

**Co-operative & Community Benefit Society**  
**Registered Number: 20924R**

**Regulator of Social Housing**  
**Registration Number: L1015**

# **Harrogate Flower Fund Homes Limited**

**Report and Financial Statements**

**For the year ended 31 December 2019**

# Harrogate Flower Fund Homes Limited

## Report and Financial Statements For the year ended 31 December 2019

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# Harrogate Flower Fund Homes Limited

## Board Members, Registered Office and Advisers For the year ended 31 December 2019

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**Chair:** Mr P Knowles

**Honorary Treasurer:** Mr M Helm (appointed 29 January 2019)

**Honorary Life President:** Mr J Corby

**Board Members:** Mrs M-A De Courcey-Bayley  
Mrs A Gallagher (retired 18 June 2019)  
Mrs J Hayes (retired 18 June 2019)  
Mr G Saunders (resigned 31 March 2019)  
Mr J W Pierce  
Mr C Whapples  
Mr J Fordyce  
Mr M Driscoll (appointed 18 June 2019)

**Honorary Secretary:** Mr S Brook

**Registered Office:** 10 High Street  
Harrogate  
North Yorkshire  
HG2 7HY

**Registered Number:** Co-operative & Community Benefit Society 20924R  
Regulator of Social Housing (RSH) L1015

**Auditors:** Beever and Struthers  
Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

**Bankers:** CAF Bank  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent  
ME19 4JQ

Nationwide Building Society  
Kings Park Road  
Moulton Park  
Northampton  
NN3 6NW

Triodos Bank NV  
Deanery Road  
Bristol  
BS1 5AS

# Harrogate Flower Fund Homes Limited

## Report of the Board

For the year ended 31 December 2019

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### Accounts

The Board of Harrogate Flower Fund Homes Limited presents its annual report and the audited financial statements for the year ended 31 December 2019.

### Objects of the Association, principal activity and organisation of its work

The Association is registered under the Co-operative and Community Benefit Societies Act 2014, (Registration Number 20924R), and under the Housing Act 1974, (Registration Number L1015) with exempt charitable status under Schedule 3 of the Charities Act 2011.

Its charitable objects, under rules approved in May 2016, are to carry on for the benefit of the community:

- the business of providing and managing housing, including Social Housing, and providing assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people;
- any other charitable object that can be carried out from time to time by a society registered as a provider of Social Housing with the Regulator.

Arising from the above the principal activity is the provision of rented accommodation for persons of limited means, at affordable rents. Rents are significantly below market levels at an average of £90.15 per week which is also well below the local housing allowance level for a one bedroomed dwelling of £110 per week. The properties owned by the Association have adaptations in place to help people with limited mobility. Wherever possible the Association ensures new residents require or will require in the near future the use of those adaptations.

The Association is organised so that the Board meets regularly to manage its affairs. It does not employ any paid staff, but does use a managing agent for the collection of rents and other management services, which is paid a fee for its work.

### Board Members and their interests

The Board Members in office during the year and changes up to the date of issue of these accounts are listed on page 1.

The 2019 Annual General Meeting saw Ann Gallagher and Jean Hayes retire from the Board. The Board would like to take this opportunity of thanking them both for their service to the Association and their oversight of its management. The meeting also saw the appointment of Michael Driscoll, a housing professional, to the Board to fill a skills gap in relation to housing management which existed.

Each Board Member holds one fully paid share of £1 in the Association.

### Results and financial position

The results for the year are set out in the financial statements on pages 14 to 28.

The Association has experienced another year of strong financial performance with the Statement of Comprehensive Income showing a surplus for the year of £46,462. The reserves at the year-end stood at £1,704,403 in total, of which £684,205 is liquid reserves.

# Harrogate Flower Fund Homes Limited

## Report of the Board

For the year ended 31 December 2019

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### Activities and achievements

At the end of the year the Association has in ownership twenty-six flats and a two-bed house on two sites within the town of Harrogate. Ten flats and the two-bed house are at Steelgarth, 33 High Street, Starbeck, twelve flats are at Greengarth, Markenfield Road, Jennyfields, with an adjacent block of four flats at Masongarth. All the dwellings are either one or two bedroom units suitable for single persons or couples with the majority of properties having level access showers, with some having access to a stair lift.

The Association supports the initiative for everyone in the United Kingdom to be able to live in decent housing and thus helps promote sustainable communities. This is achieved through close monitoring of the condition of properties by the Managing Agent as well as through annual inspections by the Board, by adopting a proactive day to day repairs service and by the continued investment in major repairs. All properties have a valid Landlords' Gas Safety Record as required by legislation and an electrical safety certificate which is less than 5 years old.

The Association has had another successful year. Except for the replacement of a central heating boiler there has been no major refurbishment work, but investment into the existing properties has continued. The main area of investment has been in relation to electrical safety works. The increased scrutiny and changing requirements in this area resulted in higher than normal repairs being required following the 5 year inspections undertaken in the year. The Association also PAT tested all the electrical appliances it owns in its properties. Repair costs overall though remained within budget. All day to day repairs were completed within target with 100% customer satisfaction being obtained on call backs to 53% of the jobs.

There were two voids, which generated between them 9 void days, during the year, making the average relet time 4.5 days. With void repairs costs at only £295 during the year this is excellent performance. There were no bad debts with the majority of tenants being in credit on their rent accounts at the year end.

The day to day management of the properties and tenants is undertaken by the Managing Agent, Harrogate Housing Association Limited, from its offices in Harrogate. It also provides administration, governance, company secretarial and accounting services for the Board. They charge a fee per property for the services under a three year management agreement which started on 1 April 2017 and has been renewed for a further three years from 1 April 2020. Their fee increased during 2019 by inflation in line with the terms of the agreement, however, the fee to be charged from 1 April 2020 is lower than that charged from 1 April 2017. This reflects the lowering cost base per property of the Managing Agent which is passed onto the Association.

Harrogate Flower Fund Homes Limited has enjoyed a stable and successful year, resulting in the continued provision of a high quality and affordable service from a strong financial base. Information on the Association can be found on its website at [www.hffhltd.co.uk](http://www.hffhltd.co.uk).

### Fixed assets

The changes in fixed assets during the year are set out in notes 10 and 11 of the financial statements.

### Political and charitable donations

During the year the Association made no political or charitable donations. A small donation was received during the year from a collection undertaken at a former members funeral, recognising the origins of the Association which was originally funded from this source.

# Harrogate Flower Fund Homes Limited

## Report of the Board For the year ended 31 December 2019

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### Funds available

The surplus each year is adequate to support the running of the twenty-seven existing homes. The Board considers that this surplus together with the liquid reserves and the ability to borrow will enable the Association to undertake its development plans as explained below.

### Tenant engagement

It is important that the views of tenants are considered when taking decisions and that high levels of tenant satisfaction are achieved.

The Board has regular contact with tenants. The annual property inspections undertaken by Board members took place in October and provided the opportunity to have individual discussions with tenants about their property, their tenancy and other related matters. The Board also organised two tenant specific events in June and December. These events enabled tenants and Board members to discuss matters in a more informal environment over refreshments. The Board sees these events as a key way to keep in touch with tenants and gather satisfaction information. Feedback is given to the Managing Agent and matters raised are actioned appropriately. No major issues were raised by tenants at any of these events.

In addition there is a Tenancy Committee consisting of members of the Board and representatives from both the Jennyfield and Starbeck properties. This group has a structured meeting once a year but disappointingly, this year, no tenants attended. Given the other opportunities for tenants to raise concerns with the Board this is not seen as a major concern, if it remains an isolated occurrence. The Board intend to closely monitor the situation and take the necessary action to ensure tenant engagement remains strong.

### Future developments and opportunities

The Board have previously agreed that utilisation of the Association's financial reserves should involve the acquisition of suitable additional property to meet identified housing need. The Board have considered acquiring land and developing purpose built accommodation thereon but the high cost of land in the Harrogate District is prohibitive and the Association would need to borrow funds to build a scheme of any reasonable size. Other opportunities have therefore been pursued.

As noted last year the Association, with the support and help of the Managing Agent, was pursuing a leasehold acquisition which it was hoped would be completed during 2019. The Board are pleased to confirm that, although not yet completed, positive progress has been made in respect of the acquisition.

A new 45 year lease, without any lease premium, will be granted by the freeholder on two properties located on Brunswick Drive and Kings Road in Harrogate. There are currently six flats in the property on Brunswick Drive and nine in the property on Kings Road. Surveys have been undertaken on the properties and a high level schedule of works has been prepared indicating that significant investment in the properties will be required to increase their EPC ratings and install more modern facilities suitable for the Association's intended tenant group. There is also the possibility of increasing the number of flats at each location by converting the basements which are currently underutilised.

Some of the flats are currently occupied and the Board will engage with these tenants to ensure the success of the upgrading works and that the completed works meet their needs. Once completed the current vacant flats will be re-let. This will involve finding tenants for at least eight flats and consequently the Association has opened its waiting list for new applicants.

# Harrogate Flower Fund Homes Limited

## Report of the Board

For the year ended 31 December 2019

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### Future developments and opportunities (continued)

This represents a major opportunity for the Association, enabling it to utilise the cash reserves it has accumulated to meet its purpose of providing quality rented housing for those in need. Financial projections indicate that the initial investment will have a positive financial impact on the Association over the 45 year lease term, subject to the works not exceeding the £475,000 budget allowed, but more importantly for the Board it will ensure a housing need is met. The Board will closely monitor the cost of the refurbishment works as the project proceeds. The level of spend anticipated means that it can be delivered from existing reserves without the need for loan finance. This reduces the risks associated with the project.

The Board recognise that the acquisition is leasehold and not freehold but as noted above, due to the high price of land, freehold opportunities which are viable are rare, with none being identified during the past three years. As a result the Board consider this opportunity is a good option.

Investment in the existing properties of the Association will continue with a major window replacement programme planned for 12 properties at Greengarth during the coming year and a budget allowance made for the replacement of a number of central heating boilers.

The Board has updated its five year business plan taking into account the leasehold opportunity. The updated plan also takes into consideration the return to annual rent increases from 1 July 2020 of CPI inflation plus 1%. This change is welcomed by the Board which provides it with greater certainty about future income levels and has made the leasehold investment noted above more palatable.

The Board is not in favour of the disposal of properties under the voluntary right to buy scheme drawn up by the sector in response to Government policy as it will lead to a reduction in affordable rented properties for those on low incomes, especially in Harrogate. Once the scheme is finalised the Board will be in a better position to determine a way forward.

During the discussions regarding the investment in the leasehold properties, the Board recognised that a considerable proportion of the cash reserves of the Association would be utilised on the project and action should be taken to replace them. As a result during 2020 the Board will undertake a review of the opportunities for fundraising which are available, including looking at the possibility of obtaining donations in lieu of funeral flowers – which was how the Association was originally funded.

No report on future development and opportunities would be complete without referring to the current circumstances and the impact of coronavirus. The Managing Agent prepared a detailed risk map in relation to the pandemic which it successfully implemented. This included regular contact with the Association's tenants to confirm their wellbeing and a reduction in repairs to those which were classed as emergency/life threatening. All Landlord Gas Safety Records have been maintained in date. It is too early to confirm what the financial impact on the Association will be, but it is likely that repairs costs will reduce in the short term, due to a decrease in volume, but longer term may rise, income from rent and low levels of arrears will be maintained, due to the age profile of tenants, but void levels may increase. The latter is seen as a short term matter as there remains significant demand for good quality, affordable rented properties with any vacancies, once the lockdown has been lifted, being let. The Association has a high level of liquid reserves, even after the investment in the new properties, which the Board considers more than sufficient to manage the financial consequences of the virus

# Harrogate Flower Fund Homes Limited

## Report of the Board

For the year ended 31 December 2019

### Value for money

The Association's definition of value for money is simple; it aims to deliver its objectives in the most cost effective way possible but ensuring that it provides quality homes and services which help its tenants remain independent.

The Board determined a number of years ago that the best value approach to managing and maintaining the properties, dealing with administrative tasks and the regulatory matters required for a registered provider was through the appointment of a managing agent. This was instead of direct employment of staff or the use of volunteers. By adopting this approach the range of skills, knowledge and IT systems at the disposal of the Association was significantly increased. Harrogate Housing Association Limited, a local registered provider itself, was appointed into this role. It provides a local office base, manages the repairs service, collects and administers rents and deals with all day to day tenant contact. It also provides administrative, accountancy/financial support and Company Secretarial services to the Association and Board. The fee charged by the Managing Agent is reviewed regularly. In line with expectations the Board are pleased to report that the fee to be charged by the Managing Agent from 1 April 2020 has reduced by 9.3% from the current level recognising the growth in the number of properties managed by them and the fixed nature of their overhead costs.

Using a managing agent has enabled the Association to "piggy back" with Harrogate Housing Association Limited to secure a cost effective repairs service which would not be available to it on its own. For example, both organisations use the same 24 hour emergency gas service and repairs company and the Association pays the same rates as Harrogate Housing Association Limited which has many more properties. The Association is also able to utilise the Harrogate Housing Association Limited 24 hour on call service and its approved contractors list for repairs. This list includes local trades people who do not charge VAT which results in savings as the VAT is an expense and not recoverable. By operating this way the Association is able to secure better rates than would be possible by working in isolation.

Tenant satisfaction with the service received from Harrogate Housing Association Limited remains high.

The metrics required under the value for money standard are as follows:-

| VFM Standard metrics                          | 2020 target | 2019 target | 2019        | 2018    | 2017    | Sector median* |
|---|-------------|-------------|-------------|---------|---------|----------------|
| 1 Reinvestment percentage                     | 17.9%       | 0.3%        | 0.2%        | 0.0%    | 0.0%    | 4.3%           |
| 2a New supply delivered – social              | 36%         | 0%          | 0%          | 0%      | 0%      | 0.6%           |
| 2b New supply delivered – non social          | 0%          | 0%          | 0%          | 0%      | 0%      | 0%             |
| 3 Gearing                                     | No debt     | No debt     | No debt     | No debt | No debt | 34.8%          |
| 4 EBITDA MRI interest cover                   | No debt     | No debt     | No debt     | No debt | No debt | 202%           |
| 5 Social housing costs per unit               | £9,473      | £4,070      | £2,999      | £2,993  | £2,523  | £4,675         |
| 6 Operating margin social housing and overall | 3.5%        | 9.7%        | 28.9%/29.0% | 27.8%   | 36.4%   | 23.1%/20.1%    |
| 7 Return on capital employed                  | 0.3%        | 0.7%        | 2.1%        | 2.1%    | 2.8%    | 3.0%           |

\* Traditional registered providers with between 1,000 and 2,500 units as per the Regulator of Social Housing's 2019 Global Accounts VFM metrics



# Harrogate Flower Fund Homes Limited

## Report of the Board

For the year ended 31 December 2019

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### Value for money (continued)

In addition to the above the Board monitors arrears, void loss and turnaround times and repairs performance. Customer satisfaction is gauged through the regular contact between Board members and tenants noted above and remains high. There are normally no arrears with tenants being in credit on their rent accounts (see notes 12 and 14 – the year end outstanding balance resulting from the unfortunate death of a tenant just before the year end which was settled in January). Void loss and turnaround times are minimal (see note 4) and in the year 100% of repairs were completed on time. There are also no bad debts.

The size of the Association, at only 27 units, makes comparison against others difficult especially as the Regulator does not capture or publish any information on Associations with less than 1,000 properties. Very few associations the size of the Association subscribe to benchmarking clubs as the costs outweigh the benefits and are not therefore considered value for money. Given the information available through the Managing Agent the Association is performing in the top quartile in relation to arrears and voids. The table above includes some comparator information extracted from the published global accounts of the sector. In comparison to these measures the Association is performing satisfactorily.

It should be noted that the number of properties managed means that some of above metrics can change significantly year on year depending on the level of major works (e.g. bathroom or kitchen replacements) undertaken.

The 2019 metric actuals compare favourably with previous years. The social housing cost per unit remained high in the year as 5 year electrical safety checks, with remedial works as required, were undertaken on 16 properties and two communal areas. These costs equate to £489 per property. There are no such inspections forecast for 2020. As noted in last year's report the 2019 target was based on a prudent budget which contained allowances for legal and professional costs, Board related costs and a £21,000 allowance for major works. Only 10% of these costs were expended which has resulted in the significant out performance.

The Board monitor spend on a quarterly basis with variances from budget scrutinised and action taken where necessary to manage costs and deliver an excellent service to tenants.

The targets for 2020 take into account the window and central heating boiler investment in the existing homes together with part of the refurbishment costs of the leasehold acquisitions noted above. The 15 unit increase is significant for an Association which currently only owns 27 but not so for the Managing Agent. The Board is confident that with the support of the Managing Agent the growth is manageable. In total the 2020 budget contains an allowance of £290,000 for investment in the Association's properties which impacts on the target metrics.

The Association has the necessary cash reserves to meet this expenditure.

One of the main costs incurred by the Association is the Managing Agent's fee. The fee is based on the costs incurred by the Managing Agent spread over the number of properties managed which is considered a fair and equitable approach by the Board. As noted above from 1 April 2020 the fee per property will reduce by 9.3% over that currently being paid. Under the new three year agreement this base fee will rise by CPI inflation over the following two years which affords some protection in costs for the Association as it has no control over the costs, on which the fee is based, incurred by the Managing Agent. The Board consider the fees paid to Harrogate Housing Association Limited are value for money for the broad range of services they provide.

# Harrogate Flower Fund Homes Limited

## Report of the Board

For the year ended 31 December 2019

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### Value for money (continued)

The Association prides itself on meeting the needs of its tenants wherever possible. This includes installing accessible adaptations even where no funding is available. This increases the repairs costs but reflects the purpose of the Association. By adopting this approach tenancies are sustained and low levels of voids occur.

Systems are in operation by the Managing Agent to ensure quotes are obtained for any major work undertaken which delivers cost competitiveness.

As noted above the Association has two principal sites, Markenfield Road and Steelgarth, both of which are in Harrogate. The properties on both sites are well maintained, are easy to let (as evidenced by the low void loss), require no major works (as identified on the annual inspections) and are in good neighbourhoods. The Board has not identified any individual property or group of properties which are not contributing to the surplus being generated by the Association. Therefore it is the aim of the Association to retain its existing assets and use its reserves to invest in the leasehold properties as noted above thus expanding its property base.

The Board reviewed its strategic direction and considered if a different approach to delivering its purpose should be put in place in 2018. At that time the Board felt that they had not yet explored development opportunities for a sufficient period to make any changes at the present time. The leasehold property acquisition will enable the Association to increase its number of properties and thus meet its purpose. The strategic direction of the Association will be reviewed again in the future following the completion of the acquisition and refurbishment works.

### Governance arrangements

The Association has a Board which currently has seven members. The rules allow for the membership to be increased up to 15 or to be as low as seven. The Board met four times during the year and all meetings were quorate. The Board is responsible for setting the strategic direction of the Association and managing its day to day activities. The Board has delegated the latter to the Managing Agent, from which it receives regular reports on financial and operational performance.

The Board, given the size of the Association and the recent strengthening of its skills base with the recruitment of a housing specialist, consider the current membership level to be sufficient to meet its needs. It is, however, mindful that the number is at the minimum level and would consider appointing additional members if suitable candidates are identified.

The Board is supported by a Tenancy Committee which has seven members (three from the Board and four tenants). They meet annually to discuss tenant and tenancy related matters. Part of the meeting is undertaken without any of the staff of the Managing Agent being present so as to facilitate open and frank discussion on their performance. Unfortunately the meeting during the year was not quorate. As noted above this is an area for improvement. The Tenancy Committee is also responsible for undertaking the annual property inspections which were done in October.

The Association has adopted the NHF's Code of Governance – Promoting Board Excellence for Housing Associations 2015. The Association is compliant with the Code as at 31 December 2019.

# Harrogate Flower Fund Homes Limited

## Report of the Board

For the year ended 31 December 2019

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### Board Member responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered 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 Association and of the income and expenditure for the period of account.

In preparing these financial statements, the Board is required to:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
4. 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, which disclose with reasonable accuracy at any time the financial position of the Association and 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. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Disclosure of information to Auditors

The Board members who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

### Statement on the Association's system of internal control

The Board acknowledges its overall responsibility, for establishing and maintaining the whole system of internal control and for reviewing annually its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk, and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

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. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with principles incorporated in the Regulators guidance.

# Harrogate Flower Fund Homes Limited

## Report of the Board

For the year ended 31 December 2019

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### Statement on the Association's system of internal control (continued)

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

#### Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal ongoing process of management review in each area of the Association's activities. The results continue to be reviewed by the Board on a regular basis. The Chief Executive of the Managing Agents is responsible for reporting significant risks or any changes in significant risks facing the Association to the Board within these reports.

#### Monitoring and corrective action

The Board is responsible for ensuring the process of control through self-assessment is effective and that management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that effective monitoring is in place and that corrective action is 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 a defined range of issues covering strategic, operational, financial, and compliance issues including treasury strategy and new investment projects. Policies and procedures cover such issues as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

#### Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also reviews key performance indicators regularly to assess progress towards the achievement of key business objectives, targets and outcomes.

#### Auditors

In accordance with the Co-operative and Community Benefit Societies Act 2014 a resolution to re-appoint Beever and Struthers as the Association's Auditors, will be proposed at the Annual General Meeting.

#### Governance and Financial Viability

The Board confirms that the Association complies with the Regulator of Social Housing's Governance and Financial Viability Standard.

**Approved by the Board on 5 May 2020**

**Mr P Knowles**  
**Chair**

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# Harrogate Flower Fund Homes Limited

## Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

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### Opinion

We have audited the financial statements of Harrogate Flower Fund Homes Limited "the Association" for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Association's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

### Basis for opinion

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

### Conclusions relating to going concern

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

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association'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.

# Harrogate Flower Fund Homes Limited

## Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

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### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is 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.

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 in relation to which 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 Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of the Board

As explained more fully in the Statement of Board Member Responsibilities set out on page 9, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

# Harrogate Flower Fund Homes Limited

## Independent Auditor's Report to the members of Harrogate Flower Fund Homes Limited

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### 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 web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

**Beever and Struthers**  
**Statutory Auditor**  
**St George's House**  
**215-219 Chester Road**  
**Manchester**  
**M15 4JE**

**Date: 26 May 2020**

# Harrogate Flower Fund Homes Limited

## Statement of Comprehensive Income For the year ended 31 December 2019

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|  | Notes | 2019<br>£     | 2018<br>£     |
|--|-------|---------------|---------------|
| Turnover                                       | 3     | 144,094       | 145,031       |
| Operating expenditure                          | 3     | (102,263)     | (104,752)     |
| <b>Operating surplus</b>                       |       | <b>41,831</b> | <b>40,279</b> |
| Interest receivable                            | 5     | 4,631         | 2,349         |
| <b>Surplus before taxation</b>                 |       | <b>46,462</b> | <b>42,628</b> |
| Taxation                                       | 8     | -             | -             |
| <b>Surplus for the year</b>                    | 6     | <b>46,462</b> | <b>42,628</b> |
| <b>Total comprehensive income for the year</b> |       | <b>46,462</b> | <b>42,628</b> |

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All of the above results derive from the continuing operations of the Association.

The notes on pages 18 to 28 form an integral part of these financial statements.

The financial statements on pages 14 to 28 were approved and authorised for issue by the Board on 5 May 2020 and were signed on its behalf by:-

Mr P Knowles                      Chair

Mr S Brook                        Secretary

Mr M Helm                        Treasurer



# Harrogate Flower Fund Homes Limited

## Statement of Financial Position As at 31 December 2019

|  | Notes | 2019           |                  | 2018           |                  |
|--|-------|----------------|------------------|----------------|------------------|
| Fixed assets   |       | £              | £                | £              | £                |
| Tangible fixed assets – housing properties                     | 10    |                | 1,270,462        |                | 1,291,754        |
| Other tangible fixed assets                                    | 11    |                | -                |                | -                |
|  |       |                | <u>1,270,462</u> |                | <u>1,291,754</u> |
| <b>Current assets</b>  |       |                |                  |                |                  |
| Trade and other debtors  | 12    | 11,578         |                  | 5,310          |                  |
| Cash and cash equivalents                                      | 13    | 690,268        |                  | 632,770        |                  |
|  |       | <u>701,846</u> |                  | <u>638,080</u> |                  |
| <u>Less:</u>   |       |                |                  |                |                  |
| <b>Creditors:</b> amounts falling due within one year          | 14    | (17,641)       |                  | (17,426)       |                  |
|  |       | <u></u>        |                  | <u></u>        |                  |
| <b>Net current assets</b>                                      |       |                | <u>684,205</u>   |                | <u>620,654</u>   |
| <b>Total assets less current liabilities</b>                   |       |                | <u>1,954,667</u> |                | <u>1,912,408</u> |
| <b>Creditors:</b> amounts falling due after more than one year | 15    |                | (250,264)        |                | (254,469)        |
|  |       |                | <u></u>          |                | <u></u>          |
| <b>Total net assets</b>  |       |                | <u>1,704,403</u> |                | <u>1,657,939</u> |
| <b>Reserves</b>  |       |                |                  |                |                  |
| Non-equity share capital                                       | 17    |                | 40               |                | 41               |
| Income and expenditure reserve                                 |       |                | <u>1,704,363</u> |                | <u>1,657,898</u> |
| <b>Total reserves</b>  |       |                | <u>1,704,403</u> |                | <u>1,657,939</u> |

The notes on pages 18 to 28 form an integral part of these financial statements.

The financial statements on pages 14 to 28 were approved and authorised for issue by the Board on 5 May 2020 and were signed on its behalf by:-

Mr P Knowles                      Chair

Mr S Brook                        Secretary

Mr M Helm                        Treasurer

# Harrogate Flower Fund Homes Limited

## Statement of Changes in Reserves For the year ended 31 December 2019

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|   | Non-equity share<br>capital<br>£ | Income &<br>Expenditure<br>Reserve<br>£ | Total<br>£       |
|---|----------------------------------|---|------------------|
| Balance at 1 January 2018               | 42                               | 1,615,269                               | 1,615,311        |
| Total comprehensive income for the year | -                                | 42,628                                  | 42,628           |
| Shares issued during the year           | -                                | -                                       | -                |
| Member share contributions              | (1)                              | 1                                       | -                |
|   | <hr/>                            | <hr/>                                   | <hr/>            |
| Balance at 31 December 2018             | 41                               | 1,657,898                               | 1,657,939        |
| Total comprehensive income for the year | -                                | 46,462                                  | 46,462           |
| Shares issued during the year           | 2                                | -                                       | 2                |
| Member share contributions              | (3)                              | 3                                       | -                |
|   | <hr/>                            | <hr/>                                   | <hr/>            |
| <b>Balance at 31 December 2019</b>      | <b>40</b>                        | <b>1,704,363</b>                        | <b>1,704,403</b> |

The notes on pages 18 to 28 form an integral part of these financial statements.

# Harrogate Flower Fund Homes Limited

## Statement of Cash Flows

For the year ended 31 December 2019

|  | 2019    |                | 2018  |                |
|--|---------|----------------|-------|----------------|
|  | £       | £              | £     | £              |
| <b>Net cash generated from operating activities<br/>(see Note 1 below)</b> |         | 55,723         |       | 56,149         |
| <b>Cash flow from investing activities</b>                                 |         |                |       |                |
| Purchase of tangible fixed assets  | (2,858) |                | -     |                |
| Interest received  | 4,631   |                | 2,349 |                |
| Members contribution   | 2       |                | -     |                |
|  |         | <u>1,775</u>   |       | <u>2,349</u>   |
| <b>Net change in cash and cash equivalents</b>                             |         | 57,498         |       | 58,498         |
| <b>Cash and cash equivalents at beginning of the year</b>                  |         | <u>632,770</u> |       | <u>574,272</u> |
| <b>Cash and cash equivalents at end of the year</b>                        |         | <u>690,268</u> |       | <u>632,770</u> |
| <b>Note 1</b>  |         |                |       |                |
| Surplus for the year   |         | 46,462         |       | 42,628         |
| Adjustments for non-cash items:  |         |                |       |                |
| Depreciation of tangible fixed assets                                      |         | 24,150         |       | 24,038         |
| Amortisation of government grants  |         | (4,205)        |       | (4,205)        |
| Increase in trade and other debtors  |         | (6,268)        |       | (785)          |
| Increase/(decrease) in trade and other creditors                           |         | 215            |       | (3,178)        |
| Adjustments for investing or financing activities:                         |         |                |       |                |
| Interest received  |         | <u>(4,631)</u> |       | <u>(2,349)</u> |
| <b>Net cash generated from operating activities</b>                        |         | <u>55,723</u>  |       | <u>56,149</u>  |

The notes on pages 18 to 28 form an integral part of these financial statements.

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

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### 1. General information

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 10 High Street, Harrogate, North Yorkshire, HG2 7HY.

### 2. Principal accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered 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 pounds sterling.

The financial statements have been prepared in compliance with FRS 102. In complying with FRS 102 the Association meets the definition of a public benefit entity.

#### Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis based on the Association's business plan.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. Categorisation of housing properties

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered whether the asset is held for social benefit or to earn commercial rentals.

b. Impairment

The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

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### 2. Principal accounting policies (continued)

#### Other key sources of estimation and assumptions:

a. 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.

b. Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in 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.

The Association has assessed that no trigger for an impairment review has occurred.

#### Turnover and revenue recognition

Turnover represents rental income receivable and amortised capital grant and is recognised in relation to the period when the goods or services have been supplied. Rental income is recognised when the property is available for let, net of voids.

#### Service charges

Service charge income and costs are recognised on an accruals basis.

#### Taxation

The Association has charitable status and is therefore exempt from UK corporation tax on charitable activities.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation.

Freehold land is not depreciated.

#### Housing properties

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

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### 2. Principal accounting policies (continued)

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

|  |          |
|--|----------|
| Structure                                | 80 years |
| Roofs                                    | 70 years |
| Windows and doors                        | 30 years |
| Gas boilers and fires                    | 15 years |
| Kitchens                                 | 20 years |
| Bathrooms, mechanical systems, electrics | 30 years |
| Stair lifts                              | 10 years |
| Envirovents and Eurovents                | 10 years |
| Lofts                                    | 10 years |

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

|                  |         |
|------------------|---------|
| Office equipment | 5 years |
|------------------|---------|

#### Property managed by agents

Where the Association carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

#### 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.

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

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### 2. Principal accounting policies (continued)

#### **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 received for items of cost written off in the statement of comprehensive income is included as part of turnover.

When Social Housing Grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Social Housing Grant must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the Social Housing Grant can be used for projects approved by Homes England. However, Social Housing Grant may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, Social Housing Grant may be repayable, and, in that event, is a subordinated unsecured repayable debt.

#### **Financial Instruments**

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

#### **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.

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

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### 3. Particulars of turnover, operating expenditure and operating surplus

|   | <b>2019</b>     | <b>2019</b>        | <b>Operating</b> |
|---|-----------------|--------------------|------------------|
|   | <b>Turnover</b> | <b>Operating</b>   | <b>Surplus</b>   |
|   | <b>£</b>        | <b>Expenditure</b> | <b>£</b>         |
|   |                 | <b>£</b>           | <b>£</b>         |
| <b>Social housing lettings (see note 4)</b> | 143,834         | (102,263)          | 41,571           |
| <b>Non-social housing activities</b>        |                 |                    |                  |
| Donations                                   | 260             | -                  | 260              |
|   | <hr/>           | <hr/>              | <hr/>            |
| Total                                       | 144,094         | (102,263)          | 41,831           |
|   | <hr/> <hr/>     | <hr/> <hr/>        | <hr/> <hr/>      |
|   |                 | <b>2018</b>        |                  |
|   | <b>Turnover</b> | <b>Operating</b>   | <b>Operating</b> |
|   | <b>£</b>        | <b>Expenditure</b> | <b>Surplus</b>   |
|   |                 | <b>£</b>           | <b>£</b>         |
| <b>Social housing lettings (see note 4)</b> | 145,031         | (104,752)          | 40,279           |
|   | <hr/>           | <hr/>              | <hr/>            |
| Total                                       | 145,031         | (104,752)          | 40,279           |
|   | <hr/> <hr/>     | <hr/> <hr/>        | <hr/> <hr/>      |



# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

### 4. Particulars of turnover and operating expenditure from social housing lettings

|   | General<br>Housing<br>£ | Total<br>2019<br>£ | Total<br>2018<br>£ |
|---|-------------------------|--------------------|--------------------|
| <b>Income</b>   |                         |                    |                    |
| Rent receivable net of identifiable service charges and net of voids  | 127,398                 | 127,398            | 128,544            |
| Service charge income   | 12,231                  | 12,231             | 12,282             |
| Amortised government grants   | 4,205                   | 4,205              | 4,205              |
|   | <hr/>                   | <hr/>              | <hr/>              |
| <b>Total turnover from social housing lettings</b>  | 143,834                 | 143,834            | 145,031            |
| <b>Operating expenditure</b>  |                         |                    |                    |
| Management  | 41,563                  | 41,563             | 42,412             |
| Service charge costs  | 9,477                   | 9,477              | 10,997             |
| Routine maintenance   | 27,073                  | 27,073             | 17,781             |
| Planned maintenance   | -                       | -                  | 7,419              |
| Major repairs expenditure   | -                       | -                  | 2,206              |
| Depreciation of housing properties  | 24,150                  | 24,150             | 23,937             |
|   | <hr/>                   | <hr/>              | <hr/>              |
| <b>Total operating expenditure on social housing lettings</b>   | 102,263                 | 102,263            | 104,752            |
|   | <hr/>                   | <hr/>              | <hr/>              |
| <b>Operating surplus on social housing lettings</b>   | 41,571                  | 41,571             | 40,279             |
|   | <hr/> <hr/>             | <hr/> <hr/>        | <hr/> <hr/>        |
| <b>Voids losses</b> (being rental and service charge income lost as a result of property not being let, although it is available for letting) | 113                     | 113                | 265                |
|   | <hr/> <hr/>             | <hr/> <hr/>        | <hr/> <hr/>        |
| <b>5. Interest receivable</b>   | <b>2019</b>             |                    | <b>2018</b>        |
|   | £                       |                    | £                  |
| Bank interest received  | 4,631                   |                    | 2,349              |
|   | <hr/>                   |                    | <hr/>              |
| <b>6. Surplus for the year</b>  | <b>2019</b>             |                    | <b>2018</b>        |
|   | £                       |                    | £                  |
| Is stated after charging/(crediting):   |                         |                    |                    |
| Auditor's remuneration (excluding VAT):   |                         |                    |                    |
| In their capacity as auditors   | 2,306                   |                    | 2,214              |
| In respect of other services  | 321                     |                    | 316                |
| Depreciation of housing properties  | 24,150                  |                    | 23,937             |
| Depreciation of other fixed assets  | -                       |                    | 101                |
| Amortisation of government grants   | (4,205)                 |                    | (4,205)            |
|   | <hr/> <hr/>             |                    | <hr/> <hr/>        |

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| <b>7. Accommodation managed by others</b> | <b>2019</b>                 | <b>2018</b>                 |
|   | <b>Number of properties</b> | <b>Number of properties</b> |
| General Housing                           | 27                          | 27                          |
|   | <u>                    </u> | <u>                    </u> |

### 8. Taxation

The Association has charitable status and is therefore exempt from UK corporation tax on charitable activities.

### 9. Employees and Key Management Personnel

The Association has no employees (2018 – none). Key management personnel are defined as the Members of the Board. The day to day management of the properties is undertaken by Harrogate Housing Association Limited from their offices in Harrogate.

No Board member received any remuneration in the year (2018 – £Nil).  
One Board member received expenses of £21 in the year (2018 – £12).

### 10. Tangible fixed assets – housing properties

|                                     | <b>Masongarth</b> | <b>Greengarth</b> | <b>Steelgarth</b> | <b>Housing Properties Total</b> |
|-------------------------------------|-------------------|-------------------|-------------------|---------------------------------|
|                                     | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>                        |
| <b>Cost</b>                         |                   |                   |                   |                                 |
| At 1 January 2019                   | 316,131           | 328,016           | 999,491           | 1,643,638                       |
| Replacement of components           | -                 | 672               | 2,186             | 2,858                           |
| Disposal of components              | -                 | -                 | (868)             | (868)                           |
| At 31 December 2019                 | <u>316,131</u>    | <u>328,688</u>    | <u>1,000,809</u>  | <u>1,645,628</u>                |
| <b>Depreciation</b>                 |                   |                   |                   |                                 |
| At 1 January 2019                   | 66,027            | 106,876           | 178,981           | 351,884                         |
| Charge for the year                 | 4,150             | 3,940             | 16,060            | 24,150                          |
| Eliminated on disposals             | -                 | -                 | (868)             | (868)                           |
| At 31 December 2019                 | <u>70,177</u>     | <u>110,816</u>    | <u>194,173</u>    | <u>375,166</u>                  |
| <b>Net book value</b>               |                   |                   |                   |                                 |
| At 31 December 2019                 | <u>245,954</u>    | <u>217,872</u>    | <u>806,636</u>    | <u>1,270,462</u>                |
| At 31 December 2018                 | <u>250,104</u>    | <u>221,140</u>    | <u>820,510</u>    | <u>1,291,754</u>                |
| <b>Housing properties comprise:</b> |                   |                   |                   |                                 |
| Freeholds                           |                   |                   |                   | 1,270,462                       |
| Long leasehold                      |                   |                   |                   | -                               |
|                                     |                   |                   |                   | <u>1,270,462</u>                |

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

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### 10. Tangible fixed assets – housing properties (continued)

In 1979 the Association arranged the building of twelve flats, known as Greengarth. These properties were built with the assistance of Housing Corporation (now Homes England) finance.

During 1991 the Association arranged a further scheme of six flats, known as Steelgarth. This scheme has been fully funded from the Association's own resources. The adjacent property was acquired in 2008 and development was completed in 2011, providing four further flats and one house, available from May 2011. This scheme was partially funded with a grant.

During 2000 the Association arranged a further scheme of four flats, known as Masongarth, built on land already owned by the Association adjacent to Greengarth. This scheme was fully funded from the Association's own resources.

### 11. Other tangible fixed assets

|                       | Office<br>equipment<br>£ | Other<br>fixed<br>assets<br>total<br>£ |
|-----------------------|--------------------------|--|
| <b>Cost</b>           |                          |  |
| At 1 January 2019     | 509                      | 509                                    |
| Additions             | -                        | -                                      |
| Disposals             | -                        | -                                      |
|                       | -----                    | -----                                  |
| At 31 December 2019   | 509                      | 509                                    |
|                       | -----                    | -----                                  |
| <b>Depreciation</b>   |                          |  |
| At 1 January 2019     | 509                      | 509                                    |
| Charge for the year   | -                        | -                                      |
| Disposals             | -                        | -                                      |
|                       | -----                    | -----                                  |
| At 31 December 2019   | 509                      | 509                                    |
|                       | -----                    | -----                                  |
| <b>Net book value</b> |                          |  |
| At 31 December 2019   | -                        | -                                      |
|                       | =====                    | =====                                  |
| At 31 December 2018   | -                        | -                                      |
|                       | =====                    | =====                                  |

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

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|  |             |             |
|--|-------------|-------------|
| <b>12. Trade and other debtors</b>                                 | <b>2019</b> | <b>2018</b> |
|  | <b>£</b>    | <b>£</b>    |
| <b>Amounts falling due within one year:</b>                        |             |             |
| Rental debtors   | 292         | -           |
| Prepayments and accrued income                                     | 9,415       | 3,461       |
| Other debtors  | 1,871       | 1,849       |
|  | <hr/>       | <hr/>       |
|  | 11,578      | 5,310       |
|  | <hr/> <hr/> | <hr/> <hr/> |
| <br>   |             |             |
| <b>13. Cash and cash equivalents</b>                               | <b>2019</b> | <b>2018</b> |
|  | <b>£</b>    | <b>£</b>    |
| Cash at bank   | 690,268     | 632,770     |
|  | <hr/> <hr/> | <hr/> <hr/> |
| <br>   |             |             |
| <b>14. Creditors: amounts falling due within one year</b>          | <b>2019</b> | <b>2018</b> |
|  | <b>£</b>    | <b>£</b>    |
| Trade creditors  | 3,853       | 2,836       |
| Rents and service charges paid in advance                          | 5,734       | 5,688       |
| Accruals and deferred income                                       | 3,809       | 4,657       |
| Other creditors  | 40          | 40          |
| Unamortised government grants (Note 16)                            | 4,205       | 4,205       |
|  | <hr/>       | <hr/>       |
|  | 17,641      | 17,426      |
|  | <hr/> <hr/> | <hr/> <hr/> |
| <br>   |             |             |
| <b>15. Creditors: amounts falling due after more than one year</b> | <b>2019</b> | <b>2018</b> |
|  | <b>£</b>    | <b>£</b>    |
| Unamortised government grants (Note 16)                            | 250,264     | 254,469     |
|  | <hr/> <hr/> | <hr/> <hr/> |

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

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### 16. Deferred income

The amount of unamortised government grants at the year-end relate to social housing grant which is amortised in accordance with the stated accounting policy.

|                                     | <b>2019</b>    | <b>2018</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>£</b>       | <b>£</b>       |
| <b>Unamortised government grant</b> |                |                |
| At start of year                    | 258,674        | 262,879        |
| Released to income in the year      | (4,205)        | (4,205)        |
|                                     | <u>254,469</u> | <u>258,674</u> |
| Amounts due to be released < 1 year | 4,205          | 4,205          |
| Amounts due to be released > 1 year | 250,264        | 254,469        |
|                                     | <u>254,469</u> | <u>258,674</u> |

### 17. Non-equity share capital

|   | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| <b>Allotted, issued and fully paid:</b> |             |             |
| At 1 January 2019                       | 41          | 42          |
| Issued during the year                  | 2           | -           |
| Surrendered during the year             | (3)         | (1)         |
|   | <u>40</u>   | <u>41</u>   |
| At 31 December 2019                     | <u>40</u>   | <u>41</u>   |

The par value of each share is £1.

The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

### 18. Capital commitments

At the balance sheet date there were no contracted capital commitments (2018 – £Nil) but capital expenditure of £475,000 (2018 - £Nil), in relation to the proposed leasehold acquisition, has been authorised by the Board of Management but has not yet been contracted for.

### 19. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2018 – £Nil).

# Harrogate Flower Fund Homes Limited

## Notes to the Financial Statements For the year ended 31 December 2019

| <b>20. Grant and financial assistance</b>  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| The total accumulated government grant and financial assistance received or receivable at 31 December. | 336,380     | 336,380     |
| Held as deferred capital grant   | 254,469     | 258,674     |
| Recognised as income in the Statement of Comprehensive Income  | 81,911      | 77,706      |
|  | 336,380     | 336,380     |

### 21. Related party transactions

Related parties consist of the Board members and Harrogate Housing Association Limited, the managing agent.

One Board member received expenses of £21 in the year (2018 – £12).

There is one tenant member of the Board who retired during the year on 18 June 2019. Their tenancy was on normal commercial terms and they are not able to use their position to their advantage. During the year ended 31 December 2019 they paid rent and service charges totalling £2,657 (2018 – £5,302) whilst a member of the Board.

During the year the Association purchased services from Harrogate Housing Association Limited totalling £32,838 (2018 – £37,440). At the balance sheet date £nil (2018 – £27) was owed to Harrogate Housing Association Limited.

### 22. Analysis of changes in net debt

|              | <b>At 1<br/>January<br/>2019</b> | <b>Cash flows</b> | <b>Other non-<br/>cash changes</b> | <b>At 31<br/>December<br/>2019</b> |
|--------------|----------------------------------|-------------------|------------------------------------|------------------------------------|
| Cash at bank | 632,770                          | 57,498            | -                                  | 690,268                            |
|              | 632,770                          | 57,498            | -                                  | 690,268                            |