

**Co-operative & Community Benefit Society**  
**Registered Number: 18925R**

**Regulator of Social Housing**  
**Registered Number: L2188**

## **Harrogate Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2021**

# Harrogate Housing Association Limited

## Report and Financial Statements For the year ended 31 March 2021

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# Harrogate Housing Association Limited

## Board of Management, Registered Office and Advisers For the year ended 31 March 2021

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<b>Chairman:</b>	Mr Andy Gamble	
<b>Board of Management:</b>	Mr Stephen Clarke	Chair of Audit, Risk and Governance Committee
	Mrs Angela Macready	
	Mr Bill Truin	Chair of Remuneration Committee
	Ms Dot Tyrtonia	
	Ms Megan Henderson	
	Ms Joanne Watson	
	Mr Jonathan Place	
	Ms Jane Fowler	Appointed 12 May 2021
	Ms Joanna Chambers	Appointed 12 May 2021
<b>Shadow Board Members:</b>	Mr David Smith	Appointed 12 May 2021
	Mr Ilyas Lunat	Appointed 12 May 2021
<b>Officers:</b>	Mr Steven Brook (Chief Executive and Secretary)	
<b>Registered Office:</b>	10 High Street Harrogate North Yorkshire HG2 7HY	
<b>Registered Number:</b>	Co-operative & Community Benefit Society 18925R Regulator of Social Housing (RSH) L2188	
<b>External Auditors:</b>	Beever and Struthers Statutory Auditor St George's House 215-219 Chester Road Manchester M15 4JE	
<b>Bankers:</b>	Virgin Money (formerly Yorkshire Bank) 21 James Street Harrogate North Yorkshire HG1 1QU	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Accounts

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2021. Consolidated accounts have been prepared incorporating the results of Applegarth Homes, an almshouse charity, which became a subsidiary of the Association on 1 October 2017.

### Principal activities

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 18925R) and with the Regulator of Social Housing (Registered Number L2188).

Its rules state that the Association is formed for the benefit of the community and its objects shall be to carry on for the benefit of the community:

“the business of providing and managing housing and social housing and providing assistance to help house people and associated facilities and amenities or services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people”.

In addition the Association is able to undertake any other charitable object that can be carried out by an association registered with the Regulator of Social Housing, its regulator.

The Association only works within the Harrogate District, thus guaranteeing that any surplus generated is reinvested in that area.

### Involving our customers

The Customer Liaison Committee (CLC) are the voluntary representatives of our customers. Their involvement helps to ensure that the Association delivers excellent services that customers want in an efficient manner. The Committee members are involved in and contribute to the key customer focused activities that form part of our housing management function. These activities include new tenancy visits where CLC members visit and welcome new customers and see how they have found the process of application and moving with the Association, together with their assessment of the quality of their new home. They get first hand feedback and pass any issues on to staff. Estate Walkabouts are also conducted alongside staff where they consider the provision of estate functions, working with staff in improving the community areas where the Association has housing stock.

Meetings are usually held monthly where the CLC members monitor the key performance targets with staff being present and held accountable for performance matters. A Board member also attends to ensure there is a direct link between the two groups. These meetings are also used to discuss any difficult customer related decisions. Their views and recommendations on an appropriate course of action are obtained and then put into place. A move to virtual meetings was made at the start of the pandemic.

CLC members are involved in kitchen choice on new developments as well as inspections of the finished homes where their views on quality, location and affordability are taken into consideration on future schemes. Their contribution also involves the discussion and review of all new policies and procedures that have a direct impact on customers with their views taken on board and where necessary incorporated.

In addition each year the CLC host a customer conference to which all customers of the Association are invited. They set the agenda ensuring customers are informed about things which are important to them. They also use this forum to promote their work and membership. Unfortunately the pandemic resulted in the conference planned for 2020 to be cancelled. Preparations are already underway for the 2021 event.

In the customer satisfaction survey undertaken during the year 92% of customers were satisfied they were kept informed about things that affected them as customers, 90% were satisfied they were able to make their views known and 76% were satisfied the Association listened to their views and acted upon them. These measures had all increased from the survey undertaken two years ago. Working with the CLC the Association will continue its efforts to improve these satisfaction measures further.

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Supporting our community

The Association is working with the Positive Footprints Network in supporting the delivery of the “Raising Aspirations Project” for children and young people in local primary schools. The project enables primary school children to “discover their potential in the world of work”. It aims to raise the children’s aspirations for their future and shows them how they can develop employability skills which will help them overcome barriers and build their resilience. The Association has funded the project in three schools in the Starbeck area which have been chosen because a large proportion of its customers’ children will attend those schools which are also in an area of relative low income and employment opportunities. This project is supported by staff and Board members getting involved in events, such as the Careers Carousel where local businesses talk to pupils about their careers and what their roles involve which enables pupils to learn about different opportunities. The project will have a positive impact for those schools and the Associations customers’ children who have engaged with it. The project costs £2,400 per school and is delivered primarily by teachers. By providing the funding for these schools to deliver the programme, the Association is investing in the workforce of the future and delivering corporate, social responsibility. The pandemic disrupted its work during the last year but a number of the modules went on line to ensure the project continued to deliver against its aims. The Board will review the outcomes and success of the project during the year prior to determining if the programme should be renewed.

Recognising that a number of our customers and other residents in the neighbourhood around our office base were relying more heavily during the pandemic on support from the local food bank the Association made a £1,000 donation to support its work.

The Association and CLC started the “Better place to live” initiative for the Starbeck properties, an area where the Association has a high percentage of its homes. The pandemic prevented any progress on community activities during the year. The Association though did significantly increase its presence in the area with frequent estate inspections and visits, some of which involved the local police community support officer. We also used the opportunity to contact other residents in the area and issued a number of neighbourhood specific news letters. As the pandemic restrictions lift we will work with the CLC to identify how to move this initiative forward.

### Environmental sustainability statement

The Association is committed to protecting and supporting Harrogate’s environment and quality of life objectives. It aims to reduce the impact it has on the local environment resulting from its business activities. As part of this it manages its activities in the workplace in various ways including:

- Reducing its energy consumption by using digital LED fittings
- Lower temperatures for central heating and using TRVs on radiators
- Reducing paper waste by providing electronic board papers, electronic works orders and scanning and sending documents electronically. Printing off is monitored to ensure that unnecessary printing is eliminated
- Recycling cardboard and plastic from the office including toner cartridges
- Limiting our carbon footprint by walking to local properties, sharing cars, using trains to external meetings and supporting working from home, use of Zoom and conference calls where appropriate
- Bulk ordering supplies to minimise transport of goods
- Using local contractors to avoid long journeys
- E mailing and texting customers using the housing administration system instead of sending letters
- E mailing newsletters to customers

For our homes the Association provides:

- Energy efficient new build properties with an EPC rating of B or above with a number of properties fitted with solar panels and air source heat pumps

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Environmental sustainability statement (continued)

- Investment to improve the EPC levels in existing homes to a minimum code C by 2030 where possible
- Improved thermal efficiency by providing cavity wall and loft insulation, upgrading boilers to A\* rated combination boilers and all properties being fully double glazed
- Improved energy efficiency in our homes by providing LED light fittings and energy efficient light bulbs where possible

During the year the Association invested in external wall insulation on five of its properties. It also applied for the green homes grant to improve the insulation in the attic rooms on a further 35 properties and install external wall insulation on three properties. All the grant applications were approved but no progress made as the required vouchers were not issued. This work has been carried forward to 2021/22.

The Association will aim to ensure full compliance with all relevant environmental legislation and continually improve its approach, striving towards best practice in all its business activities. This will include the direct impacts that the business has on the environment and will also consider indirect impacts and areas where we can exert influence to stimulate sustainable development. The Association will seek to educate and facilitate good environmental practice in partners, suppliers and stakeholders as well as the many residents and individuals that make use of its services.

### Results

The results for the year are set out in the accounts on pages 19 to 52.

### Review of activities and performance for the year

The commentary here concentrates on the results of the Association. Applegarth Homes is surplus generating and therefore has a positive effect when its results are added to those of the Association to produce group accounts. Applegarth Homes has produced its own accounts which can be found on the website [www.hhal.org.uk](http://www.hhal.org.uk).

No report on performance would be complete without mentioning the coronavirus pandemic. The Association quickly adapted to enable staff to work from home and changed its approach to many of its activities to align them with the restrictions put in place. Regular contact with vulnerable customers was instigated and support given to customers who were disproportionately affected by the situation. Customers were also helped in claiming benefits, some for the first time.

The Board would like to take this opportunity to formally thank all the team for their effort during these unprecedented times in supporting customers, improving customer satisfaction and maintaining strong financial performance as shown by the accounts.

The focus on growth adopted by the Board a number of years ago has seen income rise faster than costs making the Association financially stronger and able to withstand significant adverse events so despite the pandemic the Association has had another successful year. The underlying operating surplus (excluding shared ownership first tranche sales) has grown from £564,555 to £669,613 and a healthy surplus on the shared ownership first tranche sale of £50,669 has been achieved. This strong financial position has been achieved through continued growth (four properties were added in the year but one sold increasing the number in ownership from 231 to 234) without a corresponding increase in the Association's overheads which ultimately makes it more efficient. The pandemic has not financially impacted the Association which remains very much a going concern.

In addition to this growth the Association has also progressed on a number of other initiatives. Details of the primary ones are as follows:

- The disposal of the Avondale Homeless Hostel to Harrogate Borough Council, who manage the scheme and are obligated to maintain the property for social housing in line with its original purpose, was completed in November. This produced a significant one off capital receipt but future years fee income will be reduced. The receipt will be used to increase the Associations new general needs homes which will replace this lost income.

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Review of activities and performance for the year (continued)

- A customer satisfaction survey was undertaken during the year. Overall satisfaction with the services provided increased by 3% from the previous survey to 94%. The Association's net promoter score, a measure of how likely people would be to recommend the Association to others, also increased to 57 from 46 two years previously. A 60% survey response rate was achieved. These are top quartile results when compared to the sector as a whole but less so when looking at smaller providers. The survey did identify some areas for improvement, especially in relation to neighbourhoods as a place to live and the quality of repairs. The "Better place to live" initiative, delayed in part by the pandemic, is looking to address neighbourhood problems and the CLC, together with the housing team, will develop an action plan in relation to repairs quality.
- Applegarth Homes was incorporated as a Charitable Incorporated Organisation on 4 January 2021 as planned. The envisaged streamlining of the administration processes and protecting the scheme and its ethos for the future were started during the year and completed shortly after the year end.
- Retained membership of the local development partnership through which S106 development opportunities are obtained and successfully obtained the allocation of a further 56 properties across two sites. The development pipeline is now 111 properties of which 23 are currently on site.
- The Association was pleased to be successful in assisting Harrogate Flower Fund Homes (an association managed by the Association) in the identification and purchase of a freehold property containing six flats which it will convert for use as for social housing, thus increasing the social housing provision in Harrogate. This increases their portfolio to 33 properties, and importantly for the Association, increases the fee income which it receives. There was no progress on the leasehold acquisition for Harrogate Flower Fund Homes noted in last year's accounts and they have withdrawn their offer on six of the potential 15 available due to the above noted acquisition. The Association will continue to support them in their growth aspirations.
- An Apprentice Housing Officer to study to CIH level 3 was recruited, building on our previous success in this area. The successful applicant was a local, unemployed young adult. Whilst this is an additional overhead cost it has given someone the opportunity to start a career and reduce succession planning risk faced by the Association, an essential when there is only a small team.
- In recognition of the loss of a number of Board members over the next few years a recruitment drive was undertaken which resulted in the identification of four suitable candidates. After attending the March 2021 Board meeting two were appointed to the Board in May 2021 with the other two appointed as shadow Board members until the AGM in 2022. The Board continues to have a broad range of skills, which will continue, post the upcoming retirements.
- We continued to develop the functionality of our housing management system and use the information it holds to improve performance, for example, text messaging customers reminders of appointments and developing reports to highlight repairs which could not be completed in the required timeframe. Templates to upload information to customer's accounts in bulk have also been developed. This will be continually improved.

Alongside the above the day to day operations of the Association have continued unabated. Focussing on the three most important areas of operation:

- Void losses have been kept to a minimum at only £923 for the year (0.1%) – a remarkable statistic given the restrictions in place at various points in the year. The Association is fortunate in usually receiving notice of an impending departure with properties returned in a lettable condition but staff work hard to ensure a nomination or waiting list applicant is in place for when the tenancy ends. In addition this year we have had few voids as a result of the pandemic. Staff also worked hard to ensure new properties were let immediately on handover from the developer.
- Arrears over the year have reduced with the collection percentage remaining strong at 100.6%. Bad debts are also low at £134. Although problems still arise with Universal Credit staff work hard to ensure claims are followed up and chased by both the customer and the Association and with access to the DWP portal and payment being received in line with the claimants payments, issues have reduced.
- Repairs spend (day to day and component replacement) has reduced. There is no back log of repairs and the reduction is due to the pandemic and reallocating budget capacity to undertaking EPC improvement works using the green homes grant which have been delayed. Major works undertaken include the replacement of four roofs (with improved insulation), five kitchens, three bathrooms, 11 central heating boilers, five whole house window replacements and five doors. External wall insulation was also added to five properties and a

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## Report of the Board of Management For the year ended 31 March 2021

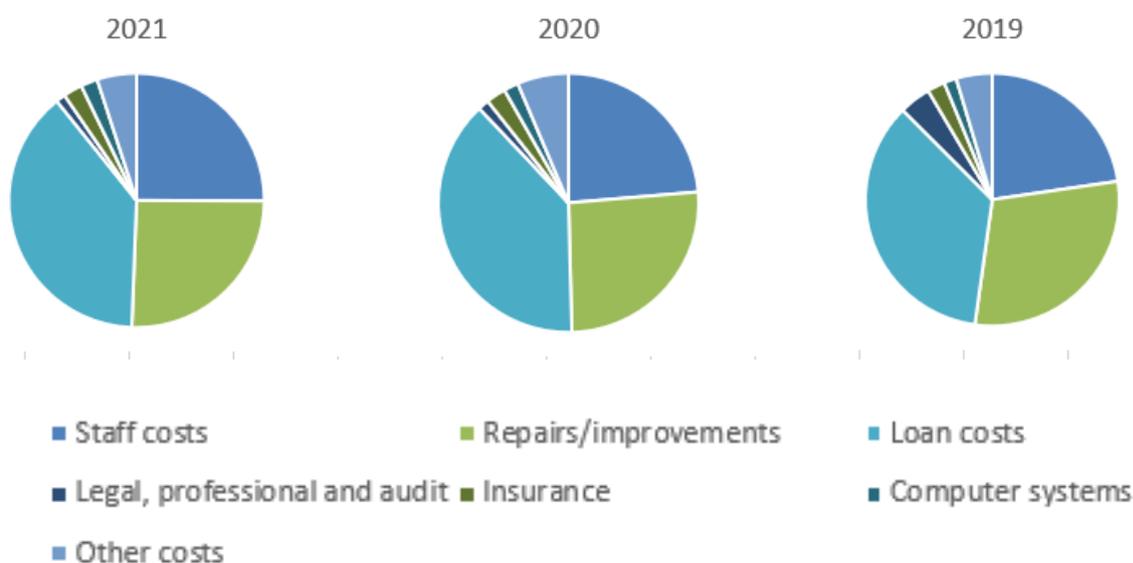
### Review of activities and performance for the year (continued)

property was remodelled to move the bathroom upstairs and create a more open living space on the ground floor. External painting of 45 properties was also undertaken. 95% of jobs were completed within timescales with an average repair time of 12 days. Satisfaction remained high at 96% over four different measures.

During the year a customer was unhappy with the outcome of their complaint through the Associations complaints process and took the matter to the Housing Ombudsman. The Association cooperated fully with the Ombudsman's investigation providing a detailed file of information pertaining to the matter. The Association had recognised from the outset that the service it had delivered was not satisfactory. The Ombudsman confirmed the Association had handled the complaint in line with its policy and that the level of compensation offered was appropriate.

The growth of the Association has been undertaken using cash reserves and the proceeds from the disposal of shared ownership and other properties. There remains a significant amount of the cash available (the bond finance obtained last year has not yet been utilised on developments as activity stopped due to the pandemic) which together with a £5m revolving facility with Yorkshire Building Society provides sufficient funds to meet the contracted developments of the Association as well as those allocated but not yet contracted. All loan covenants have been met.

During the last three years the income of the Association was spent as follows:



As can be seen the Association's three main areas of spend are staff, repairs and interest. Each is important to the Association in different ways. Staff deliver customer service and manage the Association, repairs are the most important service to customers and interest is on loans obtained to purchase properties which enables more homes to be provided. The mix between these categories reflects the narrative above, ie reduced overall repairs spend pending receipt of the green homes grant meaning it forms a smaller proportion of the total spend, which is slightly less in 2021 than 2020. Repairs and investment in existing properties will form a larger proportion of the total in the future as investment in energy efficiency works, supported by 98% of customers in the recent satisfaction survey, increases.

### Future activities

The strategic objectives for the Association are divided into a number of themes which are summarised below:

- Supply – to deliver a rolling 60 new properties over a three year period within Harrogate through S106
- Sustainability – aim for all new properties to be EPC A, adopting a fabric first approach, and existing stock to reach EPC C by 2030 using proven technologies. Options for those properties that can not reach this benchmark to be determined

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Future activities (continued)

- Safety and service – to comply with all relevant health and safety requirements, including those emerging from the Social Housing White Paper, and use technology where relevant to engage with customers to collect data about their property as well as listen to and deliver services and homes that they want

With significant cash reserves available and access to a £5m loan facility the Association is well placed to continue to grow.

Through the development partnership the Association is able to express an interest in affordable housing under the S106 allocation process as opportunities become available. Properties are allocated based on demand from housing associations, numbers previously received by associations and the business case put forward by each association for a specific scheme. The price is pre-determined based on property size. There are over 2,000 affordable homes due to be built within the Harrogate District within the next five years giving the Association significant opportunity to grow.

At the year end the Association was waiting for final snagging to be completed on four properties and was in contract for a further 19 across two sites. The four properties were handed over at the end of April and it is anticipated the other 19 will be obtained during the year, all are on site and part built.

The Association has also been allocated a further 88 properties across three sites. Contract negotiations have not yet started on most of these schemes and it is unlikely any properties will be delivered on them during the year. They do, however, provide the pipeline of firm opportunities to deliver growth for the Association, a key strategic aim for achieving value for money. During the negotiations on property specification the Association will consider what enhancements are required to reach a zero carbon operating position and whether they are affordable. At this stage the legal infrastructure does not compel a developer to meet this standard.

The Association is also well placed to express an interest in any new sites which come forward but should any be allocated additional loan facilities will be required. The existing cash reserves and loan facility are only sufficient to deliver those properties already allocated. The need for additional funds will be kept under review during the year and action, as appropriate, will be taken when necessary.

Investing in existing properties remains important. We have allocated a budget of £221,000 for planned maintenance work in the coming year and a further £70,000 for works to increase the thermal comfort of our properties. The latter will be used, alongside some green homes grant funds, to insulate the attic rooms in 35 properties and undertake some external wall insulation on a number of exposed gable end walls. Once this work is completed we will obtain updated EPC's for the relevant properties so we can mark our progress towards moving all our properties to an EPC C level, where possible, by 2030.

The other planned maintenance work envisaged in the coming year concentrates on boiler, bathroom and kitchen replacements. Tenancy audits are underway not only to confirm if the works identified in the stock condition survey are needed but also to identify properties which would benefit from investment. This work has already identified an additional 15 bathrooms which will be brought forward in the programme.

The Association will continue to meet its health and safety obligations and report compliance with the Associations gas, electric, asbestos and fire safety obligations on a regular basis. The Association does not have any passenger lifts or high rise blocks but will monitor the guidance being published in these areas to identify if any action is required. With no sheltered or older peoples accommodation legionella obligations are in relation to empty properties where the Association will undertake the necessary checks.

Tenancy audits will take place across all the Associations properties over the next year and then over a two year cycle. These visits will identify property improvements that are required as well as collecting customer views on service delivery and any improvements which can be made.

The Association can only successfully deliver on these activities with suitably qualified and engaged staff. The Association will continue to invest in its employees through training and development. In addition to the apprentice who is studying for CIH level 3 the Housing Officer is studying for CIH level 5 which will be completed during the year.

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## Report of the Board of Management For the year ended 31 March 2021

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### Future activities (continued)

Improving the skills and knowledge of employees helps with succession planning. Regular team meetings are held to improve staff engagement.

### Reserves

The aim of the Association is to hold limited cash reserves with cash flow managed via a surplus generated on its housing activities and loan facilities. The long term additional funding obtained from The Housing Finance Corporation (THFC) in 2019 and other subsequent property disposals has resulted in significant cash reserves being held at the year end. These cash reserves will be used to fund the development activities noted above. The Board approved the drawdown from THFC recognising that the growth of the Association, supported by long term financing, outweighed the cost of carry of the debt until development schemes were realised. The Board have also confirmed that no capital project can be contracted until adequate funding has been secured which is facilitated by the above approach.

### Creditor payment terms

Invoices received by the Association and its subsidiary by the 7th calendar day of a month are paid on the last working day of that month where there are no issues with the work undertaken and no other payment terms have been agreed with the supplier.

### Fixed assets

The changes in fixed assets during the year are set out in notes 12 and 13 of the accounts.

### Political and charitable donations

During the year the Association and its subsidiary made no political donations. The only charitable donation was £1,000 made by the Association to the Trussell Trust in support of the local food bank they operate.

### Value for money

The Association's definition of Value for Money (VFM) is simple: to deliver our social objectives in the most cost-effective way possible by:

- Providing an increasing number of quality homes at affordable rents for customers
- Providing the services customers want, cost effectively, efficiently and to the standards customers expect
- Contributing to improving the physical and social sustainability of the areas in which it works

The Association recognises that it needs to constantly look at how it delivers its core services to ensure they are cost effective and efficient, monitor the satisfaction of customers in relation to those services, taking action where appropriate, and ensure demand for its properties remains high. However, the key strategic objective to deliver value for money centres on property growth without a corresponding increase in the costs of management. There should be no requirement to change the organisational structure, the biggest element of overhead costs, in the near future, so if more properties are added to the portfolio overhead efficiency will be generated. This is unlikely to reflect itself though in the standard social housing cost per unit value for money metric below as the Association intends to invest in energy efficiency works in its properties to fully utilise its available budgets and this would be included in that measure. The Association has, therefore, developed an overhead cost per property metric based on the total salaries and administration overheads incurred by the Association to measure efficiency gains.

The appointment of an apprentice to the structure was not a necessity but it does help with risk management in respect of succession planning and staff changes as well as being a socially responsible activity. The cost though has an impact on the VFM measures and the overhead cost per property. The post receives the full living wage rate. The impact will be seen more in future years than the current year due to the date of appointment (1 March) and other salary savings in the year due to a vacant post.

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Value for money (continued)

Delivering on its value for money objective the Association has grown during the year increasing the number of properties it owns by four – a 1.6% increase as measured by the value for money metric below. Due to a right to acquire disposal the net increase was only 3. The pandemic had a significant impact on development schemes delaying completion activity. The four properties handed over in the year were in the final stages of completion when the pandemic hit in March 2020 and all property transactions ceased. They were completed in May when the first lockdown started to ease. The other two properties in the 2021 target were not completed until after the year end.

The Association had 23 properties on site at various stages of build at the year end, a number of these were nearing completion. Indeed six have been handed over in the year to date. With a further 88, S106 properties, allocated to the Association the pursuit of improved value for money through growth will continue. This is an increase of 56 on the number of firm allocations at 31 March 2020, a significantly improved position.

However, whilst there are a significant number of S106 development opportunities there is also an increasing number of housing associations in competition for the schemes offered. We continue to promote our USP of the added benefit the Association makes to the local Harrogate economy due to the location of our office, the employment of predominantly local people and the use of small local contractors, at site allocation meetings.

Total affordability of living in one of our properties is key. Our rent policy sets rents at 80% of market levels or the local housing allowance level whichever is lower where properties are EPC C or above, 70% of market levels or the local housing allowance level whichever is lower where properties are EPC D and social rents where the EPC is lower than D. This makes the rent lower for properties which cost more to heat. This policy has been applied to all Association lettings during the year.

All our assets are located within the Harrogate district, the only area in which we operate, and are in high demand. No individual asset has been identified as loss making.

The management of properties for other housing associations is not, in itself, a social housing activity for the Association, but it has an underlying social housing purpose. We set our charges for the services we deliver at a level which ensures the costs we incur in undertaking the activity are covered. Any reductions in our underlying costs per property are passed onto the associations at agreement renewal. We helped one of these associations use its cash reserves to add six properties to its social housing portfolio during the year. This will produce additional income for the Association due to the fees charged but in the longer term it increases the overall property portfolio we manage and ultimately reduces the cost per property.

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

### Value for money (continued)

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

VFM Standard metrics	Target 2022**	Actual 2021	Target 2021	2020	2019	Sector median*
1 Reinvestment percentage	15.1%	3.97%	12.8%	7.1%	10.1%	6.0%
2 New supply delivered ***	5.8%	1.6%	2.1%	3.3%	15%	0.9%
3 Gearing	39.6%	28.7%	39.1%	30.6%	31.9%	35.7%
4 EBITDA MRI interest cover	184.5%	197.8%	208.1%	209.5%	248.2%	209%
5 Social housing costs per unit	£3,203	£2,447	£2,928	£2,606	£2,786	£4,397
6 Operating margin social housing	31.2%	46.9%	34.5%	42.3%	40.6%	23.2%
Operating margin overall	35.1%	78.8%	39.1%	45.4%	46.1%	20.2%
7 Return on capital employed	3.1%	6.1%	4.0%	4.1%	5.1%	2.8%

\* Traditional registered providers with between 1,000 and 2,500 units as per the Regulator of Social Housing's 2020 Global Accounts VFM metrics

\*\* - these are based on the Board approved business plan. In comparison to 2021 they are impacted by the timing of developments and receipt of completed units, shared ownership sales, a higher group spend on planned maintenance and major repairs (including EPC works), the cost of a new apprentice and a prudent budget

\*\*\* - all new supply delivered are social housing units. A rolling target of 60 units over a three year period is in place (equating to approximately 8% per annum)

Other key statistics for the Association are shown below:-

Other metrics	Target 2022 <sup>a</sup>	Actual 2021	Target 2021	2020	2019
Overhead cost per property	£1,535	£1,431	£1,548	£1,403	£1,479
Percentage of rent collected	100%	100.6%	100%	100%	100.69%
Voids and bad debts percentage	0.2%	0.1%	0.2%	0.7%	0.4%
Units owned (Association)	249	234	237	231	223
Total units managed	293	278	N/A	287	280
Net debt per Association owned unit £000s	32	23	31	25	25
<b>Customer satisfaction<sup>b</sup></b>					
Overall	94%	94%	97%	91%	91%

a - these are the stretch targets used for monitoring and management. Overall the Association is operating well within the parameters used in the business plan. The overhead cost per property is based on the budget for the year

b - surveys undertaken in years ended 31 March 2021 and 31 March 2019. Next survey due in 2023 so target is per latest survey

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Value for money (continued)

The VFM metrics for the year and performance against the 2021 target have been impacted by:

- Development schemes overall (including assets under construction) not progressing as fast as the 2021 business plan assumed so investment was lower than anticipated. Significant spend, primarily on assets under construction is expected in 2022
- The additional bond finance obtained from THFC in 2020, remained unspent at the year end and, coupled with cash generated from asset sales and financial performance, has reduced gearing but interest costs remained fixed which has impacted negatively on interest cover. These funds are to be used to increase property numbers and hence income. The planned developments did not happen in the year thus metrics 2, 3 and 4 have been impacted
- A lower spend on planned maintenance as budget was allocated to energy efficiency works utilising green homes grant but the scheme has been slow to release the vouchers necessary to undertake the works which were not started in the year. This impacts on metrics 5 and 6
- The disposal of the Avondale Hostel to the Council and a right to acquire sale have impacted positively on the operating margin overall

Comparing the metrics of the Association to the sector median ones for smaller associations does not give any cause for concern.

In relation to the other metrics of the Association there has been a steady, inflation adjusted, reduction in the overhead cost per property in line with the VFM strategy for growth. The overhead cost per property was effected in 2021 by a vacant post which offset the costs associated with enabling staff to work from home and increased costs arising from the closure of the defined benefit pension arrangements for new staff. The target for 2022 is based on a prudent budget and growth assumptions and includes the annual cost of the new apprentice post.

The Association subscribes to SPBM – the smaller providers benchmarking group run by Acuity. Comparing ourselves with other associations of less than 1,000 units who predominately have general needs housing stock we sit firmly in the top quartile on the VFM metrics where quartiles are published except for new supply delivered and reinvestment percentage where we are in the second quartile (data extracted on 30 June 2021). We are a top quartile performer on voids but sit in the second quartile in relation to rent collected and the customer satisfaction measure. The customer satisfaction survey undertaken in 2021 shows we are continuing to improve and make significant progress towards reaching the top quartile. An action plan is being developed from the survey results with the aim of further improving our customer satisfaction rating. It is worth noting that although the base satisfaction survey response puts us in the second quartile our net promoter score is in the top quartile. The Association is also a top quartile performer on overall satisfaction when a comparison is made to the wider Housemark survey data.

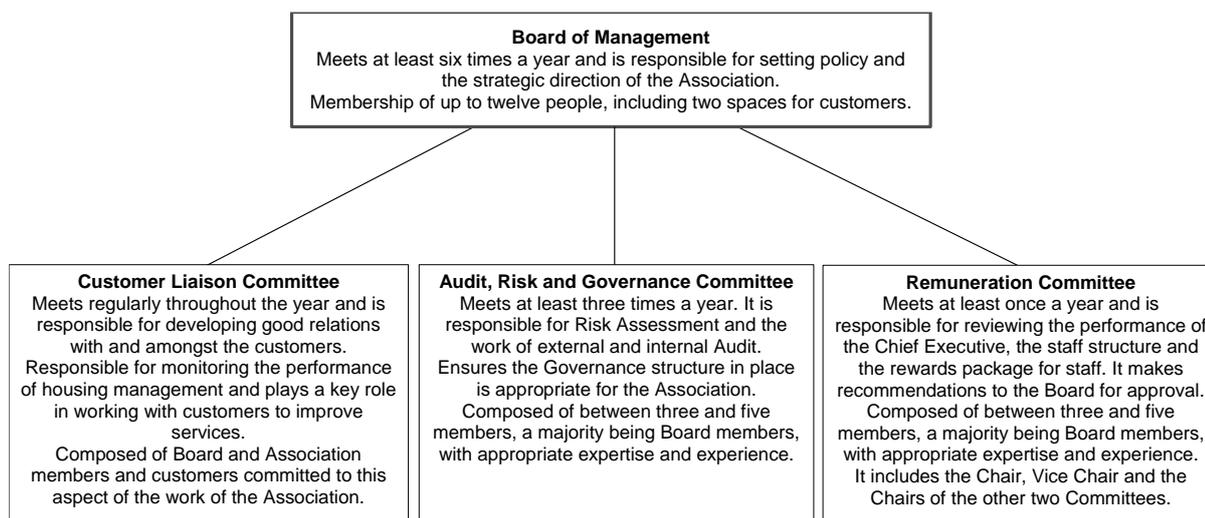
# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Governance

The following governance structure has been in place throughout the year and the Board have confirmed that it still meets the needs of the Association:



Details of the Board of Management and the changes during the financial year and up to the date of the approval of this report are included on page 1.

The Board have currently adopted the National Housing Federation's Code of Governance 2015. The Association complies fully with the code. Succession planning of skills gaps arising as members retire through the nine year rule has been considered with the recruitment of Board members with the appropriate skills. A formal Board performance review was undertaken by the Chair during the year. The Board have confirmed the Association will work towards adopting the Code of Governance 2020, as published by the National Housing Federation, from 1 April 2022.

Under the nine year rule Stephen Clarke will be retiring at the forthcoming AGM. Stephen is a valued Board member and, as Chair of the Audit, Risk and Governance Committee, has overseen improvements in the control environment of the Association and its approach to risk recognition and management. The Board would like to thank him in advance of his departure for his valuable contributions to the Association.

The Association has adopted the National Housing Federations voluntary code for Mergers, Group Structures and Partnerships. There was no activity in this area during the year.

The Group has insurance policies in place that indemnify its Board and Chief Executive against liability when acting for the Association. The policy also covers the Association when it is acting as Corporate Trustee for Applegarth Homes.

On 4 January 2021 Applegarth Homes became a Charitable Incorporated Organisation which gives further protection to the Association in its role as Corporate Trustee.

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Board Members and their interests

The Board Members in office during the year are listed on page 1.

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

### Statement of the Board's responsibilities in respect of the financial statements

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, and
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 2015. 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.

### 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 regulator's guidance.

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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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

The Board undertook a fundamental review of its appetite for risk in the year across the key areas of activity of the Association. The outcome was the confirmed recognition that no activity is free from risk. The Association adopts safe and proven delivery options for its operational activities, basis its plans for the future on realistic assumptions looking to use its resources, including its borrowing capacity, to increase the number of affordable homes available but balancing this with investing in and improving its existing homes using existing, proven methods. This approach to risk was then used to develop a strategic risk map and a business as usual risk map to enable the Board to better focus on those risks which impact on strategy delivery. Management responsibility has been clearly defined for the identification, evaluation and control of significant risks in the Risk Assurance Framework. 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 is responsible for reporting significant risks or any changes in significant risks facing the Association to the Board within these reports.

The key strategic risks as identified by the Board with additional commentary are given below:

- Development opportunities through S106 cease – the Association has 111 properties currently allocated through the development partnership which was renewed on 1 April 2021 for a further three years. This represents a significant pipeline given the size of the Association. In the event of opportunities ceasing to come forward the Board will develop avenues for growth
- Lack of development funding prevents acquisitions – the existing cash reserves and loan facilities are sufficient to meet the current development pipeline of 111 properties. The Association has sufficient uncharged properties to borrow a further £6.5m and there is no indication that lenders are withdrawing from the market. This will be tested if the Association secures additional property allocations as an increased loan facility will be required
- Stock does not meet EPC C by 2030 – the business plan has made a significant allowance for EPC improvement works (£870,000 over 9 years) with activity on properties already started. Annual monitoring of progress undertaken and individual property plans will be developed. This remains a work in progress and recognising the risk appetite of the Association it will not be a trail blazer in adopting new technologies. 40% (85 properties) currently do not reach this benchmark
- Additional health and safety requirements arising from the White Paper will not be met – an initial gap analysis against the white paper is being prepared but as the Association does not have any high rise blocks or any dangerous cladding this risk is not considered significant
- Unable to involve customers or listen to their ideas to develop and deliver the right services and homes for them – CLC is in place and the tenancy audits noted above will generate engagement with more customers to mitigate this risk. In the recent satisfaction survey 76% of customers were satisfied that the Association listened to their views and acted upon them – a top quartile result against the sector

A separate risk map was produced to cover the coronavirus pandemic. This documented the approach to be adopted by the Association in relation to the day to day management of its operations as well as detailing actions required from individual members of the team to deliver continuity of service. Remote working was quickly put in place with vulnerable customers being contacted on a regular basis and support being given as required. The Board were updated regularly on progress.

The Association does not have any tower blocks or buildings with unsafe cladding. Externally commissioned fire risk assessments have been undertaken for all properties with communal areas and any items identified as requiring attention have been dealt with. Regular, independent inspections of the communal areas take place.

# Harrogate Housing Association Limited

## Report of the Board of Management For the year ended 31 March 2021

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### Identification and evaluation of key risks (continued)

The Board considered the impact of Brexit on the Association. With funding in place to meet existing allocated S106 schemes, no reliance on EU nationals to deliver its services, buoyant demand for its properties (both rented and shared ownership) and no direct construction activity undertaken the Board considered that increased costs of raw materials for major works and repairs was the main risk. They considered that sufficient surplus was being generated to manage this eventuality if it occurred.

### 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.

### Statement of compliance

The Board of Management confirm that this report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

### Approved by the Board of Management on 29 July 2021

**Mr A Gamble**  
Chairman

### Opinion

We have audited the financial statements of Harrogate Housing Association (the Association) and its subsidiary (the Group) for the year ended 31 March 2021 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Equity (Reserves), Association Statement of Changes in Equity (Reserves), Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of principle accounting policies in note 2. 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 Group's and of the Association's affairs as at 31 March 2021 and of the Group's income and expenditure and the Association's 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the Report of the Board of Management, 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 in this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with 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's Responsibilities set out on page 13, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and 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 intends to liquidate the Group or the Association or to cease operations, or has 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 web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.

- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

### **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 and Section 128 of the Housing and Regeneration Act 2008. 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: 5 August 2021

# Harrogate Housing Association Limited

## Consolidated Statement of Comprehensive Income For the year ended 31 March 2021

	Notes	2021 £	2020 £
Turnover	3a	1,586,536	1,799,192
Operating expenditure	3a	(848,889)	(982,252)
Profit on disposal of fixed assets	3c	512,485	-
<b>Operating surplus</b>		<b>1,250,132</b>	<b>816,940</b>
Interest receivable and similar income	5	7,813	12,130
Interest and financing costs	6	(392,012)	(409,805)
Movement in fair value of fixed asset investments	14	22,996	(20,633)
<b>Surplus before taxation</b>		<b>888,929</b>	<b>398,632</b>
Taxation	11	-	-
<b>Surplus for the year</b>	7	<b>888,929</b>	<b>398,632</b>
<b>Other comprehensive income</b>			
Actuarial (losses)/gains in respect of pension scheme	10	(107,000)	110,000
<b>Total comprehensive income for the year</b>		<b>781,929</b>	<b>508,632</b>

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

Historical cost surpluses and deficits were identical to those shown in the statement of comprehensive income.

The notes on pages 26 to 52 form an integral part of these financial statements.

The financial statements on pages 19 to 52 were approved and authorised for issue by the Board of Management on 29 July 2021 and were signed on its behalf by:-

Mr A Gamble                      Chair of the Board

Mr S Clarke                      Chair of the Audit, Risk and Governance Committee

Mr S Brook                      Secretary

# Harrogate Housing Association Limited

## Association Statement of Comprehensive Income For the year ended 31 March 2021

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	Notes	2021 £	2020 £
Turnover	3b	1,539,703	1,753,208
Operating expenditure	3b	(819,421)	(952,283)
Profit on disposal of fixed assets	3c	512,485	-
<b>Operating surplus</b>		<b>1,232,767</b>	<b>800,925</b>
Interest receivable	5	2,728	8,002
Interest and financing costs	6	(392,012)	(409,805)
<b>Surplus before taxation</b>		<b>843,483</b>	<b>399,122</b>
Taxation	11	-	-
<b>Surplus for the year</b>	7	<b>843,483</b>	<b>399,122</b>
<b>Other comprehensive income</b>			
Actuarial (losses)/gains in respect of pension scheme	10	(107,000)	110,000
<b>Total comprehensive income for the year</b>		<b>736,483</b>	<b>509,122</b>

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

Historical cost surpluses and deficits were identical to those shown in the statement of comprehensive income.

The notes on pages 26 to 52 form an integral part of these financial statements.

The financial statements on pages 19 to 52 were approved and authorised for issue by the Board of Management on 29 July 2021 and were signed on its behalf by:-

Mr A Gamble                      Chair of the Board

Mr S Clarke                      Chair of the Audit, Risk and Governance Committee

Mr S Brook                      Secretary

# Harrogate Housing Association Limited

## Consolidated Statement of Financial Position For the year ended 31 March 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Housing properties	12a		17,367,728		17,611,398
Other tangible fixed assets	13		203,884		210,507
Investments	14		128,620		97,619
			<u>17,700,232</u>		<u>17,919,524</u>
<b>Current assets</b>					
Stock	15	107,556		89,013	
Trade and other debtors	16	102,359		107,795	
Current asset investments	17	287,000		182,000	
Cash and cash equivalents	18	2,601,541		2,300,697	
		<u>3,098,456</u>		<u>2,679,505</u>	
<u>Less:</u>					
<b>Creditors:</b> amounts falling due within one year	19	<u>(412,433)</u>		<u>(574,642)</u>	
Net current assets			<u>2,686,023</u>		<u>2,104,863</u>
Total assets less current liabilities			20,386,255		20,024,387
<b>Creditors:</b> amounts falling due after more than one year	20		(12,982,154)		(13,492,215)
<b>Provisions for liabilities</b>					
Pension – defined benefit liability	10		(160,000)		(70,000)
			<u>7,244,101</u>		<u>6,462,172</u>
<b>Total net assets</b>			<u>7,244,101</u>		<u>6,462,172</u>
<b>Reserves</b>					
Non-equity share capital	23		22		27
Income and expenditure reserve	24		7,244,079		6,462,145
			<u>7,244,101</u>		<u>6,462,172</u>

The notes on pages 26 to 52 form an integral part of these financial statements.

The financial statements on pages 19 to 52 were approved and authorised for issue by the Board of Management on 29 July 2021 and were signed on its behalf by:-

Mr A Gamble                      Chair of the Board

Mr S Clarke                      Chair of the Audit, Risk and Governance Committee

Mr S Brook                      Secretary

# Harrogate Housing Association Limited

## Association Statement of Financial Position For the year ended 31 March 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Housing properties	12b		16,982,284		17,221,477
Other tangible fixed assets	13		203,884		210,507
			<u>17,186,168</u>		<u>17,431,984</u>
<b>Current assets</b>					
Stock	15	107,556		89,013	
Trade and other debtors	16	99,872		105,444	
Current asset investments	17	287,000		182,000	
Cash and cash equivalents	18	2,463,876		2,183,605	
		<u>2,958,304</u>		<u>2,560,062</u>	
<u>Less:</u>					
<b>Creditors:</b> amounts falling due within one year	19	<u>(403,013)</u>		<u>(567,009)</u>	
Net current assets			2,555,291		1,993,053
Total assets less current liabilities			<u>19,741,459</u>		<u>19,425,037</u>
<b>Creditors:</b> amounts falling due after more than one year	20		(12,982,154)		(13,492,215)
<b>Provisions for liabilities</b>					
Pension – defined benefit liability	10		(160,000)		(70,000)
<b>Total net assets</b>			<u>6,599,305</u>		<u>5,862,822</u>
<b>Reserves</b>					
Non-equity share capital	23		22		27
Income and expenditure reserve	24		<u>6,599,283</u>		<u>5,862,795</u>
<b>Total reserves</b>			<u>6,599,305</u>		<u>5,862,822</u>

The notes on pages 26 to 52 form an integral part of these financial statements.

The financial statements on pages 19 to 52 were approved and authorised for issue by the Board of Management on 29 July 2021 and were signed on its behalf by:-

Mr A Gamble                      Chair of the Board

Mr S Clarke                      Chair of the Audit, Risk and Governance Committee

Mr S Brook                      Secretary

# Harrogate Housing Association Limited

## Consolidated Statement of Changes in Reserves For the year ended 31 March 2021

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	Non-equity share capital £	Income and expenditure reserve £	Total £
Balance at 1 April 2019	28	5,953,512	5,953,540
Surplus for the year	-	398,632	398,632
Initial recognition of multi-employer defined benefit scheme	-	-	-
Actuarial gains in respect of pension scheme	-	110,000	110,000
Shares issued during the year	-	-	-
Shares surrendered during the year	(1)	1	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	27	6,462,145	6,462,172
Surplus for the year	-	888,929	888,929
Actuarial losses in respect of pension scheme	-	(107,000)	(107,000)
Shares issued during the year	-	-	-
Shares surrendered during the year	(5)	5	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	<b>22</b>	<b>7,244,079</b>	<b>7,244,101</b>

The notes on pages 26 to 52 form an integral part of these financial statements.

# Harrogate Housing Association Limited

## Association Statement of Changes in Reserves For the year ended 31 March 2021

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	Non-equity share capital £	Income and expenditure reserve £	Total £
Balance at 1 April 2019	28	5,353,672	5,353,700
Surplus for the year	-	399,122	399,122
Initial recognition of multi-employer defined benefit scheme	-	-	-
Actuarial gains in respect of pension scheme	-	110,000	110,000
Shares issued during the year	-	-	-
Shares surrendered during the year	(1)	1	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	27	5,862,795	5,862,822
Surplus for the year	-	843,483	843,483
Actuarial losses in respect of pension scheme	-	(107,000)	(107,000)
Shares issued during the year	-	-	-
Shares surrendered during the year	(5)	5	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	<b>22</b>	<b>6,599,283</b>	<b>6,599,305</b>

The notes on pages 26 to 52 form an integral part of these financial statements.

# Harrogate Housing Association Limited

## Consolidated Statement of Cash Flows For the year ended 31 March 2021

	2021		2020	
	£	£	£	£
<b>Net cash generated from operating activities</b> <b>(see Note 1 below)</b>		745,325		1,100,642
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets	(644,887)		(1,471,957)	
Purchase of shared ownership properties	-		-	
Proceeds from shared ownership staircasing sales	-		-	
Proceeds from sale of fixed assets	806,472		-	
Grants received	-		-	
Grants repaid	(21,742)		-	
Purchase of NAACIF shares	(2,970)		(2,970)	
(Increase)/Release of THFC sinking fund	(105,000)		(78,000)	
Interest received	3,528		7,312	
		35,401		(1,545,615)
<b>Cash flow from financing activities</b>				
Shares issued	-		-	
Interest paid	(441,927)		(395,438)	
Refinancing/other loan related costs	(30,955)		(86,493)	
New secured loans	-		2,266,290	
Repayments of loans	(7,000)		(217,270)	
		(479,882)		1,567,089
<b>Net change in cash and cash equivalents</b>		300,844		1,122,116
<b>Cash and cash equivalents at beginning of year</b>		2,300,697		1,178,581
<b>Cash and cash equivalents at end of the year</b>		2,601,541		2,300,697
<b>Note 1</b>				
Surplus for the year		888,929		398,632
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		261,426		279,728
Amortisation of Government grants		(60,397)		(67,610)
(Increase)/decrease in stock		(18,543)		46,276
(Increase)/decrease in trade and other debtors		18,073		(14,610)
Increase/(decrease) in trade and other creditors		(192,881)		39,918
Profit on disposal of fixed assets		(512,485)		-
Adjustments for investing or financing activities:				
Interest and financing costs		392,012		409,805
Interest received and similar income		(7,813)		(12,130)
Movement in fair value of investments		(22,996)		20,633
		745,325		1,100,642

The notes on pages 26 to 52 form an integral part of these financial statements.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 1. General information

Harrogate Housing Association Limited 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.

The Group comprises the following entities:

Name	Incorporation	Registration status
Harrogate Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered – Regulator of Social Housing
Applegarth Homes	Charitable Incorporated Organisation	Registered – Charity Commission

### 2. Principal accounting policies

#### Basis of accounting

The Group's 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 Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in sterling £ for the year ended 31 March 2021.

The Group's financial statements have been prepared in compliance with FRS 102. The Group meets the definition of a public benefit entity (PBE).

Parent company disclosure exemptions:

In preparing the separate financial statements of the parent association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No separate Statement of Cash Flows has been presented for the parent association.
- No separate disclosure has been given for the aggregate remuneration of the key management personnel of the parent association as their remuneration is included in the totals for the group as a whole.

#### Basis of consolidation

The consolidated financial statements incorporate the results of Harrogate Housing Association Limited and its subsidiary undertaking as at 31 March 2021 using the acquisition method of accounting.

#### Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Covid-19 pandemic was unexpected, and the impact initially on the future income and expenditure of the group was not known. The results for the year demonstrate there has been little impact. The current business plan remains financially strong and stress testing indicates the Group can easily withstand significant adverse financial impacts, like increased voids and arrears, and remain compliant with its loan obligations. The Board of Management are confident that the Group remains a going concern.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 2. Principal accounting policies (continued)

The Board of Management also has a reasonable expectation that working capital is adequate to continue in operational existence for the foreseeable future. The Group holds various loan facilities (as detailed in note 20) which were taken out for the acquisition of housing properties. The Board of Management is not aware of any circumstances that may adversely affect the renewal of these facilities. Accordingly, it believes it is appropriate to prepare the financial statements on a going concern basis.

#### 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.

Key areas of judgement:

- a. Categorisation of housing properties  
The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals.
- b. Impairment  
The Group has identified a cash generating unit for impairment assessment purposes at a property scheme level.
- c. 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.

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. Shared ownership properties  
Shared ownership properties are split between fixed assets and current assets with the split determined by the % of the property to be sold under a first tranche disposal. The carrying value of shared ownership properties held within current assets is judged to be the lower of cost and net realisable value.
- c. Pension and other post-employment benefits.  
The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations, and these valuations involve making assumptions. The critical underlying assumptions in

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 2. Principal accounting policies (continued)

relation to the estimate of the pension defined benefit scheme obligation are standard rates of inflation, property valuations, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 10.

#### Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership properties, management income and other income and is recognised in relation to the period when the goods or services have been supplied.

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

#### Service charges

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

#### 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 in the year in which the redemption took place.

#### Taxation

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

The Association is not registered for VAT and therefore expenditure is stated inclusive of VAT.

#### Tangible fixed assets and depreciation

##### Housing properties

Housing properties are stated at cost less accumulated depreciation.

Housing properties under construction are stated at cost and not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UEs), 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. The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 2. Principal accounting policies (continued)

The Group capitalises expenditure on housing properties that increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

UELs for identified components are as follows:

Structure (including external wall insulation)	80 years
Windows and doors	30 years
Kitchens	20 years
Bathrooms	30 years
Boilers/heat exchangers/pumps	15 years
Plumbing	30 years
Electrics	40 years
Roofs	70 years

The Group 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:

Office furniture	10% on cost
Computer equipment	20% on cost
White goods for properties	12.5% on cost
Property held for own use	Between 15 and 80 years (see above UEL's)

The useful economic lives of all tangible fixed assets are reviewed annually.

#### Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

#### Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

#### Fixed asset investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of financial activities if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 2. Principal accounting policies (continued)

#### Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 3 months which are not accessible on demand.

#### 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.

#### Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

#### 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 Group 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.

#### Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the Social Housing Grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties or remodelling existing ones, where recycled grant is known to be repayable it is shown as a creditor within one year.

#### Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so 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. The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Association has a participating interest.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 2. Principle accounting policies (continued)

#### Provisions

The Group only provides for contractual liabilities.

#### Operating leases

All costs are written off to the Statement of Comprehensive Income as they are incurred.

#### Financial Instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments, where a financing transaction, are initially recognised at fair value including any premium or discount on issue and subsequently measured at amortised cost using the effective interest method.

#### Impairment of Financial Assets

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

#### Avondale

The Avondale is a property which until 16 November 2020 was leased by the Group to Harrogate Borough Council. They purchased the property on that date. They use it to provide short term accommodation for homeless families. Until 16 November 2020 the day to day management of the accommodation rested with the Council but administration was shared. The amounts received by the Group for undertaking the administration are included in turnover as management income. Each year amounts have been transferred to a sinking fund to be used in specific circumstances, as determined by the lease, for major repairs to the building, especially those which may be required at the end of the lease. These funds were held by the Group and in order to show a true and fair view, the bank account was shown as an asset within the financial statements with a corresponding liability within creditors: amounts falling due within one year. On disposal the sinking funds were released to the Association and the liability extinguished.

The financial results of the activities of the Avondale have always been reported by Harrogate Borough Council and do not feature in these statements.





# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 4a. Group particulars of turnover and operating expenditure from social housing lettings

	General needs housing £	Supported housing £	Shared ownership £	Total 2021 £	Total 2020 £
<b>Income</b>					
Rent receivable net of identifiable service charges and net of voids	1,227,009	58,608	61,418	1,347,035	1,259,784
Service charge income	30,197	-	3,799	33,996	29,288
Amortised government grants	47,478	11,138	1,781	60,397	67,610
<b>Total turnover from social housing lettings</b>	<b>1,304,684</b>	<b>69,746</b>	<b>66,998</b>	<b>1,441,428</b>	<b>1,356,622</b>
<b>Operating expenditure</b>					
Management	239,091	13,272	21,440	273,803	275,103
Service charge costs	28,487	-	1,165	29,652	28,761
Routine maintenance	103,433	3,076	-	106,509	114,533
Planned maintenance	52,594	776	-	53,370	50,921
Major repairs expenditure	52,174	-	-	52,174	38,505
Bad debts	133	-	-	133	6,650
Depreciation of housing properties	221,102	19,652	9,303	250,057	267,909
<b>Total operating expenditure on social housing lettings</b>	<b>697,014</b>	<b>36,776</b>	<b>31,908</b>	<b>765,698</b>	<b>782,382</b>
<b>Operating surplus on social housing lettings</b>	<b>607,670</b>	<b>32,970</b>	<b>35,090</b>	<b>675,730</b>	<b>574,240</b>
Voids losses (being rental and service charge income lost as a result of property not being let, although it is available for letting)	923	-	-	923	2,770

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 4b. Association particulars of turnover and operating expenditure from social housing lettings

	General needs housing £	Supported housing £	Shared ownership £	Total 2021 £	Total 2020 £
<b>Income</b>					
Rent receivable net of identifiable service charges and net of voids	1,180,403	58,608	61,418	1,300,429	1,213,161
Service charge income	18,970	-	3,799	22,769	18,367
Amortised government grants	47,478	11,138	1,781	60,397	67,610
<b>Total turnover from social housing lettings</b>	<b>1,246,851</b>	<b>69,746</b>	<b>66,998</b>	<b>1,383,595</b>	<b>1,299,138</b>
<b>Operating expenditure</b>					
Management	220,317	13,272	21,440	255,029	260,449
Service charge costs	17,469	-	1,165	18,634	18,888
Routine maintenance	99,960	3,076	-	103,036	106,515
Planned maintenance	50,658	776	-	51,434	48,581
Major repairs expenditure	52,174	-	-	52,174	38,505
Bad debts	133	-	-	133	6,650
Depreciation of housing properties	216,625	19,652	9,303	245,580	262,352
<b>Total operating expenditure on social housing lettings</b>	<b>657,336</b>	<b>36,776</b>	<b>31,908</b>	<b>726,020</b>	<b>741,940</b>
<b>Operating surplus on social housing lettings</b>	<b>589,515</b>	<b>32,970</b>	<b>35,090</b>	<b>657,575</b>	<b>557,198</b>
Voids losses (being rental and service charge income lost as a result of property not being let, although it is available for letting)	923	-	-	923	2,284

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

5. Interest receivable and similar income	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Bank interest received	2,778	8,158	2,728	8,002
Investment income	5,035	3,972	-	-
	<u>7,813</u>	<u>12,130</u>	<u>2,728</u>	<u>8,002</u>

6. Interest and financing costs	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Loan interest	433,223	399,321	433,223	399,321
Costs associated with financing and refinancing	43,530	67,027	43,530	67,027
Amortisation of bond premium	(58,776)	(44,818)	(58,776)	(44,818)
Interest on pension scheme deficit	2,000	4,000	2,000	4,000
Less: interest capitalised/prepaid	(27,965)	(15,725)	(27,965)	(15,725)
	<u>392,012</u>	<u>409,805</u>	<u>392,012</u>	<u>409,805</u>

The average cost of borrowing used to capitalise interest was 4.29% (2020 – 4.32%).

7. Surplus for the year	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
<b>Surplus for the year is stated after charging/(crediting):</b>				
Auditor's remuneration (excluding VAT):				
In their capacity as auditors	7,965	7,745	6,710	6,180
In respect of other services	640	4,520	320	4,520
Operating lease rentals	767	732	767	732
Depreciation of housing properties	250,057	267,909	245,580	262,352
Depreciation of office fixtures and fittings	11,369	11,819	11,369	11,819
Amortisation of government grants	(60,397)	(67,610)	(60,397)	(67,610)
	<u></u>	<u></u>	<u></u>	<u></u>

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 8. Employee information

The average weekly number of persons employed during the year (full time equivalents, i.e. 37 hours per week) was:

	Group and Association	
	2021 No	2020 No
Housing management and administration	6	6
	=====	=====
	2021 £	2020 £
Staff costs (for the above persons):		
Wages and salaries	206,339	199,788
Social security costs	16,158	16,306
Other pension costs	38,395	37,045
	=====	=====
	260,892	253,139
	=====	=====
	2021 No	2020 No
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year		
£80,000 – £90,000	1	1
	=====	=====

### 9. Key management personnel emoluments

Key management personnel are defined as Members of the Board of Management and the Chief Executive.

No member of the Board of Management received any remuneration in the year (2020 – none).

The remuneration paid to the Chief Executive was:

	Group and Association	
	2021 £	2020 £
<b>Emoluments and total key management personnel remuneration:</b>		
(Including pension contributions and benefits in kind)	86,282	84,590
	=====	=====
<b>Emoluments: paid to the highest paid employee (the Chief Executive)</b>		
(Excluding pension contributions)	78,438	76,900
	=====	=====

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the scheme and no enhanced or special terms apply. The Association did not make any further contribution to individual pension arrangements for the Chief Executive.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 10. Pension obligations

#### Social Housing Pension Scheme

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The most recent formal valuation was completed on 30 September 2017 and rolled forward allowing for the different financial assumptions required under FRS102, to 31 March 2021 by a qualified independent actuary.

The major assumptions used by the actuary in assessing scheme liabilities were:

	<b>2021</b>	<b>2020</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount rate	2.14	2.39%
Inflation (RPI)	3.30	2.65%
Inflation (CPI)	2.85	1.65%
Salary growth	3.85	2.65%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

#### Mortality Assumptions

The post retirement mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	<b>2021</b>	<b>2020</b>
	<b>No. of years</b>	<b>No. of years</b>
Male retiring in 2021	21.6	21.5
Female retiring in 2021	23.5	23.3
Male retiring in 2041	22.9	22.9
Female retiring in 2041	25.1	24.5

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 10. Pension obligations (continued)

Amount recognised in the Statement of Financial Position	Group and Association	
	2021 £	2020 £
Fair value of plan assets	771,000	654,000
Present value of defined benefit obligation	(931,000)	(724,000)
	<hr/>	<hr/>
Net liability to be recognised	(160,000)	(70,000)
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of amount charged to operating expenditure in the Statement of Comprehensive Income</b>		
	2021	2020
	£	£
Current service cost	21,000	29,000
Expenses	3,000	3,000
	<hr/>	<hr/>
Total operating charge	24,000	32,000
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of pension finance income / (expenses)</b>		
	2021	2020
	£	£
Interest expense	18,000	18,000
Interest income	(16,000)	(14,000)
	<hr/>	<hr/>
Amounts charged to financing costs	2,000	4,000
	<hr/> <hr/>	<hr/> <hr/>
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
	2021	2020
	£	£
Actuarial gains on pension scheme assets	58,000	9,000
Actuarial (losses)/gains on pension scheme liabilities	(165,000)	101,000
	<hr/>	<hr/>
Actuarial (losses)/gains recognised	(107,000)	110,000
	<hr/> <hr/>	<hr/> <hr/>
<b>Movement in deficit during year</b>		
	2021	2020
	£	£
Deficit in scheme at 1 April	70,000	180,000
Current service cost	21,000	29,000
Expenses	3,000	3,000
Employer contributions	(43,000)	(36,000)
Net interest expense	2,000	4,000
Actuarial loss	107,000	(110,000)
	<hr/>	<hr/>
Deficit in scheme at 31 March	160,000	70,000
	<hr/> <hr/>	<hr/> <hr/>

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 10. Pension obligations (continued)

#### Reconciliation of opening and closing balances of the defined benefit obligation

	2021	2020
	£	£
Defined benefit obligation as at 1 April	724,000	778,000
Current service cost	21,000	29,000
Expenses	3,000	3,000
Interest expense	18,000	18,000
Contributions by plan participants	21,000	17,000
Actuarial gains due to scheme experience	(10,000)	(9,000)
Actuarial losses / (gains) due to changes in demographic assumptions	3,000	(8,000)
Actuarial losses / (gains) due to changes in financial assumptions	172,000	(84,000)
Benefits paid and expenses	(21,000)	(20,000)
	<u>931,000</u>	<u>724,000</u>

#### Reconciliation of opening and closing balances of the fair value of plan assets

	2021	2020
	£	£
Fair value of plan assets as at 1 April	654,000	598,000
Interest income	16,000	14,000
Experience on plan assets (excluding interest income)	58,000	9,000
Contributions by the employer	43,000	36,000
Contributions by plan participants	21,000	17,000
Benefits paid and expenses	(21,000)	(20,000)
	<u>771,000</u>	<u>654,000</u>

### 11. Taxation

The Association has Charitable Status and is therefore exempt from UK corporation tax on its charitable activities.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

12a. Group tangible fixed assets – housing properties	Social housing properties for letting completed £	Social housing properties for letting under construction £	Shared ownership properties completed £	Shared ownership properties under construction £	Housing properties total £
<b>Cost</b>					
At 1 April 2020	18,157,313	631,929	1,203,310	80,129	20,072,681
Property additions	-	502,538	-	70,699	573,237
Schemes completed	366,092	(366,092)	-	-	-
Component additions	115,958	-	-	-	115,958
Component disposals	(38,484)	-	-	-	(38,484)
Property disposal	(816,223)	-	-	-	(816,223)
	-----	-----	-----	-----	-----
At 31 March 2021	17,784,656	768,375	1,203,310	150,828	19,907,169
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
At 1 April 2020	2,426,664	-	34,619	-	2,461,283
Charge for the year	240,754	-	9,303	-	250,057
Eliminated on component disposals	(38,484)	-	-	-	(38,484)
Eliminated on property disposals	(133,415)	-	-	-	(133,415)
	-----	-----	-----	-----	-----
At 31 March 2021	2,495,519	-	43,922	-	2,539,441
	-----	-----	-----	-----	-----
<b>Net book value</b>					
At 31 March 2021	15,289,137	768,375	1,159,388	150,828	17,367,728
	=====	=====	=====	=====	=====
At 31 March 2020	15,730,649	631,929	1,168,691	80,129	17,611,398
	=====	=====	=====	=====	=====

### Housing properties comprise:

	2021 £	2020 £
Freeholds	16,238,861	16,469,050
Long leasehold	1,128,867	1,142,348
	-----	-----
	17,367,728	17,611,398
	=====	=====

The following amounts have been capitalised during the year:

	2021 £	2020 £
Interest	27,965	15,393
Management costs	23,477	23,133
	-----	-----
	51,442	38,526
	=====	=====

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

12b. Association tangible fixed assets – housing properties	Social housing properties for letting completed £	Social housing properties for letting under construction £	Shared ownership properties completed £	Shared ownership properties under construction £	Housing properties total £
<b>Cost</b>					
At 1 April 2020	17,754,375	631,929	1,203,310	80,129	19,669,743
Property additions	-	502,538	-	70,699	573,237
Schemes completed	366,092	(366,092)	-	-	-
Component additions	115,958	-	-	-	115,958
Component disposals	(38,484)	-	-	-	(38,484)
Property disposal	(816,223)	-	-	-	(816,223)
At 31 March 2021	17,381,718	768,375	1,203,310	150,828	19,504,231
<b>Depreciation</b>					
At 1 April 2020	2,413,647	-	34,619	-	2,448,266
Charge for the year	236,277	-	9,303	-	245,580
Eliminated on component disposals	(38,484)	-	-	-	(38,484)
Eliminated on property disposals	(133,415)	-	-	-	(133,415)
At 31 March 2021	2,478,025	-	43,922	-	2,521,947
<b>Net book value</b>					
At 31 March 2021	14,903,693	768,375	1,159,388	150,828	16,982,284
At 31 March 2020	15,340,728	631,929	1,168,691	80,129	17,221,477
<b>Housing properties comprise:</b>				<b>2021</b>	<b>2020</b>
				<b>£</b>	<b>£</b>
Freeholds				15,853,417	16,079,129
Long leasehold				1,128,867	1,142,348
				16,982,284	17,221,477
The following amounts have been capitalised during the year:				<b>2021</b>	<b>2020</b>
				<b>£</b>	<b>£</b>
Interest				27,965	15,393
Management costs				23,477	23,133
				51,442	38,526

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 12c. Tangible fixed assets – housing properties (continued)

Works to existing properties in the year:	Group		Association	
	2021 £	2020 £	2021 £	2020 £
Components capitalised	115,958	149,906	115,958	145,768
Amounts charged to expenditure	52,174	38,505	52,174	38,505
	<u>168,132</u>	<u>188,411</u>	<u>168,132</u>	<u>184,273</u>

### 13. Tangible fixed assets – other Group and Association

	Freehold offices £	Office furniture and equipment £	Computer equipment £	Other fixed assets total £
<b>Cost</b>				
At 1 April 2020	214,584	18,270	41,684	274,538
Additions	-	1,521	3,225	4,746
Disposals	-	-	-	-
At 31 March 2021	<u>214,584</u>	<u>19,791</u>	<u>44,909</u>	<u>279,284</u>
<b>Depreciation</b>				
At 1 April 2020	28,845	13,222	21,964	64,031
Charge for the year	3,054	1,130	7,185	11,369
Disposals	-	-	-	-
At 31 March 2021	<u>31,899</u>	<u>14,352</u>	<u>29,149</u>	<u>75,400</u>
<b>Net book value</b>				
At 31 March 2021	<u>182,685</u>	<u>5,439</u>	<u>15,760</u>	<u>203,884</u>
At 31 March 2020	<u>185,739</u>	<u>5,048</u>	<u>19,720</u>	<u>210,507</u>

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 14. Fixed asset investments

Valuation	Group £	Association £
At 1 April 2020	97,619	-
Additions during the period	8,005	-
Unrealised gain in period	22,996	-
	<u>128,620</u>	<u>-</u>
At 31 March 2021	<u>128,620</u>	<u>-</u>

The historic cost of these investments at 31 March 2021 was £101,654 (31 March 2020 – £93,649).

		Group		Association	
		2021	2020	2021	2020
		£	£	£	£
The investments comprise:					
Listed	M&G Charity Multi Asset Fund income shares	128,620	97,619	-	-
		<u>128,620</u>	<u>97,619</u>	<u>-</u>	<u>-</u>

### 15. Stock

		Group		Association	
		2021	2020	2021	2020
		£	£	£	£
	Shared ownership properties completed	-	31,192	-	31,192
	Shared ownership properties under construction	107,556	57,821	107,556	57,821
		<u>107,556</u>	<u>89,013</u>	<u>107,556</u>	<u>89,013</u>

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

16. Debtors	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Rental debtors	40,547	45,246	39,931	44,648
<u>Less: Provision for bad debts</u>	<u>(22,016)</u>	<u>(24,016)</u>	<u>(22,016)</u>	<u>(24,016)</u>
	18,531	21,230	17,915	20,632
Prepayments	54,810	61,272	52,939	59,519
Other debtors	29,018	25,293	29,018	25,293
	102,359	107,795	99,872	105,444
	=====	=====	=====	=====
17. Current asset investments	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
THFC sinking fund	287,000	182,000	287,000	182,000
	287,000	182,000	287,000	182,000
	=====	=====	=====	=====
<p>The THFC sinking fund is a designated interest bearing account charged in respect of The Housing Finance Corporation £3.5m facility (2020: £3.5m) to cover 12 months interest. It also includes £105,000 to replace the asset security on the right to acquire sale which occurred in late March 2021. The Association is not able to access the fund.</p>				
18. Cash and cash equivalents	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Cash at bank	2,601,541	2,300,697	2,463,876	2,183,605
	=====	=====	=====	=====
19. Creditors: Amounts falling due within one year	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	103,116	59,275	100,887	56,775
Rents paid in advance	52,477	48,482	49,825	46,159
Accruals	110,625	113,183	106,086	110,373
Other taxation and social security	5,267	4,443	5,267	4,443
Other creditors	8,402	7,407	8,402	7,407
Provision for works at the Avondale	-	208,465	-	208,465
Loan balance – secured (Note 20)	11,000	7,000	11,000	7,000
Premium on issue of bonds	60,643	58,777	60,643	58,777
Unamortised government grants (Note 21)	60,903	67,610	60,903	67,610
	412,433	574,642	403,013	567,009
	=====	=====	=====	=====

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

20. Creditors: Amounts falling due after more than one year	Group and Association	
	2021	2020
	£	£
Loan balances – secured	7,856,309	7,867,309
Premium on issue of bonds	1,499,738	1,560,381
Loan issue costs	(146,469)	(161,304)
Total housing finance	9,209,578	9,266,386
Unamortised government grants (Note 21)	3,712,576	4,209,132
Recycled capital grant fund (Note 22)	60,000	16,697
<b>Total</b>	<b>12,982,154</b>	<b>13,492,215</b>

Loans have been advanced by GB Social Housing, Quaker Housing Trust and The Housing Finance Corporation Limited, and are secured on properties owned by the Association. The loans are all at fixed rates. At the year end the interest rates on the portfolio ranged from zero to 5.2%.

The Association also has access to a £5m revolving facility with Yorkshire Building Society which was undrawn at the year end.

Loan balances can be analysed as follows:-

	2021	2020
	£	£
Within one year	11,000	7,000
Between one and two years	-	11,000
Between two and five years	-	-
In more than five years	7,856,309	7,856,309
Total loans repayable	7,867,309	7,874,309
Premium on issue of bonds	1,560,381	1,619,158
Loan issue costs	(146,469)	(161,304)
	9,281,221	9,332,163

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 21. 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>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Unamortised government grant</b>		
At start of year	4,276,742	4,344,352
Grants received in the year	-	-
Grants recycled in the year	(60,000)	-
RCGF utilised within a year	16,697	-
Released to income in the year	(60,397)	(67,610)
<b>Grants related to disposals</b>		
Repaid to provider	(21,742)	-
Released to profit on disposal of fixed assets	(377,821)	-
	<u>3,773,479</u>	<u>4,276,742</u>
Amounts due to be released < 1 year	60,903	67,610
Amounts due to be released > 1 year	3,712,576	4,209,132
	<u>3,773,479</u>	<u>4,276,742</u>

### 22. Recycled capital grant fund

	<b>Group and Association Homes England £</b>
<b>Opening balance</b>	16,697
Inputs to RCGF:	
Grants recycled	60,000
Interest accrued	-
Transfers from other PRPs	-
	<u>76,697</u>
Recycling of grant:	
New build	-
Major works and works to existing stock	(16,697)
Transfers from other PRPs	-
Other	-
Repayment of grant to Homes England	<u>-</u>
<b>Closing balance</b>	<u>60,000</u>
Amount three years or older where repayment may be required	<u>-</u>

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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23. Non-equity share capital	Group and Association	
	2021	2020
	£	£
<b>Allotted, issued and fully paid:</b>		
At 1 April	27	28
Issued during the year	-	-
Surrendered during the year	(5)	(1)
	<hr/>	<hr/>
At 31 March	22	27
	<hr/> <hr/>	<hr/> <hr/>

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.

### 24. Reserves

#### Income and expenditure reserve

The income and expenditure reserve represents the cumulative surplus and deficits net of other adjustments.

### 25. Capital commitments

	Group and Association	
	2021	2020
	£	£
Capital expenditure that has been contracted for but has not been provided for in the accounts:	704,500	1,517,563
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for:	7,614,400	6,120,000
	<hr/>	<hr/>
	8,318,900	7,637,563
	<hr/> <hr/>	<hr/> <hr/>

The contracted for commitments will be met from existing cash balances and secured loan facilities.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

26. Accommodation in management	Group		Association	
	2021 No	2020 No	2021 No	2020 No
Under development at end of year:				
General needs housing – affordable rent	16	20	16	20
Shared ownership	7	7	7	7
	<u>23</u>	<u>27</u>	<u>23</u>	<u>27</u>
Under management at end of year:				
General needs housing – social rent	99	107	99	107
General needs housing – affordable rent	101	90	101	90
Intermediate rent	1	2	1	2
Housing for older people	10	10	-	-
Shared ownership	21	21	21	21
Total number of properties owned and managed	<u>232</u>	<u>230</u>	<u>222</u>	<u>220</u>
General needs housing on behalf of others	33	27	33	27
Almshouses for older people on behalf of others	-	-	10	10
Total number of properties managed	<u>265</u>	<u>257</u>	<u>265</u>	<u>257</u>

The Association owns property managed by other bodies.

	2021 No	2020 No
General needs housing – affordable rent	2	2
Supported housing	11	11
	<u>13</u>	<u>13</u>

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 26. Accommodation in management (continued)

Accommodation in management for each class of accommodation during the year was as follows:

Group	At 1 April 2020 No	Additions No	Disposals No	Other No	At 31 March 2021 No
<b>Social housing</b>					
General housing					
- social rent	107	-	(1)	(7)	99
- affordable rent	90	4	-	7	101
- shared ownership	21	-	-	-	21
- intermediate rent	2	-	(1)	-	1
Housing for older people	10	-	-	-	10
Avondale Hostel	17	-	(17)	-	-
Managed on behalf of others	27	6	-	-	33
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total owned and managed</b>	274	10	(19)	-	265
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Association	At 1 April 2020 No	Additions No	Disposals No	Other No	At 31 March 2021 No
<b>Social housing</b>					
General housing					
- social rent	107	-	(1)	(7)	99
- affordable rent	90	4	-	7	101
- shared ownership	21	-	-	-	21
- intermediate rent	2	-	(1)	-	1
Avondale Hostel	17	-	(17)	-	-
Managed on behalf of others	37	6	-	-	43
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total owned and managed</b>	274	10	(19)	-	265
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 27. Contingent liabilities – Group and Association

At the balance sheet date there were no contingent liabilities (2020 - £Nil)

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

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### 28. Commitments under operating lease commitments

The Association holds office equipment under non-cancellable operating leases. At the end of the year the Association had commitments of future minimum lease payments as follows:

	Group and Association Other Commitments	
	2021	2020
	£	£
<b>Leases expiring:</b>		
Not later than one year	768	456
Later than one year and not later than five years	1,152	-
Later than five years	-	-
	<u>1,920</u>	<u>456</u>

### 29. Social Housing and Other Grants

The total accumulated government grant and financial assistance received or receivable at 31 March.

	Group and Association	
	2021	2020
	£	£
	4,848,420	5,408,809
	<u>3,773,479</u>	<u>4,276,742</u>
	<u>1,074,941</u>	<u>1,132,067</u>
	<u>4,848,420</u>	<u>5,408,809</u>

### 30. Related party transactions

Under FRS 102 related parties consist of the Board of Management and Harrogate Flower Fund Homes Limited for which Harrogate Housing Association Limited acts as managing agent.

Board members received expenses in the year totalling £Nil (2020 – £824).

During the year there were no tenant members of the Board (2020 – none).

During the year the Association sold services to:

- Harrogate Flower Fund Homes Limited totalling £31,633 (2020 – £33,039). At the balance sheet date £1,000 (2020 – £Nil) was due from Harrogate Flower Fund Homes Limited.

# Harrogate Housing Association Limited

## Notes to the Financial Statements For the year ended 31 March 2021

### 31. Subsidiary undertakings

The results of Applegarth Homes for the year are as follows:

	£
Income	62,918
Surplus for the period	49,716

### 32. Analysis of changes in net debt

	At 1 April 2020	Cash flows	Group Other non- cash changes	At 31 March 2021
Cash at bank	2,300,697	300,844	-	2,601,541
Loans Due in One Year	(7,000)	7,000	(11,000)	(11,000)
Loans Due After One Year	(7,867,309)	-	11,000	(7,856,309)
	<u>(5,573,612)</u>	<u>307,844</u>	<u>-</u>	<u>(5,265,768)</u>

	At 1 April 2020	Cash flows	Association Other non- cash changes	At 31 March 2021
Cash at bank	2,183,605	280,271	-	2,463,876
Loans Due in One Year	(7,000)	7,000	(11,000)	(11,000)
Loans Due After One Year	(7,867,309)	-	11,000	(7,856,309)
	<u>(5,690,704)</u>	<u>287,271</u>	<u>-</u>	<u>(5,403,433)</u>