure that they were fit for purpose. The overall findings were positive with some updating required. We have now put in place an action plan to address matters in need of improvement. This includes moving to a quarterly meeting cycle, updating terms of reference for the Audit Committee to become the Audit and Risk Committee, and introducing a Nominations and Remuneration Committee. The action plan is due for completion by September 2021.

Performance Management Framework

Our Performance Management Framework enables the Trust to cascade to staff our priorities for the following year and set targets and objectives for staff which are monitored through regular one to ones and an annual appraisal.

Risk

We operate in a challenging environment, subject to changes in national and local policies and to the changing housing environment, which requires the Trust to continually assess the risks that these pose. During the year we focused on developing our risk management framework, updating our risk strategy, our risk map and embedding improvements around how we manage and mitigate risk into our day to day operations. We have integrated risk assessment into our Board reports, identifying specific high level risks where the Trust and our tenants may be vulnerable if actions are not delivered. This ensures that these risks are fully considered, with actions to provide mitigation, which assists the Board to manage and minimise risks which might prevent the organisation achieving its objectives. In the coming year we will continue to focus on our approach to risk assessment and mitigation. Key risks to the Trust are set out on page 11.

Policy review

During the year we reviewed and updated the Rent and Service Charge Arrears Policy, Disposal Policy, Financial Standing Orders and Treasury Management Policies. We also updated our Asset Management Strategy and put in place an Asset Management Plan which included reviewing all our properties. We intend to carry out a stock condition survey in 2021 to update this.

Key Performance Indicators (KPIs)

We receive regular KPIs at our Board meetings, which help us to monitor the Trust's performance through the year; and annually receive benchmarking data from Acuity which assesses the Trust's work against that of its peers, some of which is included in this report.

CORPORATE GOVERNANCE (continued)

Future Development

The Trust continues to pursue its objectives for growth of acquiring or developing additional homes and expanding its services to tenants in line with its 5-year business plan. To achieve this, we expect to join the North River Alliance to provide the development services and expertise to deliver our programme.

External advisors

Altair Ltd, a management consultancy, principally specialising in the housing sector and the provision of financial, management and technical services, continues to advise and guide the Board and the Leadership Management Team. Aquila Treasury & Financial Solutions, a sister company of Altair Consultancy continues to provide Treasury advice to the Trust.

Campbell Tickell were appointed to undertake a governance effectiveness review and support the appraisal of Board members.

TIAA provide internal audit services and assurance on the Trust's systems and controls.

Fraud

The Trust complies with the regulatory requirements on fraud, and a fraud register is maintained of all actual and attempted fraud. There is a separate whistleblowing policy.

Managing information and General Data Protection Regulation

The Trust takes its duty and obligations to protect privacy and data protection seriously and during the year we recorded no data protection breaches**.**

Risks and uncertainties

Risks that may prevent the Trust achieving its objectives are considered and reviewed by the Leadership Management Team, the Board and Audit Committee. The risks are recorded and assessed in terms of their impact and probability. During the year the Trust reviewed and updated its risk register, identifying risks and categorising them into strategic and operational risks. Those presenting the greatest threat to the Trust are reported to the Audit Committee together with action taken to manage the risks including assessments of key controls and the outcome of the action.

Key strategic risks centre around governance and leadership of the Trust, delivery of future developments and landlord health and safety. Other external challenges facing the Trust include uncertainty of the impact of Britain's departure from the EU together with COVID-19; the implications of the roll out of Universal Credit; cyber security threats; requirements flowing from the Fire Safety Bill and compliance with all other health and safety legislation and consumer standards.

The COVID-19 pandemic began to impact the Trust in February 2020 and continues to create uncertainty in our operating environment. However, the Trust's approach was to activate its business continuity plans when the country went into lockdown in March 2020 and has adjusted its

CORPORATE GOVERNANCE (continued)

approach in response to government guidelines. Operationally, the Trust has increased the support to tenants both through tenancy sustainment activities and the approach it takes, by regularly contacting vulnerable tenants. Maintaining services to all tenants in line with Public Health England (PHE) guidance has been our priority and this has enabled the ongoing provision of repairs and estate services throughout the year.

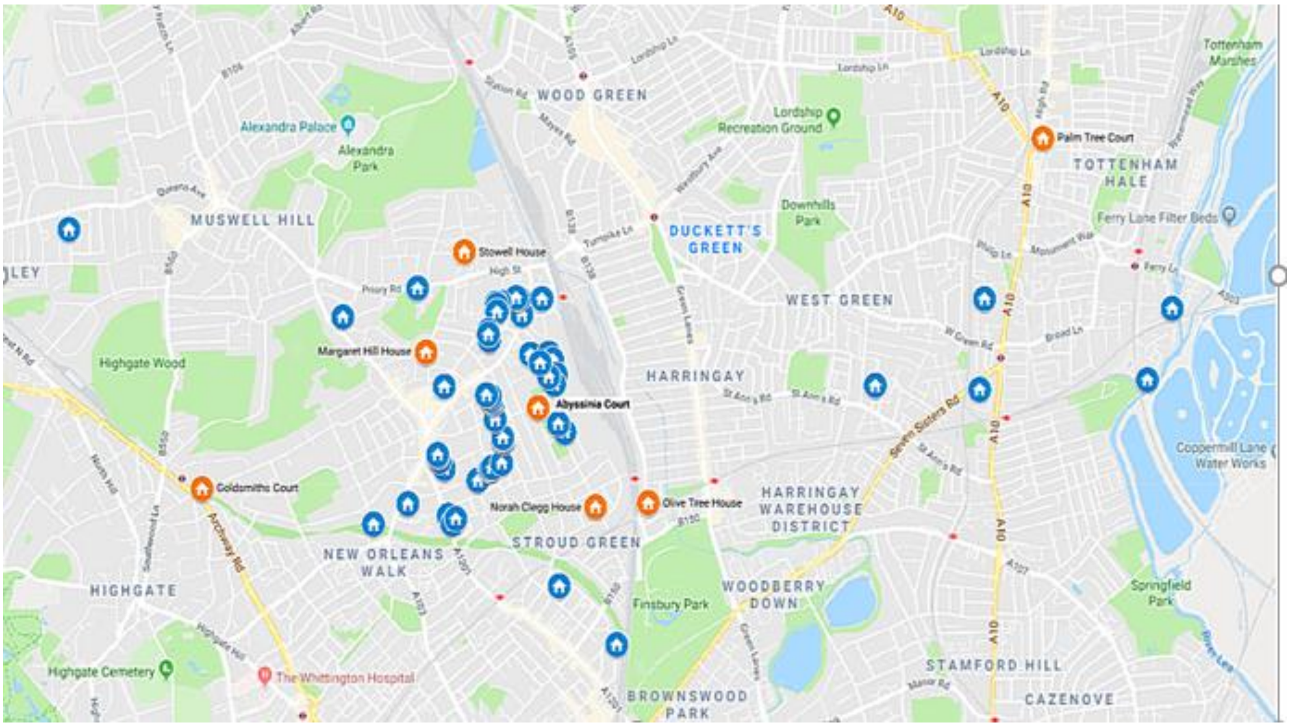
The Trust's staff embraced agile working from home during lockdown and continued to provide services at sheltered schemes in line with this PHE guidance. The pandemic demonstrated our Board, staff and contractors' commitment to providing high quality customer service to our tenants, albeit sometimes in a different way.

As part of managing the Trust's risks a full budget is considered each year in addition to updating the financial plan which identifies the various component parts of the business and the risks financial and otherwise that the organisation faces with these activities. This includes the risks associated with assets that generate income including the age of properties and their component parts, costs to maintain and replace these and the total amount that needs to be set aside as and when they become due for renewal.

The Trust will continue to manage its housing portfolio and deliver services to tenants in alignment with its 2019-2024 Business Plan. The key objectives are improving the quality of our stock and service to tenants, delivering value for money and growth through the development of better designed new homes that people will want to live in. The Trust has identified a need for additional funding to support its development aspirations and is in the process of agreeing new loan facilities to meet this business objective.

Our Stock

A map of the location of our housing stock is shown below:



The final 5 units of our development programme were handed over at Palm Tree Court in July 2020.

FINANCIAL PERFORMANCE

Turnover in 2020/21 was £3,614k, expenditure was £3,103k generating an operating surplus of £511k (2019/20: £1,217k). Net surplus after interest costs was £468k. This level of surplus is lower than that achieved in 2019/20 and 2018/19 as result of no sales of properties having been undertaken. The surplus enables us to continue to invest in and improve the services we provide to our tenants and ensures that we meet our interest cover requirements in line with our lenders covenants.

Our key financial performance is summarised in the following table, showing the Trust's performance over the last 5 years.

Financial Performance £000s	2020/21	2019/20	2018/19	2017/18	2016/17
Turnover	3,614	3,385	3,256	3,258	3,725
Operating Costs	3,103	3,082	2,997	3,029	2,817
Surplus on sale of properties	-	914	962	-	250
Operating Surplus	511	1,217	1,220	229	909
Net Interest Costs (1)	43	47	132	54	61
Surplus for the year (2)	468	1,170	1,088	175	848

(1) Net finance costs in 2018/19 included breakage costs for early repayment of Orchardbrook loan.

(2) Surplus for the year excludes pension movements.

Financial Position £000s	2020/21	2019/20	2018/19	2017/18	2016/17
Housing Properties at cost (1)	34,374	34,068	31,784	27,669	27,622
Housing Properties at cost less depreciation	23,608	23,975	22,117	18,499	18,907
Loans	710	767	829	1,244	1,308
Deferred social housing capital grant and recycled capital grant fund	13,037	13,475	13,779	12,772	13,184
Cash in hand and on deposit	1,603	1,230	2,473	3,637	4,286
Reserves	10,535	10,492	8,806	8,190	8,015

(1) Housing property costs include work in progress of £1.6m -2019/20 and £4.0m – 2018/19

Financial Ratios/KPIs	2020/21	2019/20	2018/19	2017/18	2016/17
Weighted Average Interest Rate	5.14%	5.40%	5.60%	5.96%	6.00%
Operating cost per managed home	7,875	7,904	7,908	7,887	7,317
Debt per home managed	1,802	1,921	2,187	3,238	3,385

COVID-19 - In response to the pandemic the Trust implemented its business continuity plan, purchased laptops and other equipment to enable staff to adopt agile working and continue providing services to tenants and other stakeholders in a safe and socially distanced manner.

Cash in hand and on deposit at the year-end was £1.6m (2019/20: £1.2m).

Development Programme - during the year the Trust completed and handover over the remaining units of the development programme and welcomed new tenants into 5 new homes.

CAPITAL STRUCTURE AND TREASURY

Treasury Management Policy

The Trust's Treasury Management Policy was updated in 2020 and sets out the parameters and controls for treasury activities and reflects its growth aspirations. The focus of the policy is to ensure liquidity and that funds are in place to deliver the long term financial plan as appropriate together with ensuring compliance with lenders' financial covenants. To support this, the Board agreed Golden Rules of: 12 months operating cashflow, headroom of 25% over lenders interest cover and 10% headroom below lenders gearing covenants and monitors these regularly.

The financial plan is updated annually including scenarios and stress testing of adverse market conditions or shocks to our business. The plan also incorporates mitigations to these scenarios and events to ensure our business remains robust and can respond to risks, ensuring compliance with the Golden Rules and that adequate cash and covenant headroom is maintained.

Loan structure

The Trust has loan facilities of £710k (2019/20: £767k) from Lloyds Banking Group which are based on fixed rate loan and floating rates of interest. The Trust recognises the long term nature of the business and maturity dates and scheduled capital repayments reflect this. The loans have been secured with charges on the Trust's properties. Hornsey Housing Trust is compliant with Lloyds Banking Groups financial and non-financial covenants. Further details on the loans are detailed in note 16 on page 57 of the financial statements.

Liquidity policy

The Treasury management policy requires that cash flow management ensures that sufficient funds are available to meet business objectives and liabilities as they fall due. At the year-end cash in hand and on deposit was £1.6m (2019/20: £1.2m). The Trust had an overdraft in place at the year end with its main bankers, Barclays Bank PLC.

HORNSEY CARE AND SUPPORT LTD

The Trust's subsidiary, Hornsey Care and Support Limited, remained dormant in the year.

OPERATIONAL PERFORMANCE

HOUSING SERVICES

Reducing rent arrears is beneficial to all, for our tenants by assisting them to stay up-to-date with rent payments which helps them to plan their finances better and avoid stressful situations; and for the Trust, it means a more reliable cash flow, which enables more effective planning of development and maintenance works.

Current tenant arrears adjusted for timing differences of outstanding housing benefit and universal credit payments received in early April was £128k (2019/20: £110k). Unadjusted arrears were £200k.

Monitoring rent arrears levels is key to managing the Trust's cashflow. Over 80% of the Trust's rent is paid through housing benefit which is on a four weekly payment cycle. Where a change of circumstances exists and tenants need to submit a new claim for Universal Credit this can cause delays of up to 10 weeks in entitlements being assessed and paid to the Trust. The table below shows rent arrears performance in the year:

Rent arrears for current tenants including Housing Benefit		
	2020/21	**2019/20**
Adjusted arrears (1)	**£128k**	£110k
As % rent receivable (1)	**3.9%**	3.7%
Acuity Benchmark	**4.2%**	4.2%
Unadjusted rent arrears	**£200k**	£197k
As % rent receivable (2)	**6.2%**	5.2%

1) Adjusted arrears take account of Housing benefit received in April 2021 and adjusted for rents relating to first few days of 2020/21.
2) Arrears to 31st March 2020 adjusted for week 53 rents relating to 2020/21 only, but not housing benefit received in April 2020.
3) Acuity Benchmarking is the national smaller housing provider's benchmarking network.

As an illustration of the impact of the Housing Benefit cycle, the week 51 & 52 payment of Housing Benefit and Universal credit was not paid until week 2 of 2021/22. Receiving this in year with outstanding claims ready to be processed, would have reduced arrears from 6.2% to 3.9%, which is below the Acuity Benchmark.

When we consider rent arrears that result from Housing Benefit and Universal Credit these have increased year on year due to timing differences and these can significantly impact the arrears figures. In recognition of the risks in this area, housing management and supported housing staff continue to manage this closely. We recognise that there are still ways to improve performance to bring the arrears level down and have continued with the Universal Credit Officer role to assist our tenants and support the Trust's income stream. Former tenant arrears have also been managed and some write-offs have been incurred where appropriate,

The Trust gave special attention to our working age tenants affected by COVID-19. We assisted them with benefit claims and arrangements to reduce arrears once they returned to work. We always try to find ways of helping people reduce their arrears and stay in their homes. However, last year we took legal action where we were not able to agree an alternative route and this increased arrears because there is a huge backlog in the legal system.

MAIN HOUSING SERVICES (continued)

Universal Credit and access to benefits and income maximisation

Our Universal Credit Officer provides specialised support to tenants moving on to Universal Credit, and supports all our tenants to access other benefits (including housing benefit, overpayment appeals, council tax benefit, pension credit, carers allowance, personal independence payments, attendance allowance and disability living allowance) to which they are entitled.

Managing voids and new lettings

Over the year we have relet 26 void properties of which 22 were re-let to new tenants nominated by Haringey, and 4 internal transfers. All the tenants were nominated by LB Haringey or from our internal transfer list where elderly tenants are given the opportunity to be rehoused into sheltered housing in line with our policy. The management of the lettings process is regularly monitored to ensure that void periods are minimised as it is an important way to maximise rental income. However, during the first COVID-19 lockdown the Trust decided that no lettings would take place which had an effect on the void turnaround times.

Most of our tenants occupy their homes for many years, and when these properties become void the turnaround time, before re-letting, can take longer than the average in the sector because of the works necessary. In addition, as the Trust's properties are only for people aged over 45, nominations from the London Borough of Haringey can take longer. However, it is generally quicker to let vacancies in our sheltered schemes than in our street properties.

Progress with re-letting void properties is regularly reported to the Board and we have recently reviewed and improved the way in which voids are reported, monitored and turned around. We are currently trialling a partnership agreement with Sanctuary Housing to accept nominations. This will help us to maximise the contribution the Trust can make towards effective void management. The average void period in 2020/21 excluding long term voids increased primarily due to government restrictions relating to COVID-19.

SUPPORTING TENANTS

Extra support needs

We continue to provide extra support to tenants of sheltered housing and receive funding through Enhanced Housing Management which is Housing Benefit eligible. Additionally, during the pandemic staff worked from home therefore the wellbeing calls and support plans continued remotely. The Leadership Management Team worked on site and the Head of Housing carried out shopping for our most elderly and vulnerable tenants that were unable to go to the supermarkets to carry out their weekly shopping. The Trust made connections with Morrisons Supermarkets, local volunteers, foodbanks and local shops for food deliveries to assist with the support for our tenants.

Day to day repairs

The management contract arrangements with Newlon Housing Trust provided a robust framework throughout the year for the delivery of responsive repairs. It ensured that the necessary IT systems were in place to administer the service through established call centre off-site working principles.

In addition, a positive network of contractors was able to overcome potential supply-chain material shortages to deliver an effective responsive repair service.

Expenditure on our day-to-day repair and maintenance programme is set out in the table below:

	Target	2020/21	2019/20
Total maintenance and major repairs per unit	£2,599	**£2,089**	£2,678
% Current gas safety certificates in place	100%	**100%**	100%
% Emergency repairs attended to on time	100%	**97%**	100%
% Repairs completed on time	90%	**96%**	97%

Health and Safety

The main compliance functions, namely asbestos management, electrical and gas testing, fire management, lifts and water hygiene were managed with reference to all statutory requirements.

Two notable strategic improvements were implemented as follows:

- Fire Management – Intrusive fire risk assessment surveys were undertaken to all schemes and associated fire stopping completed, thereby supporting ‘stay put’ fire strategies.

- Water Management – A programme of changes from indirect to direct water have been undertaken, which will further reduce the risk associated with stored water systems.

Asset Management

The ten year asset plan was further updated and will be subject to a commissioned stock condition survey in 2021/22.

To further mitigate risk the Trust is reviewing partnership options for the delivery of compliance and asset management services.

Development

The development programme started in 2018, comprising 20 units reached final certification and completion of the defects period.

GROWTH

Quality of life

The Board remains keen on developing the use of our sheltered schemes as 'hubs' for activities and social events. Our ability to do this has been constrained by the challenges imposed due to the pandemic. However, during the year, we have been in more frequent contact with tenants so we can better understand and plan for social events and activities as restrictions ease.

New homes for new tenants

During the year the final 5 homes of our development programme were handed over and the Trust were delighted to welcome 5 new tenants to the Trust, nominated by LB Haringey. All the additional flats have been created on our own land, most within (or adjacent to) two of our existing sheltered schemes. We have been pleased by the high quality of the flats. Embarking on development for the first time in over twenty years has been a challenge for the Trust on a number of fronts, not least in managing the process on the ground, while respecting and supporting the needs of existing tenants living within the same schemes.

Looking to the future

The Board and the Leadership Management Team continue to improve our understanding of the options open to us for our future direction. The key themes were delivery of services to our tenants, management of our assets and financial resilience.

We have the ambition to undertake future development and thereby provide more secure homes for those in housing need. We also, of course, have the obligation to our existing tenants to keep their homes in good repair. We reviewed the work undertaken by our Asset Manager to establish the life cycle of the various components of our housing stock, which has been helpful in formulating our Asset Management Programme, and we are looking at ways in which the costs might be 'smoothed' across a ten-year period. A formal Stock Condition Survey will be completed in 2021/22 which will provide more certainty over investment levels required on our properties.

Looking to the future, a key issue for us is that a small element of our housing stock is increasingly less suited to the current and future needs of our tenants due to age and layout. Accordingly, we have implemented an Asset Management Strategy and revised our Business Plan to incorporate the disposal of a small number of our existing dwellings each year, to help fund their replacement by newly built homes better suited to the long-term needs of our client group. We will also continue to focus on building and fire safety in our homes.

We are currently further refining our financial plan taking into account the latest information from our existing stock condition survey and our 5–10 year financial plan. This will help us to determine where to focus our asset management spend. We are also exploring options for raising new finance to help realise our ambitions for future development to provide new homes in Haringey.

STAFF RESOURCES

The Board recognises that the strength of the Trust lies in the quality and commitment of its employees. The Trust's ability to meet our objectives and commitments to our tenants and other stakeholders efficiently and effectively is reliant on our staff. We appreciate the flexibility staff demonstrated throughout the lockdown, the way they have adapted to agile working in response to COVID-19 as well as covering for absences during the pandemic to ensure that essential tenants' services were maintained.

BENCHMARKING AND KEY PERFORMANCE INDICATORS

A critical aspect of our Business Plan is our ambition for continuous improvements in our performance in the areas of finance and service delivery year on year, whilst recognising that we are a small charity in a regulated social housing sector. While we have limited ability to determine the rents we charge, we must ensure costs are controlled to maximise our resources.

The key operational performance measures that we use are set out below:

- Rent Arrears
- Average time to re-let an empty property
- Gas safety compliance
- Voids management
- Average cost of repairs

These KPIs have been reported in pages 14-18 of these financial reports. All KPIs are kept under review by the Leadership Management Team, and are reported regularly to the Board. We monitor progress in our own performance by comparison with the previous year and how our KPIs compare to those of comparable housing organisations. The Trust is an active member of the Small Providers Benchmarking Group (SPBM) and the National Housing Federation's G320 group. We compare ourselves against the SPBM Benchmark. SPBM is a member led benchmarking organisation designed for smaller housing providers.

VALUE FOR MONEY

Delivering Value for Money (VfM) is key to the Trust's success and delivery of its business plans objectives. It is a measure used to assess the level of Economy, Efficiency and Effectiveness given the resources available.

- ***Economy***: minimising the cost of resources used while having regard to quality
- ***Efficiency:*** the relationship between the output from goods or services and the resources to produce them
- ***Effectiveness***: the extent to which objectives are achieved and the relationship between intended and actual impacts.

VfM metrics are used as a tool to measure and improve business health, asset management, and growth; protecting and investing in assets and delivering customer satisfaction. Delivering value for money is a priority for the Trust particularly this year with competing demands for resources, the implications, financial and otherwise, and uncertainty from Brexit and the COVID-19 pandemic.

The Regulator of Social Housing's Value for Money Standard and accompanying Code of Practice came into effect in April 2018, and has been adopted by the Trust in its management and reporting of VfM, which is also a regulatory requirement. The standard includes a requirement to publish a robust self-assessment which is transparent and accessible to stakeholders on how they are achieving VfM.

The Value for Money Approach and Statement

The Trust's mission "is to help older and vulnerable people in the London Borough of Haringey to live securely and independently by providing good quality homes, value-for-money services, and additional background support." The vision is supported through the three objectives that are embedded within the Trust's business plan being **SMARTER, BETTER and STRONGER.**

The Board's approach to delivering value for money included the adoption of a Value for Money Statement that focused on the Purpose, Priorities, Outcomes and Targets of the Trust. The Trust's Value for Money Statement aligns to the Trust's business plan and sets our clear priorities and outcomes to support its mission statement which are noted below.

Value for Money Purpose:

VfM is an integral part of the business plan 2020-24. Our approach to achieve successful delivery of the plan, was to agree four VfM priority areas which are shown below.

Value for Money Priorities:

- To maximising the Trust's income
- Pro-active Asset Management.
- Target to maintain our social housing management costs at the median peer group
- To provide services that satisfy our customers as well as delivering social value.

Value for Money Outcomes and Targets

Our measures of success include delivery of the budget and business plan objectives incorporating the VfM priorities. The Trust has also used the Regulators seven VfM metrics alongside benchmarking against our peers to assess performance.

Value for money, performance and development during the financial year

Measure [1]	2020-2021	2019-2020	2018-2019	Change from last year	Target Budget 2020-2021	Peer Group Median 2020 [2]	Regulator of Social Housing Metric no. [2]
Business Health							
EBITDA MRI interest cover [3]	**1736%**	**542%**	**215%**	↑	**700%**	162.0%	4
Operating margin % social housing lettings only	**12.7%**	**8.2%**	**6.7%**	↑	**8.40%**	19.87%	6a
Operating margin % overall	**14.5%**	**9.6%**	**9.5%**	↑	**9.47%**	16.8%	6b
Growth							
New supply delivered - social housing homes	**1.27%**	**3.86%**	**0.00%**	↓	**1.28%**	0.8%	2
New supply delivered - non-social housing homes	**0.00%**	**0.00%**	**0.00%**	↔	**0.00%**	0	2
Gearing %	**(2.60%)**	**(1.42%)**	**(5.91%)**	↓	**(0.50%)**	38.7%	3
Headline social housing cost per unit £	**6,049**	**6,777**	**6,825**	↓	**6,928**	6,440	5
Asset Management							
ROCE	**2.10**	**4.95**	**5.11**	↓	**3.27**	4.2%	7
Growth							
Reinvestment % Development	**1.07%**	**8.28%**	**13.45%**	↓	**1.42%**	8.6%	1

(1) Descriptions of all measures are shown on page 23.

(2) Peer Group Median is Housing for older People metric and Regulator of Social Housing Metric No are from Regulator of Social Housings' Value for Money metrics and reporting 2020 – Annex to 2020 Global Accounts

(3) EBITDA MRI - Earnings before interest, tax, depreciation and amortisation and major repairs investment.

VALUE FOR MONEY METRICS

1. **Reinvestment %** - considers the level of investment into the business, this has reduced year on year reflecting the completion of the development programme and reduced asset management investment in the year.

2. **New Supply metrics -** reports on new homes. The final 5 new homes of the development programme were handed over and tenanted in July 2020.

3. **Gearing** – looks at debt that the Trust carries in relation to the value of its housing properties. The Trust has traditionally had low levels of borrowing and financed its current development from cash reserves, grant and fixed asset sales therefore gearing has remained low. As capital repayments have continued with no new borrowing to date gearing has continued to fall.

4. **EBITDA, Major Repairs included Interest Cover % -** examines the surplus generated in the year compared to the interest payable cost. Our figures, are strong and reflect the low level of borrowings of the Trust.

5. **Headline social housing cost per unit** – considers the cost of running social housing units and includes all repairs, maintenance, service charge and capital costs divided by the number of housing units. The results for this financial year show reducing costs reflecting value for money savings, lower spend generally in part due to COVID-19 delaying some of the works.

6a. Operating Margin (Social housing lettings only) % - looks at the operating surplus from social lettings divided by income from social lettings and excludes fixed asset sales. The margin increased slightly compared to 2019/20.

6b. Operating Margin (overall) - considers the operating surplus and includes the gain / loss on fixed asset sales, divided by all income. Our margin has improved slightly year on year as noted above primarily due to increased recovery of service chargeable costs, savings and impact of COVID-19 on day to day repairs.

7. **Return on capital employed (ROCE) % -** reports on operating surplus (including any gain / loss on disposal) divided by total assets less current liabilities. This has decreased as the development programme completed and asset management spent was reduced in the year.

VALUE FOR MONEY PRIORITIES

The four priorities identified in the 2020-2024 business plan and performance for 2020/21 are:

1. To maximise the Trust's income

- Effective rent collection
- Support and advice to tenants in accessing benefits and grants
- Recovery of service costs
- Continuing to enable the sustainment of tenancies for residents

Current Performance
The VfM metric 4 (EBITDA-MRI) and metric 6 (Operating Margin) both demonstrate improved performance due to both increased income from applying the new rent standard and recovery of service chargeable costs. There has also been a reduction in repairs and other services in part due to the impact of COVID-19, with spend being deferred. The improved performance allows further reinvestment in tenant activities, housing services and investment in existing stock and new homes.

VALUE FOR MONEY PRIORITIES (cont'd)

Future Performance
Looking ahead we will continue to focus attention on rent collection and sustaining tenancies. A review of service contracts to deliver further savings and VfM outcomes will be undertaken and contracts with our commercial tenants will be re-negotiated.

2. Pro-active asset management

- Redevelopment opportunities
- Reinvestment in poorer performing assets, funded via sales where assets are uneconomical to retain
- Reinvestment in assets to ensure homes are safe and comply with all legislative requirements
- Active management of planned and major repair requirements, phased where appropriate

Current Performance
The VfM metric 1 (Reinvestment), metric 7 (Return on Capital Employed- ROCE) and metric 2 (new supply) all show a fall in performance compared to 2020-21. This was expected as the development programme was substantially completed in 2019/20.

The VfM metric 3, gearing measures, show how dependent the Trust is on debt finance and as our developments were substantially self-funded our gearing remains low with significant capacity to borrow to develop. We did also receive additional grant on our development programme of £65k bringing total grant received for the programme to £1.5m.

Future Performance
The plans for 2021/22 include the procurement of consultants to undertake a stock condition survey of our properties. This will provide an insight on major repairs requirements and shape our decision making on asset management investment in the medium term.

In terms of future development, the Trust is committed to develop more social rent properties and is partnering with the North River Alliance which has expertise in development. We are also negotiating new funding to support our development aspirations and will seek grant funding to support the development of new housing.

The asset management strategy has been updated which also includes the divestment of properties which no longer meet our long-term goals. These activities are expected to result in lower maintenance and asset management costs going forward, increased efficiency savings and improved customer satisfaction.

3. Target to maintain our social housing management costs at the median peer group

- Identification of appropriate peer group (Housing for older people within general needs & supported providers)
- Consider offering or receiving partnership service opportunities with other Housing Associations.

VALUE FOR MONEY PRIORITIES (cont'd)

Current Performance

The VfM metric 5 (headline social housing cost per unit) has reduced significantly compared to budget and prior year for the same reasons that EBITDA-MRI and operating margins have improved. Being a provider of homes for older people and located in London these costs are higher than many other housing providers. We are members of Acuity which provides services to smaller housing associations which allows us to benchmark with similar providers of Housing for older people.

Although the Trust has no high rise properties or cladding, fire safety is paramount to us and following fire risk assessments works were identified and procured in the year. These activities have both kept our tenants safe and protected the Trust's properties.

Finally, we have renegotiated a number of contracts to deliver VfM. This includes the provision of dementia services, utilities from energy suppliers, staffing requirements as vacancies opened up, and working with LB Haringey to minimise the Trusts council tax liability. VfM is not necessarily about cutting costs but also delivering improvements and efficiencies to services and examples of this include our governance review, the maintenance contract with Newlon Housing Trust and Wates and support on new funding from our legal and financial advisers Devonshires and ATFS.

Future Performance

Looking forward as part of the asset management strategy we will be reviewing the delivery of our planned works and major repairs.

We are also in discussion with North River Alliance, a consortium of smaller housing associations in North London, for them to lead on the delivery of new homes including appraisals of our existing stock to identify development opportunities and grant funding to support the delivery of new homes.

We will continue to review services and processes and embedding VfM on procurement into the business particularly where contracts are being renewed to deliver robust and efficient services.

4. To provide services that satisfy our stakeholders as well as delivering social value

- Introduce social value impact assessments
- Use customer feedback to review quality of service provision

Current Performance

The Trust's stakeholders include its tenants, the London Borough of Haringey, managing agents, banks, suppliers etc. During the year we have improved our supplier payment process implementing a workflow module that has brought in efficiencies in our payment methods. Other process improvements include introducing component accounting software.

Future Performance

Looking ahead two key areas that we will focus on in 2021/22 are gathering information on customer satisfaction on repairs and other services from customer surveys and increasing tenant engagement activities as we come out of lockdown.

KEY POLICIES & STRATEGIES

a. Financial Framework

The principal accounting policies are set out on pages 38 to 45 of the financial statements. The Trust has adopted the 2018 Statement of Recommended Practice (SORP) Accounting for Registered Social Housing Providers.

b. Fixed Assets

Details of the Trust's fixed assets are given in notes 11 and 12.

c. Directors & Officers Insurance

The Trust maintains indemnity insurance for Board members and senior staff**.**

d. Rent Policy

The Board reviews the Rent Policy annually in accordance with the regulations in force at the time. At the end of the year there were 7 units under secured tenancies (Fair rents), for which rent increases are reviewed every two years in line with Rent Service Office requirements which were reviewed during the year.

f. Treasury Management

The Treasury policy is to maintain at least 80% of borrowings at fixed rates of interest. The overall aim is to limit the risk of exposure of interest rate fluctuations and optimise performance by taking advantage of reductions in interest rates. The Trust invests surplus cash on overnight deposit to fixed term deposits of between 1 month up and up to 1 year through various financial institutions.

g. Employment Policies & Staff Involvement

Staff actively contribute to the successful running of the Trust and a performance management framework is in place. Regular staff meetings are held whereby employees are able to suggest ideas to improve the service, which the Trust provides to its tenants.

h. Health, Safety & Welfare of Employees at Work

The health, safety, and well-being of the staff at the Trust are also essential to the high level of service that the Trust provides. The Leadership Management Team periodically review policies on health and safety and staff welfare.

i. Employment Training and Advancement of Equal Opportunities

With a diverse client group and workforce, we always place a high emphasis on maintaining good practice and promoting equality in service provision and employment. The Board will be reviewing the adequacy of the Trust's policy on Equality and Diversity and its compliance with legal and regulatory requirements, in the next financial year. The Trust is an Equal Opportunities employer, treating all existing and prospective staff in a fair and equal manner.

STATEMENT OF BOARD'S RESPONSIBILITIES

The Co-operative and Community Benefit Societies Act 2014 and related social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Trust and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and 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 a going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Board is responsible for keeping proper accounting records and disclosing with reasonable accuracy at any time the financial position of the Trust, to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for private registered providers of social housing 2019. The Board has a general responsibility for taking reasonable steps to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

So far as each board member is aware, there is no information relevant to the audit of which the organisation's auditors are unaware and each Board member has taken all of the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any such relevant information and to establish that the Trust's auditors are aware of that information.

CORPORATE GOVERNANCE

RSH Regulatory Framework

The Board has received and reviewed the Chief Executive's annual review of the effectiveness of the system of internal controls. The Board also confirms that the Trust has met the Regulator of Social Housing's regulatory expectations on the governance and financial viability standard.

NHF Code of Governance

The Trust has adopted the NHF Code of Governance 2015 and the Board seeks to comply with The Standard. The Trusts adoption of the Code of Governance 2015 was reviewed independently by Campbell Tickell, and the Board was satisfied that it largely complied with the code. There are a number of small enhancements currently being made.

The recently released new NHF Code of Governance 2020 will be adopted by the Trust over a transition period of 12 months. Some of the key new recommendations of the code include:

- That individual board member tenure be limited to six years, except in special circumstances, rather than the current nine years
- That board should have between five and twelve members
- That board members should have diverse backgrounds and attributes as well as people with "direct lived experience" of the communities the organisation serves.

CORPORATE GOVERNANCE (CONTINUED)

Membership of the Board

The Board is collectively responsible for the competent management of the Trust in accordance with its objectives. The Rules require that the Board shall consist of not less than five and not more than twelve members (including co-opted members). The Board currently comprises six non-executive members, all of whom are shareholders. It has a separate Audit Committee, which meets at least twice a year, and reports to the main Board.

Liquidity Risk

The Trust seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs as well as investing cash assets in order of security, liquidity and yield respectively. The Trust was in compliance with the Golden Rules throughout 2020/21. Negotiations for new funding and the extension of the overdraft facility were also undertaken during the year to fund future development and investment in assets. The Trust had bank balances of £1.6m which were readily available at 31 March 2021.

Interest Rate Risk

The Trust finances its operations through a mixture of retained surplus and bank borrowings. The Trust also borrows in order to finance new developments and capital investment. This creates an exposure to interest rate fluctuations on its borrowings which is managed by the use of both fixed and variable rate facilities. All fixed rate facilities are embedded.

Credit Risk

The Trust's principal credit risk relates to tenant arrears. The risk is managed by providing support to eligible tenants with their applications for Housing Benefit or Universal Credit, and by closely monitoring the arrears of all tenants. As more residents move to Universal Credit and if COVID-19 continues this exposure will grow and require the Trust to ensure robust monitoring and action plans are in place.

GOING CONCERN

The Trust's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

The annual budget for 2021/22 was approved in March 2021 and the long-term financial plan is updated annually and stress tested. In completing these, we considered the ongoing impact of COVID-19 and other risks to cashflows and covenants including increased arrears and voids. We do not consider that these would increase materially and have actions in place to mitigate against these if required. These reports were both tested against the financial covenants and both demonstrate continued financial viability.

The Board after due consideration of the above is of the view that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the annual report and financial statements are signed. Accordingly, Hornsey Housing Trust continues to adopt the "going concern" basis in preparing the financial statements.

STATEMENT ON THE TRUST'S SYSTEM OF INTERNAL CONTROL

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. It recognises that no system of internal control can provide absolute assurance or eliminate all risks and the internal control framework is designed to manage and reduce rather than eliminate the risk of failing to achieve key business objectives.

The internal control framework and risk management processes are subject to review by the Board with delegated authority given to the Audit and Risk Committee to review and report to the Board.

These processes have been further strengthened by the appointment of TIAA in 2020 as internal auditors who have a three-year programme to audit the Trust's internal controls and a governance review undertaken by Campbell Tickell.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance processes. This includes a regular evaluation of the nature and extent of risk to the Trust. Key elements of the control framework include:

- Rules and standing orders
- Board approved terms of reference and delegated authorities for Audit and Risk Committee
- Risk management framework overseen by the Audit and Risk Committee and reported to Board
- During the year the Board has reviewed and improved its risk management framework. There is a formal process for reviewing and updating the risk register, which is regularly reported to the Audit and Risk Committee
- A framework of written policies and procedures
- Financial reporting systems including reviews and approval of the long-term financial plan, budgets, forecasts and management accounts by Board and Audit and Risk Committee.
- Treasury management policy, reporting monthly and quarterly cashflow forecasting and regular monitoring of loan covenants.
- Internal Audit is provided by TIAA. Internal audit reports are monitored by the Audit and Risk Committee together with an annual independent assurance report.
- Codes of conduct and registers for hospitality and declaration of interests.
- Board approved the fraud, whistleblowing and disposal policies and its financial standing orders. A fraud register is also maintained.
- Reports of proceedings and minutes from committees and the Board.

The Board confirms that there is an ongoing process for identifying, evaluating, and managing significant risks faced by the Trust which has been updated over the course of the year. The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.7 of the 2018 SORP for Registered Social Housing Providers.

For and on behalf of the Board

June Barnes
June Barnes (Jul 27, 2021 12:46 GMT+1)

CHAIR

Date: 27/07/2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORNSEY HOUSING TRUST LIMITED

Opinion
We have audited the financial statements of Hornsey Housing Trust Limited (the 'Trust') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the 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 FRS 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 Trust's affairs as at 31 March 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019**.**

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Board'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 Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board members are Statements. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORNSEY HOUSING TRUST LIMITED

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 control over transactions has not been maintained; or
- the Trust 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 need for our audit.

Responsibilities of the Board
As explained more fully in the statement of Board's Responsibilities set out on page 27, the 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 controls as the 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 Board are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

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

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 a general understanding of the Trust's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations and the entity's policies and procedures regarding compliance. We also drew on our existing understanding of the Trust's industry and regulation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORNSEY HOUSING TRUST LIMITED

We understand that the Trust complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A risk assessment framework and register that includes regular review and scrutiny by the Board and the Audit Committee;
- An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing;
- The Board's close oversight through regular board meetings and compliance reporting; and
- A programme of internal audit performed by an independent firm of internal auditors

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Trust's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Trust:

- FRS 102, the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations; and
- Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Performed a review of board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations;
- Reviewed any correspondence between the Regulator of Social Housing and the Trust; and
- Reviewed internal audit reports

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur. The key area identified as part of the discussion was with regard to the manipulation of the financial statements through manual journal entries.

The procedures carried out to gain evidence in the above area included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the Trust's processes and controls surrounding manual journal entries; and
- reviewing and challenging estimates made by management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORNSEY HOUSING TRUST LIMITED

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.

Use of our report

This report is made solely to the Trust'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 Trust'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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

Date: 27/07/2021

25 Moorgate
London
EC2R 6AY

HORNSEY HOUSING TRUST LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	2	**3,614,019**	**3,384,648**
Operating expenditure	2	**(3,102,645)**	**(3,081,918)**
Surplus on the sale of fixed assets – housing	5	**-**	**913,914**
Operating surplus		**511,374**	**1,216,644**
Interest receivable and other income	6a	**2,018**	**14,751**
Interest payable and similar charges	6b	**(44,943)**	**(61,380)**
Surplus for the year		**468,449**	**1,170,015**
Other comprehensive income for the year			
Actuarial (loss)/gain in respect of defined benefit pension scheme	10	**(426,000)**	**516,000**
Total comprehensive income for the year	7,18	**42,449**	**1,686,015**

The Trust's results relate wholly to continuing activities and the notes on pages 38 to 60 form an integral part of these financial statements

HORNSEY HOUSING TRUST LIMITED
STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 MARCH 2021

	Note	Mar-21	Mar-20
TANGIBLE FIXED ASSETS		£	£
Housing Properties	11	34,374,078	34,068,238
less: Property Depreciation	11	(10,765,623)	(10,093,343)
		23,608,455	**23,974,895**
Other fixed assets	12	418,420	460,025
TOTAL FIXED ASSETS		**24,026,875**	**24,434,920**
CURRENT ASSETS			
Debtors	13	183,664	240,260
Cash at bank and in hand		1,603,435	1,229,862
		1,787,099	**1,470,122**
CREDITORS: amounts falling due within one year	14	(1,423,455)	(1,329,360)
NET CURRENT ASSETS		363,644	140,762
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,390,519**	**24,575,682**
CREDITORS: amounts falling due after more than one year	15,16	(13,175,165)	(13,746,555)
Defined benefit pension liability	10	(680,597)	(336,817)
TOTAL NET ASSETS		**10,534,757**	**10,492,310**
CAPITAL AND RESERVES			
Called up share capital	17	14	16
Revenue reserve	18	10,534,743	10,492,294
TOTAL RESERVES		**10,534,757**	**10,492,310**

These financial statements were approved by the Board and authorised for issue on 22nd July 2021 and signed on its behalf by:

CHAIR June Barnes
June Barnes (Jul 27, 2021 12:46 GMT+1)

BOARD MEMBER Anne Waterhouse
Anne Waterhouse (Jul 27, 2021 16:33 GMT+1)

SECRETARY Alwyn Lewis
Alwyn Lewis (Jul 27, 2021 16:12 GMT+1)

The notes on pages 38 to 60 form part of these financial statements

HORNSEY HOUSING TRUST LIMITED
STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 MARCH 2021

	Income & Expenditure Reserve	Major Repairs Reserve	Development Reserve	Total Reserves
	£	£	£	£
Balance as at 31 March 2020	10,492,294	-	-	**10,492,294**
Surplus from Statement of Comprehensive Income	42,449	-	-	**42,449**
Transfer between reserves	-	-	-	**-**
At 31st March 2021	**10,534,743**	**-**	**-**	**10,534,743**

	Income & Expenditure Reserve	Major Repairs Reserve	Development Reserve	Total Reserves
	£	£	£	£
Balance as at 31 March 2019	8,698,592	107,687	-	8,806,279
Surplus from Statement of Comprehensive Income	1,686,015	-	-	1,686,015
Transfer between reserves	107,687	(107,687)	-	-
At 31st March 2020	10,492,294	-	-	10,492,294

The notes on pages 38 to 60 form part of these financial statements

HORNSEY HOUSING TRUST LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2021

		2021 £	2020 £
Net cash inflow from operating activities	19(a)	**838,758**	**458,209**
Cashflow from investing activities			
Purchase of tangible fixed assets		(199,781)	(412,466)
Development expenditure		(230,174)	(2,368,106)
Grant received		65,055	-
Proceeds from sale of tangible fixed assets		-	1,182,407
Receipt of term deposit		-	1,654,430
Interest received		2,018	14,751
Net cash (used in)/generated from investing activities		**(362,882)**	**71,015**
Cashflow from financing activities			
Interest paid		(44,943)	(61,380)
Repayment of borrowings		(57,360)	(54,843)
Net cash used in financing activities		**(102,303)**	**(116,223)**
Net change in cash and cash equivalents		373,573	413,002
Cash and cash equivalents at start of the year		1,229,862	816,860
Cash and cash equivalents at end of the year		**1,603,435**	**1,229,862**

Both FRS102 and the Housing SORP 2018 requires a net debt reconciliation note. This has been included within Note 19b of the financial statements.

The notes on pages 38 to 60 form part of these financial statements

1. PRINCIPAL ACCOUNTING POLICIES

Legal Status

Hornsey Housing Trust is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 number 11578R and is registered with the Regulator of Social Housing, number L0719 as a Private Registered Provider of Social Housing. The registered office is 62 Mayfield Road, London N8 9LP.

Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered social housing providers: Housing SORP 2018.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis of accounting and are presented in sterling £.

The Trust is a public benefit entity, as defined by FRS 102 (3.3A) and the financial statements have been prepared in compliance with FRS102.

Basis of consolidation

The subsidiary company, Hornsey Care and Support Limited is not consolidated on the grounds of immateriality, as the company had no activity in the current or prior period.

Going concern

The financial statements are prepared on the basis that the Trust will continue in business for the foreseeable future, being for the purpose of these Financial Statements at least for a period 12 months from the date of approval of these Financial Statements. The annual budget for 2021/22 and the business plans and cash-flows have also been issued and approved by the Board.

COVID-19 has impacted how we are delivering services and staff have adopted agile working, however there has been minimal impact on the operations of the Trust though staff are working remotely in the lockdown we continue to support our residents and there has been no marked increase in arrears. As the lockdown begins to ease and the government updates guidance on return to work arrangements, the Trust has put in place risk assessments and are reviewing how to provide a COVID-19 safe work environment and support staff to work from home where appropriate. The Trust has also considered possible sensitivities that may impact its cash flow in the year ahead, such as increased arrears, which show that there is reasonable assurance that it will not face significant liquidity issues in that period. Together these factors provide sufficient evidence to support the going concern assumption and, for this reason, the Trust continues to adopt the going concern basis in preparing the Financial Statements.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Turnover and revenue recognition

Turnover represents rental and service charge income receivable, amortised capital grant, income from the sale of properties and other income and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for letting, net of voids. Income from property sales is recognised on legal completion.

Enhanced Housing Management Charges

Enhanced Housing Management Charges are support charges for tenants in supported housing. The income included in the rent is included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges

Service charge income and costs are recognised on the accruals basis. The Trust operates fixed service charges for all properties. The charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position. The Trust does not operate a service charge sinking fund.

Tangible fixed assets and depreciation

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of non-financial assets

Reviews for impairment of housing properties are carried in accordance with FRS102 when a trigger has occurred. Any impairment of a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following the new Rent Settlement Policy which sees social rents increasing by CPI + 1% for the next 5 years from April 2021 and the review of existing rental stock, no impairment of the Trusts properties has been identified.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

Consideration of impairment under FRS102, Section 28 was also undertaken in relation to the development programme in 2019/20 and was again considered at the end of 2020/21 as the scheme was over budget. The development of general needs and supported housing was undertaken for social purposes and all accommodation has been let at social rent. Given the above and that none of the triggers identified in Section 28 of the Housing SORP have been met no impairment has been identified.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value to the estimated residual value, on a straight-line basis, over the useful economic lives in the business.

Major components are accounted for separately and depreciated over their individual useful economic lives, or the lives of the structure to which they relate, if shorter, at the following rates:

Asset	Life	Asset	Life
Boilers	15 years	Central Heating systems	30 years
Kitchens	20 years	Electrics	40 years
Lifts	25 years	Roofs	50 years
Bathrooms	30 years	Host Structure	50 years
Windows	30 years		

Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

Properties held on long leases are depreciated over their estimated useful lives (less than 50 years), or the remaining term of the lease, if shorter. The Trust depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Asset	Life
Freehold office premises	30 years
Commercial properties	50 years
Furniture, fittings and equipment	5 years
Computer equipment	3 years

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets (continued)

Investment property

The Trust does not hold any investment property.

Cash and cash equivalents

Current assets include cash and funds on deposits invested for periods of more than three months.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

Interest

Interest income is recognised using the effective interest rate method.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant (SHG) received specifically for items of cost written off in the Statement of Comprehensive Income is included as part of Turnover.

SHG must be recycled by the Trust under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Regulator of Social Housing and Greater London Authority. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Social Housing and other grants relating to housing properties are amortised over the life of the Host structure, 50 years.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Recycling of capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition or development of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year. Recycling capital grant can, in certain circumstances be abated when sale proceeds are less than the original cost.

Employee Benefits

A liability is recognised to the extent of any employee benefits including unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted cost to the employees of the future holiday entitlement and accrued at the balance sheet date.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

Pension and other post-employment benefits

The Trust operates a defined contribution pension scheme which is part of a multi-employer scheme. The assets of the scheme are held separately from those of the Trust in an independently administered fund. The pension costs included in these financial statements represent contributions payable by the Trust to the fund, which in turn represent a regular pension cost over the average service lives of employees.

The Trust has material obligations under a defined benefit pension scheme, the Social Housing Pension Scheme (SHPS). In the Statement of Financial Position, the assets of the scheme are measured at fair value and the liabilities are measured on an actuarial basis, discounted at a rate equivalent to yields on "high quality" corporate bonds of appropriate duration and currency, or a suitable proxy. The resulting net asset or liability is then presented separately on the face of the balance sheet as a provision. Current service costs and net financial returns are included in the Income Statement in the period to which they relate. Any actuarial gains or losses for the year are taken to the Statement of Other Comprehensive Income.

Taxation

The Trust's activities are charitable and are therefore not subject to tax to the extent that they are applied for charitable purposes.

Value Added Tax

The Trust is registered for VAT and is part of a VAT group with its subsidiary Hornsey Care and Support Limited. The Group is partially exempt for VAT purposes.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Reserves

The Trust has general reserves only.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal.

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Trust are classified as follows:

Financial assets such as cash, term deposits and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.

Financial liabilities such as loans are held at amortised cost using the effective interest method.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately

The following financial instruments are assessed individually for impairment:

- All equity instruments regardless of significance; and
- Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (cont'd):

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.
- If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in the Statement of Comprehensive Income immediately.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs, requires judgement. After capitalisation management monitor the project/asset and consider whether changes indicate that impairment is required or costs should be written off as abortive.

Identification of housing property components

Housing property depreciation is calculated on a component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components used are those which reflect how the major repairs to the property are managed.

Estimation uncertainty

Information about estimates and assumptions that have most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent home standards which may require more frequent replacement of key components. Accumulated depreciation for housing properties at 31 March 2021 was £10,766k (2019/20: £10,093k).

Bad debt provision

The rent and service charge debtors recorded in the Statement of Financial Position is £314k (2020: £282k) and comprises a relatively large number of small balances. A full line by line review of trade debtors has also been carried out and whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Housing property impairments

For impairment purposes, as explained in the accounting policies, housing properties are grouped into schemes which reflect how the properties are managed. Recoverable amounts are based either on future cash flows or, for assets held for their service potential, depreciated replacement cost. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Recoverable amounts for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. The Trust has no history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market.

Defined benefit pension obligation

Various estimates are in the calculation of the defined pension liability, such as discount rate, inflation, salary growth and mortality rates. The Pension Trust provided base assumptions which the Trust has reviewed for accuracy and appropriateness to us as an organisation. In determining the appropriate discount rate, consideration is made of the interest rates of corporate bonds with at least an AA rating. Inflation is set by considering market expectations, salary growth is set by aligning with Trust’s business plan and mortality rates have been adjusted to allow for any expectations of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. The value of the provision is highly sensitive to relatively small changes in assumptions. Management have concluded that it was not necessary to adjust the base assumptions used in the scheme for the financial year 2020/21.

2. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Turnover	Operating costs	Surplus on sale of fixed assets	Operating surplus
	£	£	£	£
Year to 31 March 2021				
Social housing lettings (Note 3)	3,509,572	(3,063,533)	-	446,039
Other activities				
Surplus on disposal of fixed assets	-	-	-	-
Sundry Income	104,447	(39,112)	-	65,335
Total	**3,614,019**	**(3,102,645)**	**-**	**511,374**

	Turnover	Operating costs	Surplus on sale of fixed assets	Operating surplus
	£	£	£	£
Year to 31 March 2020				
Social housing lettings (Note 3)	3,314,633	(3,043,861)	-	270,771
Other activities				
Surplus on disposal of fixed assets	-	-	913,914	913,644
Sundry income	70,015	(38,057)	-	31,959
Total	3,384,648	(3,081,918)	913,914	1,216,644

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs housing	Supported housing and housing for older people	2021 Total	2020 Total
	£	£	£	£
Rent receivable net of identifiable service charges	1,385,603	908,210	**2,293,813**	2,160,086
Service charge income	403,914	264,750	**668,664**	629,769
Care & Support charges	66,372	43,504	**109,876**	102,736
Amortised government grant (SHG)	264,107	173,112	**437,218**	422,042
Net rental income	**2,119,996**	**1,389,576**	**3,509,572**	**3,314,633**
Total Turnover from Social Housing Lettings	**2,119,996**	**1,389,576**	**3,509,572**	**3,314,633**
Management	(127,028)	(83,262)	**(210,290)**	(234,734)
Services	(658,398)	(431,555)	**(1,089,953)**	(890,084)
Care & Support expenditure	(43,186)	(28,307)	**(71,492)**	(75,778)
Routine maintenance	(408,856)	(267,990)	**(676,846)**	(852,166)
Major repairs expenditure	(88,385)	(57,933)	**(146,318)**	(189,526)
Bad debts	(24,886)	(16,312)	**(41,198)**	(48,886)
Loss on disposal of fixed assets	(8,106)	(5,313)	**(13,418)**	(20,635)
Depreciation on all assets	(491,716)	(322,301)	**(814,018)**	(732,053)
Operating costs on Social Housing Lettings	**(1,850,560)**	**(1,212,972)**	**(3,063,533)**	**3,043,862)**
Total Surplus from Social Housing Activities	**269,435**	**176,604**	**446,039**	**270,771**
Void losses	**71,896**	**47,125**	**119,021**	**103,178**

4. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	2021	2020
Social housing owned and managed		
General needs housing social rent	**226**	226
Supported sheltered housing	**156**	151
Total social housing managed	**382**	**377**
Social housing units managed by others	**12**	12
Total owned units	**394**	**389**
Units in development pipeline	**-**	**5**

During the year 5 new supported housing homes were completed and handed over.

5. SURPLUS ON DISPOSAL OF HOUSING PROPERTIES

	2021	2020
	£	£
Sales proceeds	-	1,182,407
Cost of disposals	-	(192,469)
Selling costs	-	(23,143)
	-	**966,795**
Social Housing Grant previously amortised	-	(52,881)
	-	**913,914**

6a. INTEREST RECEIVABLE AND OTHER INCOME

	2021	2020
	£	£
Interest receivable on bank deposits	**2,018**	14,751
Total	**2,018**	**14,751**

6b. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Pension Interest	**7,000**	21,000
Interest payable in respect of housing loans and overdrafts	**37,493**	40,380
	44,493	**61,380**

7. SURPLUS ON ORDINARY ACTIVITIES

	2021	2020
	£	£
The operating surplus for the financial year is stated after charging/(crediting) the following:		
Grant Amortised	**(437,218)**	(422,042)
Depreciation of housing properties	**716,803**	628,209
Depreciation of other fixed assets	**107,607**	112,927
Auditors remuneration		
fees payable for the audit of annual accounts	**22,800**	17,715
in respect of other services	**-**	-

8. DIRECTORS REMUNERATION

Disclosure is required of directors' remuneration. For this purpose, directors are defined as members of the Board and the Management Team.

	2021	2020
	£	£
The aggregate emoluments paid to or receivable by Executive Directors	**110,953**	105,324
The emoluments paid to the highest paid Director excluding pension contributions	**101,893**	96,720
Number of members of Management Team including Chief Executive	**1**	1

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a defined contribution scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the Trust of £9.0k (2020: £8.6k) was paid in addition to the personal contributions of the Chief Executive.

The Board members received no remuneration from the Trust during the year. Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Leadership Management Team or its equivalent. The above remuneration relates to one executive staff post.

9. EMPLOYEES

	2021	2020
The average monthly number of persons (including the Chief Executive) employed during the year		
Administration (including the Chief Executive)	**5**	6
Housing Management	**5**	4
Scheme Managers /Support Workers (full time equivalent)	**3**	4
	13	**14**

	2021	2020
Staff costs during the year:		
Wages and salaries	**528,727**	529,580
Social security costs	**52,400**	51,759
Other pension costs	**45,705**	44,959
	626,832	626,298

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:	2021	2020
£60,000 - £70,000	**1**	**1**
£70,000 - £80,000	**Nil**	**Nil**
£80,000 - £90,000	**Nil**	**Nil**
£90,000 - £100,000	**1**	**1**

10. THE SOCIAL HOUSING PENSION SCHEME

The Trust's past employees are deferred members or pensioners of the Social Housing Pension Scheme (SHPS). Further information on these defined benefit schemes is given below.

With effect from September 2012, all active membership of the defined benefit pension schemes was ceased.

The Trust currently contributes to one defined contribution pension scheme, operated by SHPS.

Social Housing Pension Scheme (SHPS)

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

Previously, the administrator of the scheme was unable to allocate the scheme assets to individual employers, and hence was unable to determine the deficit attributable to each employer. As a result, historically SHPS has been accounted for as a defined contribution scheme, with a liability being recognised in respect of the present value of the contributions payable to fund the deficit. This is consistent with the accounting treatment required by FRS 102 for all schemes of this nature. Although this treatment continues to apply for other multi-employer schemes that exist, the accounting for SHPS changed for the year ended 31 March 2019. The change has arisen as a result of a method of allocation being developed by the administrator that will allow each employer to recognise their share of assets and liabilities.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2019 and 30 September 2019. The liability figures from each valuation were rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Trust's fair share of the Scheme's total assets to calculate the Trust's net deficit or surplus at the accounting period start and end dates.

10. THE SOCIAL HOUSING PENSION SCHEME (continued)

Pension scheme liabilities recognised in the Statement of Financial Position

	2021 (£'000)	2020 (£'000)
Pension obligations recognised as Defined Benefit schemes	**681**	337
Pension obligations recognised as Defined Contribution schemes	**-**	-
Total pension scheme liabilities	**681**	**337**

Principal actuarial assumptions at the financial position date:

	2021	2020
Discount rate	**2.17**	2.4
Inflation (RPI)	**3.28**	2.6
Inflation (CPI)	**2.86**	1.6
Salary growth	**3.86**	2.6
Allowance of commutation of pension for cash at retirement	**75% of Maximum allowance**	75% of Maximum allowance

The mortality assumptions applied at 31 March 2021 imply the following life expectancies

	2021 (£'000)
Male retiring in 2021	**21.6**
Female retiring in 2021	**23.5**
Male retiring in 2041	**22.9**
Female retiring in 2041	**25.1**

Amounts recognised in the Income Statement

	2021 (£'000)	2020 (£'000)
Net interest on deferred benefit liability	**7**	21
Expenses paid	**4**	4
Total expenses	**11**	**25**

10. THE SOCIAL HOUSING PENSION

Amounts recognised in Other Comprehensive Income

	2021 (£'000)	2020 (£'000)
Actual return on Scheme assets	**238**	(9)
Experiences losses arising on the Plans' liabilities	**22**	81
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations-loss	**(13)**	30
Effects of changes in financial assumptions underlying the present value of the defined benefit obligations-loss	**(673)**	414
Actuarial gain/(loss) recognised	**(426)**	**516**

Statement of Financial Position

	2021 (£'000)	2020 (£'000)
Fair value of plan assets	**3,098**	2,741
Present value of funded retirement benefit obligations	**(3,779)**	(3,078)
Net liability	**(681)**	**(337)**

Reconciliation of movements on the defined benefit obligation	**2021 (£'000)**
Defined benefit obligation at the start of the period	**3,078**
Interest cost	**73**
Actuarial gains due to assumptions	**(9)**
Actuarial gains due to changes in financial assumptions	**673**
Expenses	**4**
Benefits paid	**(40)**
Defined benefit obligation at the end of the period	**3,779**

10. THE SOCIAL HOUSING PENSION SCHEME (continued)

Reconciliation of movements on the fair value of plan assets

	2021 (£'000)
Fair value of the Plans' assets at the start of the period	**2,741**
Interest income	**66**
Expenses	**238**
Contributions by the employer	**93**
Benefits paid	**(40)**
Fair value of plan assets at the end of the period	**3,098**

As permitted by section 28 of FRS 102, the Trust have not presented comparative information for either of the above two reconciliations.

The fair values of each main class of assets held by the Fund and the expected rates of return for the ensuing year are set out in the following table.

Categories of plan assets as a percentage of the total plan assets are as follows:	2021 (£'000)	2020 (£'000)
Bonds	**1,298**	1,308
Equity	**494**	401
Property Infrastructure	**332**	311
Absolute Return	**171**	143
Alternative Risk Premia	**117**	192
Insurance-Linked Securities	**74**	84
Others	**612**	302
	3,098	**2,741**

11. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	General needs housing	Supported housing and housing for older people	Housing Properties in the course of construction	Total
	£	£	£	£
Cost				
At 1st April 2020	14,107,543	18,405,593	1,555,102	**34,068,238**
Additions	103,600	30,178	230,174	**363,952**
Completed Schemes	-	1,763,320	(1,763,320)	**0**
Disposals	(38,548)	(19,564)	-	**(58,112)**
At 31st March 2021	**14,172,595**	**20,179,527**	**21,956**	**34,374,078**
Depreciation				
At 1st April 2020	4,007,152	6,086,193	-	**10,093,345**
Charged in the year	300,530	416,271	-	**716,801**
Released on disposal	(32,397)	(12,126)	-	**(44,523)**
At 31st March 2021	**4,275,285**	**6,490,338**	**-**	**10,765,623**
Net book value (NBV)				
At 31st March 2021	**9,897,310**	**13,689,189**	**21,956**	**23,608,455**
At 31st March 2020	10,100,393	12,319,401	1,555,101	23,974,895

	2021 Cost	2021 NBV	2020 Cost	2020 NBV
	£	£	£	£
Housing properties comprise:				
Freehold land and buildings	**31,932,018**	**21,766,257**	29,995,469	20,364,897
Long leasehold land and buildings	**2,286,325**	**1,686,464**	2,193,416	1,730,642
Total expenditure on existing properties	**133,779**	**133,778**	324,253	324,253
Housing Properties in the course of construction	**21,956**	**21,956**	1,555,103	1,555,103
	34,374,078	**23,608,455**	**34,068,240**	**23,974,895**

12. OTHER FIXED ASSETS – PROPERTY PLANT & EQUIPMENT

	Commercial properties £	Freehold Offices £	Furniture fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1st April 2020	330,188	252,100	726,253	208,121	**1,516,662**
Additions	-	-	50,720	15,282	**66,002**
Disposals	-		(9,400)	(4,341)	**(13,741)**
At 31st March 2021	**330,188**	**252,100**	**767,573**	**219,062**	**1,568,923**
Depreciation					
At 1st April 2020	132,069	202,065	571,508	150,995	**1,056,637**
Charge in year	6,104	8,932	58,913	33,658	**107,607**
Released on disposal	-	-	(9,400)	(4,341)	**(13,741)**
At 31st March 2021	**138,173**	**210,997**	**621,01**	**180,312**	**1,150,503**
Net book value (NBV)					
At 31st March 2021	**192,015**	**41,103**	**146,552**	**38,751**	**418,420**
At 31st March 2020	198,119	50,035	154,744	57,127	460,025

13. TRADE AND OTHER DEBTORS

	2021 £	2020 £
Rent and service charges	**314,111**	282,188
Provision for bad and doubtful debts	**(235,110)**	(209,769)
Net rent and service charge debtor	**79,001**	72,419
Other debtors	**32,696**	87,202
Prepayments	**71,967**	80,639
	183,664	240,260

14. **CREDITORS:** amounts falling due within one year

	2021 £	2020 £
Principal due on housing loans	**121,835**	57,360
Contracts for certified work and retentions unpaid	**143,557**	162.664
Trade creditors	**147,951**	183.236
Social security payable and other taxation	**-**	2,670
Other creditors	**14,419**	15,794
Accruals	**297,536**	263,338
Deferred income for lease premium received in advance	**-**	-
Social Housing Grant	**439,153**	437,851
RCGF [1]	**11,090**	-
Rent and service charges received in advance	**247,914**	206,447
	1,423,455	1,329,360

(1) There are no amounts of three years or older where payment may be required to the GLA. The amount repayable within one year is £11k and after one year is £115k. The £11k is now re payable within one year if not utilised due to the property disposal in the 2018/19 financial year.

15. **CREDITORS:** amounts falling due after more than one year

	2021 £	2020 £
Housing loans	**588,000**	709,835
Social Housing Grant	**12,471,819**	12,910,284
Recycled Capital Grant Fund	**115,346**	126,436
	13,175,165	13,746,555

16. HOUSING LOANS

The fixed interest loans are payable at 4.99% and the floating interest loan is based LIBOR. Instalments are due as follows:

	2021 £	2020 £
Other housing loans repayable:		
In one year or less	**121,835**	57,360
Between one and two years	**60,000**	149,835
Between two and five years	**64,000**	64,000
In five years or more	**464,000**	496,000
	709,835	767,195

The above housing loans are secured by fixed charges on the Trust's properties.

17. CALLED UP SHARE CAPITAL

	2021 £	2020 £
Allotted and issued at 31 March	**14**	16

Each elected member of the Board holds one share of £1 in the Trust.

The shares of the Trust do not carry rights to dividends or other income and therefore relate to non- equity interests.

18. REVENUE RESERVE

	2021 £	2020 £
Brought forward at 1 April	**10,492,294**	8,698,592
Surplus for the year	**42,449**	1,686,015
	10,534,743	10,384,607
Transfer from major repairs reserve	**-**	107,687
Carried forward at 31 March	**10,534,743**	10,492,294

19a. NOTES TO THE CASH FLOW STATEMENT

	2021	2020
	£	£
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	**511,374**	1,216,644
Depreciation charges	**824,410**	741,206
Deficit on disposal of fixed assets	**13,589**	20589
Amortisation charges	**(437,218)**	(422,042)
Surplus on the disposal of tangible fixed assets	**-**	(913,914)
Increase in debtors	**(8,459)**	(254)
Decrease in creditors	**(64,938)**	(184,020)
Net Cash inflow from operating activities	**838,758**	458,209

19b. ANALYSIS OF CHANGES IN NET DEBT

	As at 1 Apr 20	**Cashflows**	**As at 31 Mar 21**
Cash	**1,229,862**	**373,573**	**1,603,435**
Bank loan due within one year	(57,360)	(64,475)	**(121,835)**
Bank loans due after more than one year	(709,835)	121,835	**(588,000)**
	(767,195)	**57,360**	**(709,835)**
Total	**462,667**	**430,933**	**893,600**

20. LEGISLATIVE PROVISIONS

The Trust is incorporated and registered under the Co-operative and Community Benefit Societies Act 2014, number 11578R. It is also registered with the Homes and Communities Agency as a Registered Provider of Social Housing under the Housing and Regeneration Action 2008, registration number L0719.

21. RELATED PARTIES

The Trust did not have any Directors' loans as at 31 March 2021 or in 2020. There are no transactions with key management personnel and their close family.

22. SUBSIDIARY UNDERTAKING

The Trust has a subsidiary undertaking, Hornsey Care and Support Limited, which is now dormant and will be dissolved in the near future.

Hornsey Care and Support Limited is a subsidiary of Hornsey Housing Trust Limited by virtue of Hornsey Housing Trust Limited having power to appoint and remove directors from Hornsey Care and Support Limited's Board.

23. CAPITAL COMMITMENTS

As at the 31 March 2021 the Trust had capital commitments of £0.2m (2019/20: £0.7m) relating to retentions and other fees for the completed development programme.

24. FINANCIAL INSTRUMENTS

The Trust's financial instruments are analysed as follows:

	2021	2020
	£	£
Financial Assets		
Cash at bank and in hand and short term deposits	**1,603,435**	1,229,862
Trade Debtors	**314,111**	282,188
Other Debtors	**32,697**	87,202
Financial Assets held at amortised cost	**1,950,243**	**1,599,252**
Financial Liabilities	**£**	£
Bank Loans	**709,835**	767,195
Trade Creditors	**147,952**	183,236
Other Creditors	**532,325**	514,010
Financial Liabilities held at amortised cost	**1,390,112**	**1,464,442**

25. POST BALANCE SHEET EVENTS

There have not been any post balance sheet events.