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HORNSEY HOUSING TRUST LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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HORNSEY HOUSING TRUST LIMITED
BOARD MEMBERS, SECRETARIES, ADVISORS AND BANKERS
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BOARD

Chair	Rosie Boughton	
Chair of Audit Committee	Anne Waterhouse	(appointed 14/11/2019)
Deputy Chair	June Barnes	
Deputy Chair	Julie-Ann Gregory	
Other Members	Bevin Betton	
	Euan Barr	
	Stephen Ross	(appointed 14/11/2019)
	Stephen Lord	
	Tom Davidson	(resigned 26/07/2019)

CHIEF EXECUTIVE & SECRETARY Alwyn Lewis

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Registered under the Co-operative and Community Benefits 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 2019/20, which I am pleased to present on behalf of the Board of Management. The past year has been a very busy, eventful and exciting time for the Trust. This report gives a brief overview of the financial affairs of the Trust during the financial year 2019/20.

Hornsey Housing Trust 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 accommodation in adapted street properties and purpose-built sheltered accommodation. Our aim is to enable our tenants to live in their community in a way that ensures their safekeeping and good quality of life. Our new tenants are nominees from the local authority and all of our tenancies are let at social rents.

A key achievement this year has been the completion of most of our current development programme. This means we have created 15 new dwellings, to provide well designed and manageable homes for the 15 new tenants we have welcomed to the Trust. The final phase of 5 handovers completed in July 2020., and we are grateful to both staff, and tenants at Abyssinia, Palm Tree Court and Norah Clegg in particular, for coping with the disruption of the building works whilst the new homes were being developed.

While building new homes is important, and we are ambitious to do more, our first priority must be to keep our existing homes in good condition. We have constructed a life-cycle expenditure plan for our stock, which is kept under constant review, and we spent time at our Away Day in June reconciling this with our financial projections and updating our Business Plan. We are intending to revisit these issues again shortly, in order to set a clear direction for the Trust which balances stock investment and new development in the longer term.

A good deal of our focus this year has been on health and safety, including the key areas of fire prevention, gas, legionella, asbestos, lifts and electrical safety. During the year, we agreed new arrangements for carrying out our responsive repairs service, and have appointed Wates as our repairs contractor and entered into a management contract with Newlon Housing Trust to manage this relationship together with other of our asset management contractors. This is working well.

Overall, the Trust has had a financially successful year, posting a surplus of £1.2m of which £0.97m was attributable to the disposal of two properties. Consistent with our charitable objectives, our surpluses are reinvested in our homes and our services to residents; and we are developing our approach to value for money, to make sure that we are making the best use of our income.

During the year we are delighted to have recruited two excellent new members to the Board, Anne Waterhouse and Stephen Ross, to help us provide strong governance and oversee our financial performance. With the help of our committed staff, we plan to maintain the drive for further improvements in both financial and operational performance as we move closer to celebrating our 90th Anniversary in 2023.

Rosie Boughton
Chair

Chief Executive's Message

The past year has been a challenging but positive one for the Trust, as we continue to adapt to the changing shape of consumer and fire safety regulation which are emerging in the aftermath of the tragic events at Grenfell Tower in 2017. We are currently operating with the impact of COVID-19 and have focussed on supporting our residents and staff and continuing to deliver a good service to our tenants and stakeholders.

We have also continued to strive to be a better customer focused organisation by providing hands on support for our more vulnerable residents and enriching their independent lives.

We remain committed to maintaining our existing properties 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 responded to the major changes in the benefits system by increasing resources to enable us to have a proactive relationship with residents moving onto Universal Credit. We appointed a Universal Credits Officer to help residents navigate the new systems and adapt to paying their rent directly to the Trust.

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 residents 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 residents in 2020/21.

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 older and vulnerable people
- Sheltered housing, for older and vulnerable people; and
- Support services for 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 tenants. Good housing services enable our tenants to live independently, in their own homes, and with additional support, in our sheltered schemes. In addition to the core activities above, the Trust has partnered with the Alzheimer's Society to provide dementia pathway services.

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 dealing 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 2019-2024 5-year business plan puts together a framework of achievement 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 overarch 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 of 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

The overall strategic direction and performance of the Trust is the responsibility of the Board. The Board currently has eight non-executive members, and meets every two months throughout the year, with an annual Away Day to set and review the strategic direction, financial and operational performance of the Trust. The Board retains oversight of both internal and external audit and has delegated authority to the Audit Committee to provide scrutiny in these areas.

Our Board

As part of our succession strategy for the Board, we successfully recruited two new Board members in 2019, with particular skills in finance and asset management. Their appointment has further strengthened the Board, and in particular the deliberations of the Audit Committee. The prospective retirement of a further longstanding member of the Board in the summer of 2020, and of two additional Board members early in 2021, means that we intend to recruit again in 2020.

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 Viability Standard. The Board is satisfied that it has complied with the Regulator's Standard and with the NHF Code of Governance during 2019/20.

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 market. Assessing the risks that these pose is a valuable approach to managing within that environment. We have integrated risk assessment into our Board reports, identifying specific areas of risk which the Trust may leave itself open to if actions are not fulfilled. This ensures that these risks are considered and mitigated, which assists the Board in managing and minimising risks, which might prevent the organisation achieving its objectives. In the coming year we are carrying out a full review of our approach to risk assessment and mitigations.

Policy review

During the year we reviewed and updated the Allocations, Complaints, Decant, Rent Setting, Service Charges and Fraud and Whistleblowing policies.

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.

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 the Trust, specifically, to advise and guide the Board and the Leadership Management Team. Aquila Treasury & Financial Solutions, a sister company of Altair Consultancy were appointed to support the Trust on Treasury advice and funding.

TIAA were appointed in 2019/20 for a term of three years to provide internal audit services to the Trust and assurance on its systems and controls. The first audits were conducted in early 2020 and the Board and leadership team have progressed the recommendations made by TIAA.

CORPORATE GOVERNANCE (continued)

Fraud

The Trust complies with the regulatory requirements on fraud. The fraud policy was updated this year and there is a separate whistleblowing policy and a fraud register is maintained of all actual and attempted fraud.

Managing information and General Data Protection Regulation

The Trust takes its duty and obligations to protect privacy and data protection seriously and during 2019/20 we recorded no data protection breaches.

Future Development

The Trust continues to pursue its objectives for growth of acquiring or developing additional housing stock and expanding its services to tenants in line with its 5-year business plan.

Principal risks and uncertainties

The uncertain political and economic outlook is causing significant problems for organisations in both the public and private sector alike. However, due to the fact we are approaching the end of our current development programme as we enter 2020/21 we are confident that we can manage these risks.

The key external challenges facing the Trust include uncertainty concerning Britain's departure from the EU, COVID-19, the roll out of Universal Credit, implications flowing from the Grenfell Inquiry and compliance with health and safety legislation and consumer standards.

The Board and Leadership Management Team manage and monitor these and emerging risks through maintaining a detailed risk register which identifies risks and mitigations. The register reviews the external operating environment and the resultant financial, operational, corporate and reputational risks facing the organisation so that appropriate action can be taken at the right time to manage risks.

The COVID-19 pandemic which begin to affect the UK in February continues to create uncertainty impacting both the economic environment and our operating environment. The Trust's approach was to activate its business continuity plans when the country went into lockdown in March 2020. The financial plan was updated to demonstrate the potential impact on both cash inflows and outflows resulting from potential lower levels of income collection and increased costs as a result of COVID-19. The Board have reviewed the outputs of this and have been able to demonstrate that all banking covenants will continue to be met.

Operationally the Trust has increased the support for tenants both through tenancy sustainment activities and through adapting the resident involvement approach it takes, contacting vulnerable residents weekly. 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 since March.

CORPORATE GOVERNANCE (continued)

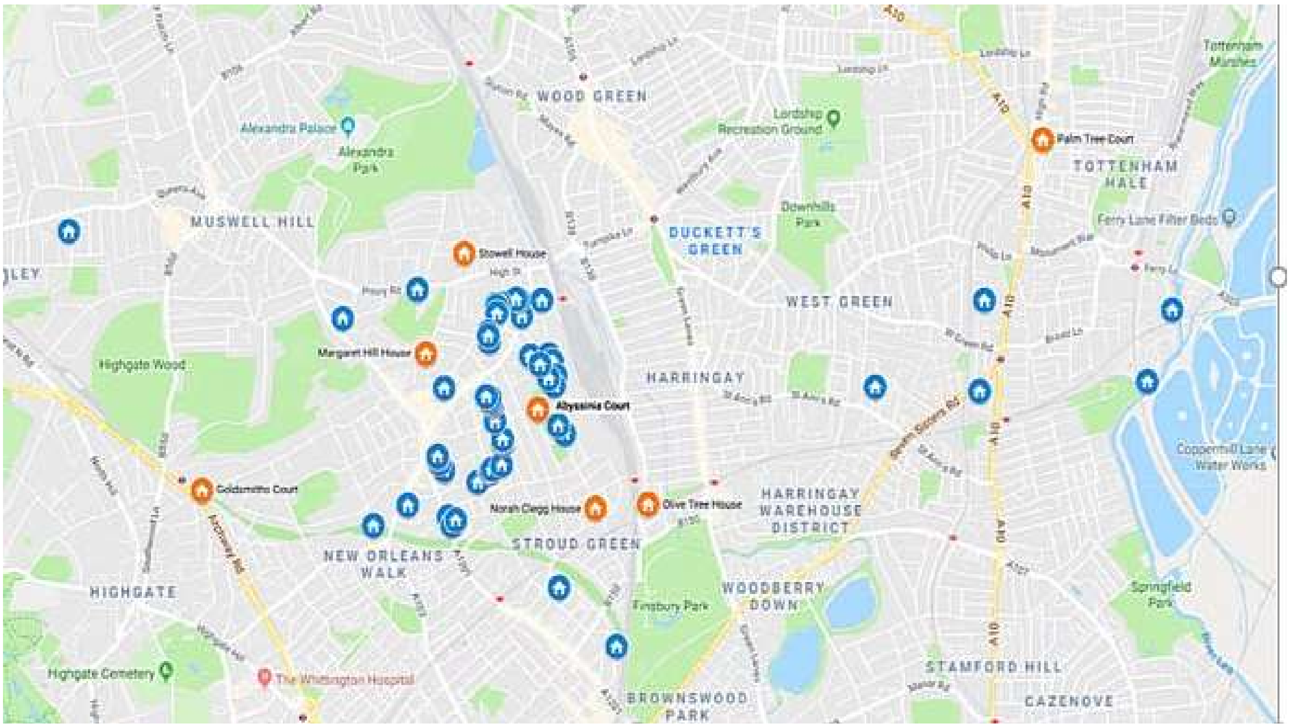
The Trust's staff have embraced agile working and continue to work effectively from home where possible and staff that work at sheltered schemes are doing so in line with this PHE guidance. Our Board, staff and contractors are committed to providing customer service to our tenants, albeit sometimes in 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 to maintain and replace components as and when they become due for renewal.

The Trust will continue to manage its housing portfolio and deliver services to residents in alignment with its 2019-2024 Business Plan. The key objectives include; 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.

Our Stock

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



Our new development of 7 new homes at Abyssinia Court handed over in June 2019.

FINANCIAL PERFORMANCE

The Trust's turnover in 2019/20 was £3,385k, expenditure was £3,082k, surplus on sales £914k and Surplus for the year £1,217k (2018/19: £1,220k). During the year a pension movement in valuation of £0.5m gain was posted resulting in total comprehensive income for year increasing to £1,686k (2018/19: £616k). This was the fourth and final year of the 1% reduction of social rents and the Trust has managed the shortfall created through a combination of value for money initiatives including income generation, cost reduction and other efficiencies whilst continuing to improve services.

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

Financial Performance £000s	2019/20	2018/19	2017/18	2016/17	2015/16
Turnover	3,385	3,256	3,258	3,725	3,590
Operating Costs	3,082	2,997	3,029	2,817	2,790
Surplus on sale of properties	914	962	-	250	238
Operating Surplus	1,217	1,220	229	909	800
Net Interest Costs (1)	47	132	54	61	74
Surplus for the year	1,170	1,088	175	848	726

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

Financial Position £000s	2019/20	2018/19	2017/18	2016/17	2015/16
Housing Properties at cost (2)	34,068	31,784	27,669	27,622	27,450
Housing Properties at cost less depreciation	23,975	22,117	18,499	18,907	19,195
Loans	767	829	1,244	1,308	1,387
Deferred social housing capital grant and recycled capital grant fund due after one year	13,422	13,779	12,772	13,184	13,596
Cash in hand and on deposit	1,230	2,473	3,637	4,286	3,500
Reserves	10,492	8,806	8,190	8,015	7,167

(2) Housing property costs include £1.6m (2019: £4.0m) of work in progress development costs.

Financial Ratios/KPIs	2019/20	2018/19	2017/18	2016/17	2015/16
Weighted Average Interest Rate	5.40%	5.60%	5.96%	6.00%	6.14%
Operating cost per managed home	7,904	7,908	7,887	7,317	7,246
Debt per home managed	1,921	2,187	3,238	3,385	3,603

During the year The Trust embedded its new integrated IT system which manages housing management, asset management and finance. We also procured new computers for all staff and other software to support staff and deliver effective customer service. The Board approved a new financial plan which included future development of new homes and a strategy to deliver new funding to support the plan in late 2019.

Cash in hand and on deposit at the year-end was £1.22m (2018/19: £2.47m).

FINANCIAL PERFORMANCE (continued)

Development Programme

During 2019/20 we took hand over and let 15 of the 20 new homes being developed through our development programme. The remaining 5 units were handed over in July 2020. The developments have been financed by a combination of sales and reserves £5.5m, and Right to Buy Grant of £1.4m from LB Haringey. A further £0.4m was invested in our existing stock and IT systems.

CAPITAL STRUCTURE AND TREASURY

Treasury Management Policy

The Trust has a Treasury Management Policy that 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 all lenders financial covenants. To support this the Trust has agreed some Golden Rules for cash management and covenants and monitors these regularly. The financial plan and annual updates also include scenario and stress testing of adverse markets conditions or shocks to our business, and identify mitigations should these materialise and to ensure our business is not put at risk and an adequate covenant headroom is maintained.

Loan structure

The Trust has long term loan facilities of £767k (2018/19 - £828k) from Lloyds Banking Group which are based on fixed and floating rates of interest. The Trust's funding strategy recognises the long term nature of the business and maturity dates of loan facilities are staged to reduce the exposure to refinancing risk.

All loans have been secured with charges on the Trust's properties. Hornsey Housing Trust is compliant with both financial and non-financial covenants contained in it loan agreements. 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 £1.2m (2019: £2.5m). The Trust had no overdrafts in place at the year end, although it was in the final stages of negotiating an overdraft facility 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.

MAIN HOUSING SERVICES

Reducing rent arrears is beneficial to everyone: for the tenants involved, since by assisting them to stay up-to-date we can help them to plan their finances better and avoid stressful situations; and for the Trust, since it means we have a more reliable cash flow, which enables us to plan development and maintenance works in an effective way.

Current tenant arrears adjusted for outstanding housing benefit and universal credit received in early April relating to 2019/20 was £110k, (2018/19: £107k). Unadjusted arrears were £197k (2018/19:£142k).

Monitoring rent arrears levels is key to managing the Trust's cashflow and as the core of the Trust's rent is being paid through housing benefit which is on a four weekly 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		
	2019/20	**2018/19**
Adjusted arrears (1)	**£110k**	£107k
As % rent receivable (1)	**3.7%**	3.8%
Rent Arrears (2)	**£157k**	£142k
Acuity Benchmark	**4.2%**	4.1%
Unadjusted rent arrears	**£197k**	£142k
As % rent receivable (2)	**5.2%**	5.0%

1) Adjusted arrears take account of Housing benefit received in April 2020 and adjust 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.

As an illustration of the impact of the Housing Benefit cycle, the week 52 payment of Housing Benefit and Universal credit was not paid until week 2 of 2020/21, this would have reduced arrears from 5.2% to 3.7% well below the Acuity Benchmark.

When we consider rent arrears that result from Housing Benefit and Universal Credit these have increased year on year and are more than 82% of the Trust's income. However, due to timing differences in relation to receipt of these benefits which to some extent is not directly within our control these receipts impact significantly on the arrears figures. In recognition of the risks in this area, housing management and supported housing staff continue to manage this area closely. We recognise that there are still ways to improve performance to bring the arrears level down and recruited a Universal Credit officer to assist our tenants and support the Trust's income stream. Former tenant arrears have also been tackled, including some write-offs, however, these arrears have increased for reasons out of the Trusts control.

Universal Credit and access to benefits and income maximisation

Our Universal Credit officer provides specialised support to tenants moving on to Universal Credit, and also supports tenants to access to other benefits (including pension credit, carers allowance, and disability living allowance) to which they are entitled.

MAIN HOUSING SERVICES (continued)

Universal Credit and access to benefits and income maximisation

Our Universal Credit Officer has supported tenants with Housing Benefit claims, overpayment appeals, securing Universal Credit payments and claiming other benefit claims. As a result, the Trust continues to receive most of its income directly from DWP. During the year over half of the Trust's tenants were supported with a review of their financial circumstances and support for applications for Universal Credit, Housing and other benefits.

Day to day repairs

In order to provide improvements in the delivery of service a Management Agreement was entered into with Newlon Housing Trust. The agreement provides for the management of the day to day repairs and all service contracts. This agreement commenced from November 2019 and has allowed for the following opportunities to develop the service:

- Access to a call centre structure and associated improved customer services for residents
- Improved IT capability through the use of dedicated interfaces with the repair contractor
- Introduction of Knowledge Based Articles to develop improved understanding of the stock

The partnership with Newlon has also provided the opportunity to enter into a long-term contract with their repair provider, Wates Ltd for the provision of day to day repairs.

The initial tenant satisfaction surveys (for the period November 2019 – March 2020) have provided positive customer feedback on the introduction of the changes to the management of the service and repairs contractor.

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

	Target	2019/20	2018/19
Total maintenance and major repairs	£2,599	**£2,678**	£2,733
% Current gas safety certificates in place	100%	**100%**	99.5%
% Emergency repairs attended to on time	100%	**100%**	-
% Repairs completed on time	-	**96.9%**	96.0%

The total maintenance and major repairs costs have been distorted by some major void and planned maintenance costs during the year. The Trust has maintained a relatively high level of major and cyclical repair costs for a number of years which in part reflects the programme of reinvestment added to the older age profile of much of our housing stock.

Health & Safety

The main compliance functions, namely asbestos management, electrical testing, gas, fire management, lifts and water hygiene are managed with reference to all statutory requirements.
On-going improvements have been made to the monitoring of key performance indicators through the introduction of industry standard compliance IT systems for asbestos and fire management. Similarly, improvements have been made to key performance information (KPI) reporting on a bi-annual basis to the Board.

MAIN HOUSING SERVICES (continued)

Programmed Works

A ten-year capital programme informs the planned maintenance and investment of the stock. The programme is updated on an iterative basis and annually approved by the Board. The programme for 2019/20 included investing £156k on external decorations and associated works to street properties together with capital works programme which included the following :

Item	2020 £'000	2019 £'000	2020 No	2019 No.
Kitchen & bathrooms	**100**	**-**	15	-
Commercial & domestic boilers	**105**	**267**	29	20
Window renewals	**119**	**-**	9	-
TOTAL	**324**	**267**	**53**	**20**

Development

As referred to on page 12 of these financial statements 15 of the 20 homes being developed in the Trust were handed over during the financial year. The homes provided at the three locations are within the curtilage of existing schemes at Abyssinia Court, Palm Tree Court and Norah Clegg. The new homes have been integrated within the existing developments with the associated changes to compliance and periodic risk assessments. These new homes will generate an additional £91k per annum in rent for the Trust.

Managing voids and new lettings

Over the year we had 45 void properties of which 31 were re-let to new tenants and one property was sold at the end of the year. We welcomed a further 15 new tenants to the Trust when we took handover of 15 new homes at the three development schemes during the year. All the tenants were nominated by LB Haringey or from our internal waiting list where elderly tenants are given the opportunity to be rehoused into sheltered housing in line with our policy. The management of the void process is regularly monitored to ensure that void periods are minimised as it is an important way to maximise rental income.

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 older people, aged over 45, nominations from the London Borough of Haringey can take longer as the average age of nominees is 60 years. 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. This will help us to maximise the contribution the Trust can make towards effective void management. The average void period in 2019/20 has stayed the same at 36 days excluding long term voids, (2018/19 - 36 days excluding long term voids) compared to the SPBM benchmark of 20 days).

SUPPORTING TENANTS

Extra support needs

Residents in our sheltered schemes have benefitted over the years from the funding of low-care support from the LB Haringey Supporting People budget. The London Borough of Haringey, like many other local authorities in the country stopped this funding programme in February 2019. As the need for the support is still there, we have successfully achieved alternative funding through Enhanced Housing Management for which tenants that are entitled to Housing Benefit are eligible and this has continued through to 2019/20 & 2020/21. Additionally, we undertake targeted tenancy audits and weekly wellbeing checks to some tenants in street properties through the Trust's Support Service Officer as part of the Trust's outreach work.

The Trust continues to achieve charitable grant applications and the provision of extra support from Social Services. A key aspect of our safeguarding, and risk prevention strategy was about identifying and undertaking adaptations in tenants' homes, and following up referrals through to social services, carers and the dementia support worker.

Social events and activities

In 2019/20 we continued to develop high-quality services and activities for our tenants, especially those in our sheltered schemes to which general needs tenants and the local community are invited. Regular activities included the Stroke Club and chair based exercise sessions. Our volunteer group Active Age Crouch End (AaCE) at Abyssinia Court provides a monthly lunch club, plus weekly events at Margaret Hill House to which the Trust contributes by providing a quarterly fund. Both continue to be very popular and both attract participants from other sheltered schemes as well as from some of our street properties.

The summer barbeque and the Christmas party are now well established and well attended, with over 100 tenants enjoying the food, raffle and entertainment in December 2019. Trips out in the summer months were also organised by support staff for residents in their sheltered schemes, both locally and further afield.

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 at two of our sheltered schemes, Abyssinia Court and Palm Tree Court was constrained during 2019/20 with development work under way there through most of the year. However, we continued to offer social events and activities throughout the year with many of these activities including both our tenants and elderly neighbours from the local area, who are welcome. During the year we recruited a small team of 'befrienders' and in 2020/21 we intend to appoint a Wellbeing and Activities Officer to increase this service for our tenants.

GROWTH (continued)

New homes for new tenants

During this year we accepted the handover of 15 new homes to our stock, and were delighted to welcome 15 new tenants to the Trust, nominated by LB Haringey; we are expecting handover of the remaining 5 flats in July 2020. 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

We held an Away Day in June of 2019 for the Board and the Leadership Management Team, to improve our understanding of the options open to us for our future direction. The key themes were management of our assets, delivery of services to our tenants and the Trust's 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 a forward Asset Management Programme, and we are looking at ways in which the costs might be 'smoothed' across a ten-year programme. Our income has been curtailed since 2016 by the statutory requirement to reduce rents by 1% p.a. (in real terms more like 3% p.a.), and this has clearly impacted our annual revenue surplus.

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. Taking all these considerations together, we 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 are currently further refining our financial plan taking into account the latest information from our stock condition survey and 5-10-year plan. This will help us to determine where to focus our asset management expenditure. We are also exploring options for raising new finance to help realise our plans for development, given the current unprecedented low cost of borrowing.

STAFF RESOURCES

The Board recognises that the strength of the Trust lies in the quality and commitment of its employees. Our ability to meet our objectives and commitments to our tenants and other stakeholders in an effective and efficient manner depends on our staff. We appreciate the flexibility staff continually demonstrate in covering for absences and the way they have adapted to agile working in response to the COVID-19 pandemic to ensure that 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 housing social housing sector. While we do not have the power to determine the rents we charge, we must ensure costs are controlled to maximise benefit.

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 14-16 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 (VfM)

Code of Practice

The Regulator's Value for Money Code of Practice, which came into effect in April 2018, is a helpful guide to the principles of the Value for Money approach, and the practice.

"Achieving value for money should include achieving economy, efficiency and effectiveness in all areas of activity, taking into account the outputs achieved as well as input costs".

Economy, efficiency and effectiveness are defined as follows:

- ***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.

The Value for Money standard seeks to ensure that Boards of registered providers are optimising their assets and their resources and can demonstrate to their stakeholders their approach to achieving and improving VfM delivery in their objectives. The Regulator defined a suite of standard metrics which housing associations can use to compare to others as well as publishing prior year performance.

We are facing multiple competing pressures on resources to ensure that homes are suitable in terms of quality and to meet more demanding health and safety, environmental and consumer standards. Focusing on value for money will assist the Trust in managing these challenges.

VALUE FOR MONEY (Continued)

The Trust has a responsibility to ensure that it obtains value for the money it spends. This does not mean that it always chooses the cheapest option: it means that it needs to be confident that the value it obtains from the service it provides is worth the cost. 'Value' can be assessed in a number of ways. Some expenditure will have value for our current tenants; some for our future tenants; some may need to be justified to the housing regulator. The important thing is that the Trust, through its Board, makes thoughtful, considered and well informed decisions about its activities.

There are a number of areas already outlined in this report, where the Board's broad approach to value for money can be identified. These include:

- Undertaking the life-cycle costs review of our housing stock, to inform our decision making about investment in the future
- Establishing the Universal Credit Office and Well-being and Activity officer roles to make best use of our resources, and develop volunteering, to enhance residents' quality of life
- Our approach to replacing our repair service through partnership with Newlon Housing Trust and Wates Property Services Ltd.
- Restructuring of the finance department in late 2018/19 and embedded in 2020/21; and
- Procurement of key services including Insurance and other asset management services.

Due to the low level of borrowings of the Trust both interest cover including EBITDA-MRI and gearing have performed well, gearing better than target. Headline social housing costs per unit are marginally better than target whilst the spend on our stock during the year reflects the commitment to invest in our properties, particularly older street properties in line with the asset management strategy.

Value for money, performance and development during the financial year

The Board has considered the new Value for Money Standard and in compliance with the Regulator of Social Housing direction to publish performance against the seven indicators they are reported below and are consistent with the financial statements as a whole.

Description	Target	2020	2019	HOP (1) 18/19
Business Health				
EBITDA MRI interest cover(1)	968%	**542%**	215%	172%
Operating margin % social housing lettings only	13.0%	**8.2%**	6.7%	20.6%
Operating margin % overall	14.2%	**8.9%**	8.0%	19.2%
Growth				
New supply delivered - social housing homes	5.14%	**3.91%**	-	-
New supply delivered - non-social housing homes	-	**0.00%**	-	-
Gearing %	1.91%	**1.36%**	5.17%	33.9%
Headline social housing cost per unit £	6,818	**6,777**	6,825	6,151
Asset Management				
ROCE	5.72	**5.17**	5.11	3.4
Outcomes				
Reinvestment % Development	6.60%	**8.28%**	13.45%	4.90%

(1) Housing for older People metric from Value for Money metrics 2018/19.

(2) Earnings before Interest, Tax, Depreciation and amortisation.

VALUE FOR MONEY (continued)

1. **EBITDA, Major Repairs included Interest Cover % -** this looks at the surplus generated in a year compared to the interest payable cost. Our figures, are strong and reflects the low level of borrowings of the Trust.

2. **Operating Margin (Social housing lettings only) %-** this looks at the operating surplus from social lettings divided by income from social lettings and excludes fixed asset sales. The margin increased compared to 2018/19 as the Trust was able to recover more service chargeable costs.

3. **Operating Margin (overall)** this looks at the operating surplus and includes the gain/(loss on fixed asset sales) divided by all income. Our margin has improved as noted above primarily due to increased recovery of service chargeable costs.

4. **New Supply metrics** – 15 of 20 new units were competed in the year, the remaining 5 new units will be handed over July 2020.

5. **Gearing** – this 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. Gearing in 2019/20 improved as scheduled capital repayments on the Lloyds loan reduced debt in the year and the Orchardbrook loan was repaid in full in 2018/19.

6. **Headline social housing cost per unit -** this looks at 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 are in line with 2018/19.

7. **Return on capital employed (ROCE) %** this looks at full operating surplus (including any gain / loss on disposal) divided by total assets less current liabilities. This has increased marginally in the year compared to 2018/19.

8. **Reinvestment % -** this looks at reinvestment into the business and the improvement reflects primarily development expenditure on 20 units currently on site together with asset management capital investment in the year

Developing our Value for Money Approach

In today's operating environment, exacerbated by COVID-19 the Trust like other housing associations face a range of pressures which require us to be more efficient and to look hard at costs. These pressures include:

- the general economic climate, potential rising inflation,
- the new funding regime for development,
- an emphasis on sweating assets and increasing debt levels,
- increased regulatory focus on governance and viability, and
- consumer standards and regulation.

Value for Money Statement

During the year the Board agreed to develop a Value for Money Statement which aligns to the Trust's business plan and sets our clear priorities and outcomes to support its mission statement. The three key threads we are developing are:

1. VFM Purpose

This supports the mission "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" and the three objectives embedded in the business plan of being **SMARTER, BETTER and STRONGER.** This includes improving value for money services to our tenants, improving our stock and understanding of tenants and their needs, growing in size and replacing some of our older stock with newer, better designed housing.

2. VFM Priorities

The Trust's approach to achieving successful delivery of its business plan is to agree four VfM priority delivery areas that will enable the business plan objectives to be met. It is also through the delivery of these four VfM priority areas that the Trust will be able to demonstrate performance in relation to its VfM outcomes. The Trust will also use the nine VfM metrics within the regulatory standard alongside an annual benchmarking exercise using Housemark to assess performance. These indicators will help provide an overview of HHT's efficiency in relating to business health, development capacity, outcomes delivered, effective asset management and operating efficiencies. The four priorities agreed in the 2020-2024 business plan are:

Priorities	Outcome
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
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
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
To provide services that satisfy our customers as well as delivering social value	• Introduce social value impact assessments • Use customer feedback to review quality of service provision

3. VFM Outcomes & Targets

During 2020/21 the Trust will develop clear outcomes and targets that will be monitored and reported on to the Board and Audit Committee for review on a regular basis to ensure that value for money is achieved and that it continually aligns to the Trust's strategic objectives.

KEY POLICIES & STRATEGIES

a. Financial Framework

The principal accounting policies are set out on pages 36 to 44 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 has indemnity insurance for Board members and senior staff in relation to their work for the Trust which is provided through the membership of the National Housing Federation.

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 8 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. This is the final year of the four year, 1% rent reduction which the government announced in 2015, effective from 1st April 2016.

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 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 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 of Management 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 the going concern basis unless it is inappropriate to presume that the association 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

The Board has adopted the *National Housing Federation's Code of Governance: Promoting board excellence for housing associations (2015 edition).* The Board seeks to comply with all aspects of the Code, which was adopted as industry best practice. The Board also confirms that the Trust has met the Regulator of Social Housing's regulatory expectations in the governance and financial viability standard.

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 eight 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.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust uses various financial instruments, including loans and cash and working capital that arises from its operations. The main purpose of these financial instruments is to raise finance for the Trust operations. However, the existence of these financial instruments exposes the Trust to a number of financial risks, the main risks are considered by the Board to be liquidity risk, interest rate risk and credit risk. The Trust has both a Treasury Management Policy and strategy which the Board oversees to manage these risks. The risks are summarised below:

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. In addition, during 2019/20, the Trust agreed Golden Rules around liquidity, commenced negotiations on an overdraft and held discussions over both funding for future development and investment in assets. The Trust had bank balances of £1.2m which were readily available at 31 March 2020.

Interest Rate Risk

The Trust finances it's 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 business activities, particularly the demand for its properties, its current financial position, the completion of the development programme (July 2020) all provide a level of comfort on going concern. The business objectives to be SMARTER, BETTER and STRONGER is a commitment to our tenants, staff and stakeholders, current and future, to deliver housing services, invest in our assets and aspirations for growth, acquiring more properties in a "managed way".

The financial plan, which is updated annually and stress tested is a tool to support the delivery of the business plan. The budget for 2020/21 and long-term financial plan demonstrate both short term and long term financial viability, including the ability to service the Trust's debt facilities, meet lenders' covenants as well as capacity to borrow to deliver more homes and invest in our existing assets.

GOING CONCERN (CONTINUED)

COVID-19 has interrupted businesses nationally and internationally including the Trust and is a challenge that we faced in March and continue manage. However, having put into action the business continuity plan and now preparing for easing of the lockdown we believe that we have demonstrated our fortitude and financial strength and ability to continue to support our tenants during the pandemic.

Whilst we have seen that COVID-19 has impacted arrears marginally we do benefit from the fact that most of our income comes from Housing Benefit and Universal Credit. Our Universal Credit Officer and housing team helps tenants by identifying those in need of support and assisting them in making benefit claims to maximise their income, which also protects the Trusts income stream.

The lockdown also impacted properties that were empty as viewings were temporarily paused but as the lockdown eases 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 continue to plan for the easing of the lockdown, a potential second wave and expected recession to follow to ensure we remain alert, robust and supportive of our tenants and staff.

We considered the impact on cashflows of increased arrears and voids both in relation to the current lockdown and a potential future local lockdown or second wave. We do not consider that these would increase materially and have actions in place that can assist in mitigating the financial impact of downturns and building in resilience. This includes pro-active management by the housing team and Universal Credit officer and engaging and supporting them in maximising their income and working in partnership with the London Borough of Haringey to ensure nominations are maximised.

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 has 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. The systems of internal controls are designed to manage risks and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. They also exist to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Trust's assets and interests.

The internal control framework and risk management processes are subject to review by the Board with delegated authority given to the Audit Committee to review and report to the Board. These processes have been further strengthened by the appointment of TIAA as internal auditors in the autumn of 2019, to undertake a three-year programme to audit the Trust's internal controls, the first phase of was carried out early in 2020.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. We confirm an ongoing process for identifying, evaluating and managing significant risks to the achievement of the Trust's strategic objectives has been maintained. The following key procedures are adopted, which are designed to achieve effective internal controls:

- **Identification and evaluation of key risks -** The Chief Executive is responsible for reporting to the Board on the identification and evaluation of key risks, and significant changes affecting key risks. Each Board report is required to identify how any risks which flow from the recommendations within the report should be managed.

- **Monitoring and corrective action -** Regular reporting on control issues provides assurance to successive levels of management and to the Board. This ensures that corrective action may be taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- **Control environment and control procedures -** The Board retains responsibility for strategic, operational, financial, and compliance issues including treasury strategy and new investment projects. In 2019/20 the Board agreed Golden Rules to govern the financial management of the Trust, and its forward financial plans. It also initiated a review of its Financial Standing Orders, which will be subject to formal approval shortly.

- **Information and financial reporting systems -** Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are subject to sensitivity testing and are regularly reviewed by the Board. The Board also regularly reviews key performance indicators.

The Board has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

STATEMENT OF COMPLIANCE

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Trust. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board. 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

Rosemary Boughton
Rosemary Boughton (Jul 24, 2020 13:56 GMT+1)

CHAIR

Date: 23 July 2020

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES 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 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves and the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2020 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been properly prepared in accordance 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.

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

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

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

Emphasis of matter – COVID-19

We draw attention to Note 1 of the financial statements, which notes the impact of COVID-19 on the Trust. We have not modified our report in this regard.

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 trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF HORNSEY HOUSING TRUST LIMITED (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the 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 trustees
As explained more fully in the Statement of Board's Responsibilities set out on page 24, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees 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.

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

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF HORNSEY HOUSING TRUST LIMITED (continued)

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

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date: 29/07/20

HORNSEY HOUSING TRUST LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	**2020** **£**	2019 £
Turnover	2	**3,384,648**	3,256,026
Operating expenditure	2	**(3,081,918)**	(2,996,995)
Surplus on the sale of fixed assets – housing	5	**913,914**	961,609
Operating Surplus		**1,216,644**	1,220,640
Interest receivable and other income	6a	**14,751**	31,532
Interest payable and similar charges	6b	**(61,380)**	(163,862)
Surplus for the year		**1,170,015**	1,088,310
Other Comprehensive income for the year			
Actuarial gain/(loss) in respect of defined benefit pension scheme	10	**516,000**	(225,000)
Effects of SHPS transition adjustment	10	**-**	(246,708)
Total comprehensive income for the year	7,19	**1,686,015**	616,602

The Trust's results relate wholly to continuing activities and the notes on pages 36 to 60 form an integral part of these financial statements

HORNSEY HOUSING TRUST LIMITED
STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 MARCH 2020

		Mar-20	Mar-19
TANGIBLE FIXED ASSETS		£	£
Housing Properties	11	34,068,238	31,784,564
Less: Property Depreciation	11	(10,093,343)	(9,668,061)
		23,974,895	**22,116,503**
Other fixed assets	12	460,025	485,112
TOTAL FIXED ASSETS		**24,434,920**	**22,601,615**
CURRENT ASSETS			
Debtors	13	240,260	240,006
Term deposits		-	1,654,430
Cash at bank and in hand		1,229,862	816,863
		1,470,122	**2,711,299**
CREDITORS: amounts falling due within one year	14	(1,329,360)	(1,446,579)
NET CURRENT ASSETS		**140,762**	**1,264,720**
TOTAL ASSETS LESS CURRENT LIABILITIES		24,575,682	23,866,335
CREDITORS: amounts falling due after more than one year	15, 16	(13,746,555)	(14,140,751)
Defined benefit pension liability	10	(336,817)	(919,287)
TOTAL NET ASSETS		**10,492,310**	**8,806,298**
CAPITAL AND RESERVES			
Called up share capital	17	16	18
Designated reserves	18	-	107,687
Revenue reserve	19	10,492,294	8,698,593
TOTAL RESERVES		**10,492,310**	**8,806,298**

These financial statements were approved by the Board and authorised for issue on 23rd July 2020 and signed on its behalf by

CHAIR Rosemary Boughton
Rosemary Boughton (Jul 24, 2020 13:56 GMT+1)

BOARD MEMBER
Anne Waterhouse (Jul 24, 2020 14:41 GMT+1)

SECRETARY
Alwyn Lewis (Jul 24, 2020 14:46 GMT+1)

The notes on pages 36 to 60 form part of these financial statements

HORNSEY HOUSING TRUST LIMITED
STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 MARCH 2020

	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

	Income & Expenditure Reserve £	Major Repairs Reserve £	Development Reserve £	Total Reserves £
Balance as at 31 March 2018	7,982,285	107,687	99,705	8,189,677
Surplus from Statement of Comprehensive Income	616,602	-	-	616,602
Transfer between reserves	99,705	-	(99,705)	-
At 31st March 2019	8,698,592	107,687	-	8,806,279

The notes on pages 36 to 60 form part of these financial statements

HORNSEY HOUSING TRUST LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2020

		2020 £	2019 £
Net cash inflow from operating activities	20(a)	458,209	749,495
Cashflow from investing activities			
Purchase of tangible fixed assets		(412,466)	(337,330)
Development expenditure		(2,368,106)	(3,468,254)
Grant Received		-	1,418,296
Proceeds from sale of tangible fixed assets		1,182,407	1,000,000
Receipt of term deposit		1,654,430	1,744,492
Interest received		14,751	31,532
Net cash generated from investing activities		71,015	388,736
Cashflow from financing activities			
Interest paid		(61,380)	(144,862)
Repayment of borrowings		(54,843)	(414,635)
Net cash used in financing activities		(116,223)	(559,497)
Net change in cash and cash equivalents		413,002	578,733
Cash and cash equivalents at start of the year		816,860	238,127
Cash and cash equivalents at end of the year		1,229,862	816,863

Both FRS102 and the Housing SORP 2018 requires a net debt reconciliation note. This has been included within Note 20b of the financial statements.

The notes on pages 36 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 2020/21 and the business plans and cashflows 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 increase 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)

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 monitors the project/asset and considers 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 by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected 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.

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 at 31 March 2020 was £10,093k (2019: £9,668k).

Bad debt provision

The trade debtors' provision balance recorded in the Trust's Statement of Financial Position of £282k (2019: £250k) comprises a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. 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 reflects 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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Significant judgements and estimates (continued)

Housing property impairments (continued)

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 relative small changes in these assumptions. Management have concluded that it was not necessary to adjust the base assumptions used in the scheme for 2019/20 financial year.

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 are 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 are 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 an 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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

In 2015 the government announced that housing associations would have to cut social rents by 1% for four years from April 2016 and 2019/20 is the fourth and final year of this change in rent policy. The impact of this change was to reduce net rental income for the Trust which The Trust identified as material and represented a trigger for impairment review.

Following the review of existing rental stock although rental income has reduced there is no impairment of the Trusts properties. Furthermore, now that the government has announced the rent settlement for the 5 years post 2020 this gives the Trust certainty of future rents which will revert back to CPI plus 1% from April 2021 which will improve the Trust’s rental income.

Consideration of impairment under FRS102, Section 28 was also undertaken in relation to the development programme as the scheme was over budget. The development of general needs and supported housing was undertaken for social purposes and all accommodation will be 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.

Tangible fixed assets and depreciation

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.

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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets (continued)

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.

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

Investment property

The Trust does not hold any investment property.

Cash and cash equivalents

Current assets include cash and term deposits invested for periods of more than three months. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Investment Income

Interest income is recognised using the effective interest rate method.

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.

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.

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.

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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

For financial years ending on or before 28 February 2019, it was not possible for the Trust to obtain sufficient information to enable it to fully account for the Social Housing Pension Scheme as a defined benefit scheme, therefore the Trust had accounted for the scheme as defined contribution scheme including accruing for known contractual obligations to fund the past service deficit.

For financial years ending on or after 31 March 2019 it is now possible to obtain sufficient information to enable the Trust to account for the Scheme as a defined benefit scheme; therefore, these financial statements present a period of transition, where the Trust is moving from one basis of accounting to another. The adjustment to reflect additional liabilities recognised as a result of the adoption of the new basis of accounting were charged to reserves and reflected in the Statement of Other Comprehensive Income in 2018/19.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

Reserves

The Trust established restricted reserves where external factors prevent their free use. Designated reserves are established where they have been earmarked for a specific purpose. The Trust does not have any restricted reserves.

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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Turnover	Operating Costs	Surplus on sale of fixed assets	Operating Surplus
	£	£	£	£
Year to 31 March 2020				
Social housing lettings (Note 3)	3,314,633	(3,043,862)	-	270,771
Other activities				
Surplus on disposal of fixed assets	-	-	913,914	913,644
Sundry Income	70,015	(38,0576)	-	31,959
Total	3,384,648	(3,081,918)	913,914	1,216,644

	Turnover	Operating Costs	Surplus on sale of fixed assets	Operating Surplus
	£	£	£	£
Year to 31 March 2019				
Social housing lettings (Note 3)	3,173,742	(2,959,830)	-	213,912
Other activities				
Surplus on disposal of fixed assets	-	-	961,609	961,609
Sundry Income	82,284	(37,165)	-	45,119
Total	3,256,026	(2,996,995)	961,609	1,220,640

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs Housing	Supported housing and housing for older people	2020 Total	2019 Total
	£	£	£	£
Rent receivable net of identifiable service charges	1,254,960	905,126	**2,160,086**	2,163,226
Service charge income	365,881	263,888	**629,769**	499,049
Care & Support charges	59,687	43,049	**102,736**	99,453
Amortised government grant (SHG)	245,197	176,845	**422,042**	412,014
Net rental income	**1,925,725**	**1,388,908**	**3,314,633**	3,173,142
Total Turnover from Social Housing Lettings	**1,925,725**	**1,388,908**	**3,314,633**	**3,173,142**
Management	(136,375)	(98,359)	**(234,734)**	(234,403)
Services	(517,118)	(372,966)	**(890,084)**	(892,056)
Care & Support expenditure	(44,025)	(31,753)	**(75,778)**	(71,785)
Routine maintenance	(495,089)	(357,077)	**(852,166)**	(892,414)
Major repairs expenditure	(110,110)	(79,416)	**(189,526)**	(143,351)
Bad debts	(28,402)	(20,484)	**(48,886)**	(34,898)
Loss on disposal of fixed assets	(11,988)	(8,647)	**(20,635)**	(50,777)
Depreciation on all assets	(425,306)	(306,747)	**(732,053)**	(640,146)
Operating costs on Social Housing Lettings	**(1,768,413)**	**(1,275,449)**	**(3,043,862)**	**(2,959,830)**
Total Surplus from Social Housing Activities	**157,312**	**113,459**	**270,771**	**213,912**
Void losses	**59,944**	**43,234**	**103,178**	**59,714**

4. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	2020	**2019**
Social housing owned and managed		
General needs housing social rent	226	223
Supported sheltered housing	151	144
Total social housing managed	**377**	**367**
Social housing units managed by others	12	12
Total owned units	**389**	**379**
Units in development pipeline	**5**	**20**

During the year 15 new homes were handed over; 8 general needs and 7 supported housing properties and 5 general needs units were sold, a net movement of 10 units.

5. SURPLUS ON DISPOSAL OF HOUSING PROPERTIES

	2020 **£**	**2019** **£**
Sales proceeds	1,182,407	1,000,000
Cost of disposals	(192,469)	(35,479)
Selling costs	(23,143)	(2,912)
	966,795	961,609
Social Housing Grant previously amortised	(52,881)	-
	913,914	**961,609**

6a. INTEREST RECEIVABLE AND OTHER INCOME

	2020 **£**	**2019** **£**
Interest receivable on bank deposits	14,751	31,532
Total	**14,751**	31,532

6b. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 **£**	**2019** **£**
Pension Interest	**21,000**	19,000
Interest payable in respect of housing loans and overdrafts	**40,380**	58,418
Other finance costs	**-**	86,444
	61,380	**163,862**

7. SURPLUS ON ORDINARY ACTIVITIES

	2020	2019
	£	£
The operating surplus for the financial year is stated after charging/(crediting) the following:		
Grant Amortised	**(422,042)**	(412,014)
Depreciation of housing properties	**628,209**	569,086
Depreciation of other fixed assets	**112,927**	79,098
Auditors remuneration		
fees payable for the audit of annual accounts	**17,715**	21,193
in respect of other services	**-**	2,400

8. DIRECTORS REMUNERATION

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

	2020	2019
	£	£
The aggregate emoluments paid to or receivable by executive Directors	**105,324**	136,869
The emoluments paid to the highest paid Director excluding pension contributions	**96,720**	94,015
Number of members of Management Team including Chief Executive	**1**	2

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 £8.6k (2019: £8.4k) 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 Senior Management Team or its equivalent. The above remuneration relates to two executive staff posts.

9. EMPLOYEES

	2020	2019
The average monthly number of persons (including the Chief Executive) employed during the year		
Administration (including the Chief Executive)	6	9
Housing Management	4	3
Scheme Managers /Support Workers (full time equivalent)	4	4
	14	13

	2020	2019
Staff costs during the year:		
Wages and salaries	**529,580**	450,457
Social security costs	**51,759**	45,177
Other pension costs	**44,959**	42,180
	626,298	537,814

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:	**2020**	2019
£60,000 - £70,000	**1**	Nil
£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)

The 2019 financial statements presented the new accounting basis following the completion of a consultation by the Financial Reporting Council (FRC) in March 2019. Application of the updated version of FRS 102, "Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland Multi-employer defined benefit plans May 2019" ("May 2019 FRS 102"), for the year ended 31 March 2019 meant that there was no restatement of the comparatives and instead the change in accounting treatment was recorded as a separate movement through other comprehensive income on transition. No equivalent amount is shown in the current year.

Pension scheme liabilities recognised in the Statement of Financial Position

	2020 (£'000)	**2019 (£'000)**
Pension obligations recognised as Defined Benefit schemes	**337**	920
Pension obligations recognised as Defined Contribution schemes	**-**	-
Total pension scheme liabilities	**337**	920

Principal actuarial assumptions at the financial position date:

	2020	**2019**
Discount rate	2.4	2.3
Inflation (RPI)	2.6	3.3
Inflation (CPI)	1.6	2.3
Salary growth	2.6	3.3
Allowance of commutation of pension for cash at retirement	75% of Maximum allowance	75% of Maximum allowance

10. THE SOCIAL HOUSING PENSION (continued)

The mortality assumptions applied at 31 March 2020 imply the following life expectancies

	2020 (£'000)
Male retiring in 2020	**21.5**
Female retiring in 2020	**23.3**
Male retiring in 2040	**22.9**
Female retiring in 2040	**24.5**

Amounts recognised in the Income Statement

	2020 (£'000)	2019 (£'000)
Net interest on deferred benefit liability	**21**	19
Expenses paid	**4**	4
Total expenses	**25**	3

Amounts recognised in Other Comprehensive Income

	2020 (£'000)	2019 (£'000)
Actual return on Scheme assets	(9)	35
Experiences losses arising on the Plans' liabilities	81	(23)
Effects of SHPS transition	-	(247)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations-loss	30	**(9)**
Effects of changes in financial assumptions underlying the present value of the defined benefit obligations-loss	414	**(228)**
Actuarial gain/(loss) recognised	**516**	**(472)**

10. THE SOCIAL HOUSING PENSION SCHEME (continued)

Statement of Financial Position

	2020 (£'000)	2019 (£'000)
Fair value of plan assets	2,741	2,637
Present value of funded retirement benefit obligations	(3,078)	(3,557)
Net liability	**(337)**	**(920)**

Reconciliation of movements on the defined benefit obligation

	2020 (£'000)
Defined benefit obligation at the start of the period	3,557
Interest cost	82
Actuarial gains due to assumptions	(111)
Actuarial gains due to changes in financial assumptions	(414)
Expenses	4
Benefits paid	(40)
Defined benefit obligation at the end of the period	**3,078**

Reconciliation of movements on the fair value of plan assets

	2020 (£'000)
Fair value of the Plans' assets at the start of the period	2,637
Interest income	61
Expenses	(9)
Contributions by the employer	92
Benefits paid	(40)
Fair value of plan assets at the end of the period	**2,741**

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

10. THE SOCIAL HOUSING PENSION SCHEME (continued)

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:	**2020 (£'000s)**	**2019 (£'000s)**
Bonds	1,308	1,308
Equity	401	444
Property Infrastructure	311	236
Absolute Return	143	228
Alternative Risk Premia	192	152
Insurance-Linked Securities	84	76
Others	302	193
	2,741	**2,637**

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 2019	11,390,427	16,387,755	4,006,382	31,784,564
Additions	70,058	254,194	2,368,105	2,692,357
Completed Schemes	2,959,589	1,859,797	(4,819,386)	-
Disposals	(312,530)	(96,153)	-	(408,683)
At 31st March 2020	**14,107,544**	**18,405,593**	**1,555,101**	**34,068,238**
Depreciation				
At 1st April 2019	3,882,709	5,785,353	-	9,668,062
Charged in the year	248,630	379,577	-	628,207
Released on disposal	(124,188)	(78,738)	-	(202,926)
At 31st March 2020	**4,007,151**	**6,086,192**	**-**	**10,093,343**
Net book value (NBV)				
At 31st March 2020	**10,100,393**	**12,319,401**	**1,555,101**	**23,974,895**
At 31st March 2019	7,507,719	10,602,402	4,006,382	22,116,503

	2020 Cost	**2020 NBV**	2019 Cost	2019 NBV
	£	**£**	£	£
Housing properties comprise:				
Freehold land and buildings	**29,995,469**	**20,364,899**	25,215,385	16,110,120
Long leasehold land and buildings	**2,193,416**	**1,730,643**	2,295,824	1,733,028
Total expenditure on existing properties	**324,252**	**324,252**	266,973	266,973
Housing Properties in the Course of Construction	**1,555,101**	**1,555,101**	4,006,382	4,006,382
	34,068,238	**23,974,895**	31,784,564	22,116,503

12. OTHER FIXED ASSETS – PROPERTY PLANT & EQUIPMENT

	Commercial properties £	Freehold Offices £	Furniture fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1st April 2019	330,188	253,533	730,952	394,280	1,708,953
Additions	-	-	61,797	26,417	88,214
Disposals	-	(1,433)	(66,497)	(212,575)	(280,505)
At 31st March 2020	**330,188**	**252,100**	**726,252**	**208,122**	**1,516,662**
Depreciation					
At 1st April 2019	126,035	194,130	582,352	321,324	1,223,841
Charge in year	6,034	8,994	55,653	42,246	112,927
Released on disposal	-	(1,059)	(66,497)	(212,575)	(280,131)
At 31st March 2020	**132,069**	**202,065**	**571,508**	**150,995**	**1,056,637**
Net book value (NBV)					
At 31st March 2020	**198,119**	**50,035**	**154,744**	**57,127**	**£460,025**
At 31st March 2019	204,152	59,403	148,602	72,955	£485,112

13. TRADE AND OTHER DEBTORS

	2020 £	2019 £
Rent and service charges	**282,187**	249,671
Provision for bad and doubtful debts	**(209,768)**	(160,272)
Net rent and service charge debtor	**72,419**	89,399
Other debtors	**87,202**	87,621
Prepayments	**80,639**	62,986
	240,260	240,006

14. CREDITORS: amounts falling due within one year

	2020 £	2019 £
Principal due on housing loans	**57,360**	54,843
Contracts for certified work and retentions unpaid	**162,664**	180,202
Trade creditors	**183,236**	240,805
Social security payable and other taxation	**2,670**	16,084
Other creditors	**15,794**	11,531
Accruals	**263,338**	339,979
Deferred income for lease premium received in advance	**-**	-
Social Housing Grant	**437,851**	412,015
Rent and service charges received in advance	**206,447**	191,120
	1,329,360	1,446,579

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

	2020 £	2019 £
Housing loans	**709,835**	774,033
Social Housing Grant	**12,910,284**	13,366,717
Recycled Capital Grant Fund	**126,436**	-
	13,746,555	14,140,750

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:

	2020 £	2019 £
Other housing loans repayable:		
In one year or less	**57,360**	54,843
Between one and two years	**149,835**	180,195
Between two and five years	**64,000**	61,000
In five years or more	**496,000**	532,838
	767,195	828,876

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

17. CALLED UP SHARE CAPITAL

	2020	2019
	£	£
Allotted and issued at 31 March	**16**	18

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. DESIGNATED RESERVES

	Major Repairs Reserve	Development Reserve	Special Reserve	Total
	£	£	£	£
Balance as at 31 March 2019	107,687	-	-	107,687
Transfer to revenue reserve	(107,687)	-	-	(107,687)
Balance as at 31 March 2020	**-**	**-**	**-**	**-**

The major repairs reserve was earmarked for planned cyclical repairs.

19. REVENUE RESERVE

	2020	2019
	£	£
Brought forward at 1 April	**8,698,592**	7,982,285
Surplus for the year	**1,686,015**	616,602
	10,384,607	8,598,887
Transfer from major repairs reserve	**107,687**	-
Transfer from development reserve	**-**	99,705
Carried forward at 31 March	**10,492,294**	8,698,592

20a. NOTES TO THE CASH FLOW STATEMENT

	2020	2019
	£	£
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	**1,216,644**	1,201,640
Depreciation charges	**741,206**	648,184
Deficit on disposal of fixed assets	**20,589**	51,415
Amortisation charges	**(422,042)**	(412,014)
Surplus on the disposal of tangible fixed assets	**(913,914)**	(961,609)
Increase in debtors	**(254)**	(46,138)
Increase / (decrease) in creditors	**(184,020)**	195,848
Loss on lease buyback	**-**	53,169
Net Cash inflow from operating activities	**458,209**	749,495

20b. ANALYSIS OF CHANGES IN NET DEBT

	As at 01-Apr-19	**Cashflows**	**As at 31- Mar-20**
Cash	816,863	412,999	1,229,862
Money market deposits at call or on seven day or monthly terms	1,654,430	(1,654,430)	-
	2,471,293	**(1,241,431)**	**1,229,862**
Bank loan due within one year	(54,843)	(2,517)	(57,360)
Bank loans due after more than one year	(774,033)	64,198	(709,835)
	(828,876)	**61,681**	**(767,195)**
Total	**1,642,417**	**(1,179,750)**	**462,667**

21. LEGISLATIVE PROVISIONS

The Trust is incorporated and registered under the Co-operative and Community Benefits 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 L0179.

22. RELATED PARTIES

The Trust did not have any Directors' loans as at 31 March 2020 or in 2019. There are no transactions with key management personnel and their close family.

23. 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.

24. CAPITAL COMMITMENTS

As at the 31 March 2020 the Trust had capital commitments of £0.7m (2019-£2.9m) which is in respect of completion of the development programme of 20 new homes including retention fees. This programme is being funded from a number of sources including; disposal of street properties in accordance with our bedsit strategy, the receipt of Right to Buy funds from Haringey and our own cash reserves.

25. FINANCIAL INSTRUMENTS

The Trust's financial instruments are analysed as follows:

Financial Assets	**£**	£
Cash at bank and in hand and short term deposits	**1,229,862**	2,471,293
Trade Debtors	**282,188**	249,708
Other Debtors	**87,202**	87,471
Financial Assets held at amortised cost	**1,599,252**	2,808,472

Financial Liabilities	**£**	£
Bank Loans	**767,195**	828,876
Trade Creditors	**183,236**	240,806
Other Creditors	**514,442**	543,068
Financial Liabilities held at amortised cost	**1,464,442**	1,612,750

26. POST BALANCE SHEET EVENTS

After the year end the Trust completed the arrangement of an overdraft Facility with Barclays bank of £100k which was agreed and signed off in April 2020. The Trust took handover of the final phase of 5 units being developed at Palm Tree Court in July 2020.