



HORIZON HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

For The Year Ended 31 March 2023

Financial Conduct Authority Number: 1827R (S)

Scottish Housing Regulator Registration Number: HEP 128

Registered Scottish Charity - Number: SC011534

HORIZON HOUSING ASSOCIATION LIMITED**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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HORIZON HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISORS

Board of Management

Mr R McDougall (Chairperson)
Ms J Pritchard (Vice Chairperson)
Mr C Baird
Mr G Carson (Resigned June 2022)
Ms B Graham
Ms J Hamilton
Mr R B Hartness (Resigned June 2022)
Mr W Taylor
Ms F R Wood
Dr R Docking
Ms J Petty (Resigned September 2022)
Ms G Colley (Resigned September 2022)
Mr I Harrington
Ms D Theakstone (Appointed December 2022)
Ms R Statt (Appointed February 2023)

Key Management Personnel

Ms L Cameron – Chief Executive & Secretary
Mr G Binnie - Head of Housing
Ms C Johnston – Housing and Communities Manager
Ms S Buggy – Business Improvement & Development Manager
Mr M Beetham – Asset Manager

Registered Office:

Leving House
Fairbairn Place
Livingston
EH54 6TN

Principal Banker

Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

External Auditor

RSM UK Audit LLP
Third Floor, 2 Semple Street
Edinburgh
EH3 8BL

Solicitor

T C Young
7 West George Street
Glasgow
G2 1BA

Internal Auditor

Azets
Exchange Place
3 Semple Street
EH3 8BL

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

The Board presents its report for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activity of Horizon Housing Association Limited (“Horizon”) is to provide and promote affordable, accessible housing and related services for people to be able to live independently in the community. Horizon is registered with the Financial Conduct Authority as a Cooperative and Community Benefit Society, the Office of the Scottish Charities Regulator (OSCR) as a Scottish charity and the Scottish Housing Regulator as a Registered Social Landlord. Horizon is a member of the Link Group of companies.

OUR VISION, MISSION, AND STRATEGIC OBJECTIVES

Horizon’s vision is to have inclusive, sustainable communities where everyone has a home that meets their needs and enables them to live independently. Horizon’s purpose is to promote and provide affordable, accessible housing and services that enable people, irrespective of impairment, to live full independent lives in the community of their choice.

The values of inclusion underpin and shape Horizon’s work and decision-making in what we do. How we do it, is driven by the broader values of Link group which are:

- Responsibility - We all take responsibility for our actions.
- Empathy - We work hard to understand how people feel as individuals and treat them with dignity.
- Social Impact - We strive to ensure there is a positive social impact from our activities and work with others who share our aims.
- Participate - We are proactive in providing opportunities for people to engage with us and help us improve our services.
- Equality - We are all equal and different and we aim to provide inclusive environments for work and for living.
- Challenge - We challenge ourselves and others towards excellence and innovation in all we do.
- Transparency - We wish to be open and honest about what we do and how we do it.

Horizon’s 6 strategic objectives are:

1. Provide quality homes and services at the right price for tenants.
2. Help deliver more accessible homes across Scotland.
3. Work with Link Group Partners to achieve Horizon’s desired outcomes.
4. Develop and support initiatives which keep older and disabled people in the community.
5. Deliver social impact and value for money.
6. Work to address climate change and sustainability.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

With aspirations for:

- Inclusive, accessible homes and communities.
- Warmer, affordable, efficient homes, promoting a zero-carbon agenda and sustainable tenancies, properties, and services.
- Knowing our costs and demonstrating value for money.
- Responsive, flexible services offering self-serve and easy access to services and support.
- Systems that support our business: quick easy access to information.

The objectives are designed to deliver the following outcomes:

- Tenants and owners have well designed and maintained homes and environments where they feel safe and secure.
- Tenants maintain their tenancies and get the help they need to manage challenges and change.
- Disabled people and older people can live independently in homes adapted to enable this where necessary.
- Disabled people have more choice and control about where and how they live and are active participants in inclusive communities.
- Tenants, staff, Board members and volunteers are supported to fulfil their potential.
- Developments and ways of working are informed and influenced by a sustainability and net zero strategy.

OPERATING AND FINANCIAL REVIEW

Financial Performance

The financial statements are prepared in accordance with the Statement of Recommended Practice 2018 (SORP) for Social Housing Providers. Horizon Housing Association Limited ("Horizon") achieved a total comprehensive income for the year to 31st March 2023 of £290k (2022: £1.2m).

Turnover has increased slightly from last year to £5.3m (2021: £5m) and Operating Costs have increased from last year to £4.5m (2022: £4.2m). The increase in turnover is due to increases in rents and a bank loan breakage gain of £117k upon refinancing with an intragroup loan. The increase in costs is due to inflation along with returning to normal operations after Covid-19. The income from Social Letting Activities increased in the year by 3% (2022: 3%) and this principally reflects rent increases applied in April 2022. Turnover from Other Activities decreased by 35% in total. This decrease reflects the Kickstarter program coming to an end.

Horizon's Total Comprehensive Income for the year decreased by £758k in comparison to 2022, mainly due to the remeasurement of pension liabilities. The value of the pension scheme liability increased at 31 March 2023 by £252k overall, full details are in Note 14b, with the largest movements being the present value of the defined benefit obligation decreasing by £2.1m and a decrease of £2.2m in scheme assets.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

During the year, non-current assets have decreased by £790k (1.7%) to £44.4m (2022: £45.2m). The current assets have decreased by £1.1m (46.9%) to £1.2 (2022: £2.3m), due to repayment of the Nationwide building society loan during the year.

Current liabilities have decreased by £443k (24.9%) to £1.3m (2022: £1.8m), due to refinancing, and the non-current liabilities excluding deferred capital grants and the pension liability have decreased by £1.1m (12.9%) to £7.5m (2022: £8.5m), coinciding with the repayment of existing loans and introduction of an intra-group loan.

Overall, total net assets have increased by £290k (4.0%) to £7.6m (2022: £7.3m).

The Financial position performance remains strong with the gearing – housing asset cost ratio at 10.9% (2022: 13.3%).

Properties in Management

In total, 882 properties were managed by Horizon at 31 March 2023, (2022: 883). Horizon owns and manages 796 self-contained properties (2022: 795) for social rent. An additional 11 non-self-contained properties (2022: 11) owned by Horizon are used as shared accommodation (consisting of 44 bedspaces) for people with disabilities and with particular support needs, with support provided by other agencies.

Included in the 796, are five Horizon properties (2022: 7) that are leased out as self-contained units - two to local authorities (2022: 4) for temporary homeless accommodation, one (2022: 1) to the local authority for temporary accommodation for Refugees and two (2022: 2) to Women's Aid.

Horizon part owns and manages 19 shared ownership properties (2022: 20) and 21 Access Ownership properties (12 Link Group and 9 Horizon) (2022: 22 - 13 Link Group and 9 Horizon).

Horizon provides a factoring service to 54 properties (2022: 55) within Horizon's housing estates, of these, 35 are owned outright and 19 are the shared ownership properties mentioned above.

Horizon leases two properties from Sense, which is a disability services charity. This provides shared accommodation to four people with complex needs. Horizon provides property management and landlord services, while Sense delivers the support.

Horizon owns Leving House, its purpose-built office. Horizon also leases two other self-contained properties to support providers for use as office accommodation.

Houses under Construction

At 31 March 2023, Horizon had no properties under construction, (2022: nil).

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Operating Performance

1. Housing Services

Many Horizon tenants have long-term health conditions. In Horizon's August 2021 Tenant Satisfaction Survey, 70% of those interviewed said that they, or someone living in the household, were disabled or had a long-term illness affecting daily living. This has increased from 65% of those interviewed in 2018. Overall, 32% of Horizon tenants are over the age of 65.

Housing and asset management services are focused on meeting individuals' needs and supporting them to live independently. Horizon recognises the particularly adverse impact of the current cost of living crisis, social security changes and public service cuts for people with disabilities, and all other tenants. This creates priorities for housing management to continue to maximise people's income, supporting tenants to pay their rent, manage their finances and sustain their tenancies, as well as to contain and reduce rent arrears. Our income management is particularly strong, with rent arrears having reduced in the year. Horizon has continued to invest in welfare rights support and has its own in-house Tenancy Sustainment Team.

Horizon's gross rent arrears have continued to reduce, from 2.67% in March 2022 to 1.37% in March 2023. Performance in minimising arrears was excellent throughout the year as the housing team used additional external and internal funding to assist tenants with rising costs. This included obtaining funds for tenants from the Housing Associations' Charitable Trust (HACT) fuel fund and Link Giving Trust and have working hard to support tenants who were in arrears to maintain affordable arrangements. This helped to reduce current tenant arrears at 31 March 2023 decreased to £82k (2022: £117k), as did the former tenant arrears to £7k (2022: £12k).

During the year Horizon continued to raise awareness of its in-house Tenancy Sustainment Service. Again, over a quarter of the tenants have been supported this year amounting to 246 (2022: 247) and the financial gain for tenants rose to £676k from £574K in 2021/22. Support ranged from help with claims and appeals for Universal Credit, Housing Benefit and Discretionary Housing Payments (DHP), which resulted in a financial gain of £373k (2022: £361k) and disability-related benefits with gains of £129k (2022: £104k). The team also offered support to tenants to access the Scottish Welfare Fund or charitable funds totalling £39k, for energy advice and digital inclusion. The total financial gain generated by the team had a positive impact on Horizon's arrears' figures. All new tenants signing up this year were contacted and offered support from the team, with 73% taking up this offer and accessing the service.

Horizon re-let 48 properties in 2022/23, an increase from 36 in 2021/22, equating to a turnover of 6.03%.

On average, the time to re-let void properties was 17 days, an increase of one day from 2021/22. This is just above Horizon's target due to the ongoing impact of poor contractor performance, staff absence, and shortages of materials due to Brexit and the war in Ukraine. As a result of the increase in void numbers, rent loss due to voids increased from 0.19% to 0.28% in 2022/23.

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REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Horizon uses the “Find a Home” allocation system, introduced in June 2021, it is easier to use and more accessible for older applicants and for people with disabilities.

2. Asset Management

A comprehensive asset performance review was completed in June 2017 underpinning Horizon’s Asset Management Strategy. Another Asset Management Strategy will be completed in 2023/24 to take into consideration decarbonisation and our ongoing commitment to invest in maintaining high-quality homes. The continuous rolling programme of stock condition surveys was put on hold in 2022. A new survey will commence in 2023 in line with all other Group partners, to ensure we have up to date information on stock condition. To date, 41.27% has been surveyed in the last 5 years. This informs the future planned maintenance investment.

In 2022/23 Horizon invested £624k (2022: £604k) in upgrading and improving tenants’ homes with new kitchens, bathrooms, windows, and boilers. We also, replaced the rough cast to one site in the financial year. We also continued to invest in the Electrical Installation Condition Reports (EICR) to the properties. At present we have four properties that still require to have an EICR carried out due to access restrictions. The programme to upgrade the smoke detection systems was completed in 2022 to be compliant with the new tolerable standard as amended by the Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criterion) Order 2019. We continue to check and replace all our smoke detection systems during gas servicing visits when required.

Horizon has 99.5% (2022: 96.4%) of stock with a current EICR and 100% (2022: 100%) of our stock with interlinked smoke and heat detectors. Horizon’s tenant satisfaction with repairs service decreased in the year, with 81% (2022: 93%) of our tenants stating that they are fairly satisfied or very satisfied with Horizon services.

Horizon completed 40 (2022: 47) Stage 3 adaptations and alterations to assist with independent living for Horizon tenants during the year with £130k of grant assistance from Scottish Government. In addition, adaptations were carried out as part of the planned maintenance programmes for bathrooms and kitchens. The average time to complete approved applications increased over the year to 85 days (2022: 46). The total cost of adaptations funded by the Scottish Government and Horizon excluding those completed under the planned maintenance programme was £133k (2022: £125k).

The Estates Caretaking team continue to promote sustainable, welcoming environments for tenants, addressing issues raised by tenants and were quickly identified and addressed. The annual “Tea in the Car Park” events continue to promote tenant engagement and feedback and have resulted in improved landscaping and support for tenants with disabilities through our grass cutting service. There is also the ‘Good Neighbour’ service where the estates caretakers help tenants with small jobs, e.g., lifting heavy items or changing lightbulbs. Our painters have had a busy winter completing internal painting and decorating services to 27 tenants' homes with very positive feedback.

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REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

3. Tenant Involvement

The Residents' Improvement Group (RIG) recently completed a scrutiny exercise of Horizon's Customer Care Standards and reported their findings to the Horizon Board with some excellent recommendations. Such as, last year we were carried out a smaller number of neighbourhood events such as 'Tea in the Car Park' focusing on areas where tenants had identified areas for improvement. Satisfaction levels with the quality of the estates was high with 77% (2022 :77%) of respondents rating the estate service as good or excellent. Tenants continue to feedback through our customer feedback service, sharing compliments as well as any areas of concern.

There are three places on Horizon's Board of Management ("Board") which are reserved for tenant members: one is filled and two are currently vacant with active recruitment ongoing.

4. Future Developments

Horizon's priorities for 2023/24 support the six strategic objectives set out earlier in this report and will contribute to the organisation's desired outcomes.

In West Lothian, the Kirknewton development is being finalised with the building of seven properties by the Kirknewton Trust to begin in 2023/24. Once completed Horizon will manage the properties, generating an income of around £5.5k per year from 2024/25.

Horizon continues to contribute to the West Lothian Partnership to support the delivery of affordable and accessible housing across the area. Horizon chairs the national Accessible Housing Network and has been leading national work on the social value of adaptations and on the implementation of accessible social housing allocations.

Partnerships continue with social care providers and in May 2023 Horizon will begin managing 17 properties owned by The Richmond Fellowship Scotland to provide housing management services for people with complex needs living in the community.

With these new partnerships, Horizon will be involved with a range of providers, including Enable, SENSE Scotland and Capability.

As a member of the Scottish Consortium for People with Learning Disabilities' (SCLD) Housing Advisory Group, Horizon is able to contribute to the implementation of the 'Coming Home' implementation plan and work that focuses on housing rights, Delayed Discharge, and out-of-area placements. The group's work also includes research and data collection on the housing needs of invisible groups of people with learning disabilities and work by Scottish Federation of Housing Associations (SFHA) on housing support and the impact on different groups of people.

A member of the Inclusive Living Alliance with other partners including Stirling University, Public Health Scotland, Care and Repair Scotland, Motionspot and Foundations, Horizon is supporting the work of Intersectional Stigma of Place-based Ageing (ISPA), a five-year participatory study to

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explore and understand how the stigma attached to where people live can link to experiences of disability and ageing.

The five Registered Social Landlord (RSL) partners in Link Housing recently launched a housing services strategy, Link Together based around key themes of tenant/customer first/ engagement; sustainability; value for money and accountability/culture with actions to be delivered over the next three years. The Horizon CEO is the lead for the sustainability theme.

5. Business Outlook

Horizon's business plan incorporates a 30-year financial projection which demonstrates that Horizon is a viable going concern, able to meet its financial commitments and requirements in relation to service and asset management as well as maintaining and complying with various obligations required by its lender.

Like all social housing providers, Horizon is experiencing the impact of the current economic situation, including rising costs. We have included the impact of adverse scenarios arising from these changes in our Business Plan's sensitivity analysis as a part of its long-term financial projections.

Corporate Governance

The Board is elected annually by the Members of Horizon and is responsible for setting the strategic direction of the organisation and ensuring financial control. It delegates responsibility for the monitoring of its financial and risk management activities to its Finance, Audit and Risk sub-committee ("Audit Committee"). The members of the Board act in a voluntary capacity, for which they receive no remuneration.

The Management Team is responsible for the implementation of Horizon's business plan, ensuring that operational activities are undertaken in line with the policies approved by the Board and the monitoring of performance against the key performance indicators (KPIs) agreed by the Board.

The Board places great importance on its corporate governance role and arranges appropriate induction training for members, regular briefing sessions, encourages and arranges attendance at conferences and training and at tenant involvement events. Development needs of Board members is discussed at the annual appraisal process and equipment has been purchased to help members attend meetings in-person or online.

Two new Board members joined the Board in the year 2022/23.

Corporate Structure

Horizon is a wholly owned subsidiary company within Link Group Limited (the "Group"), a Registered Social Landlord. Ultimate responsibility for the conduct and control of the Group and its partners rests with the Group Board, while an independence and responsibilities agreement sets out conditions for the autonomous operation of the Association within the Group.

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REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The partners work within a revised intra group agreement which set out new governance arrangements for all parties to work effectively together.

Treasury Management

Horizon has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Board. In this way Horizon manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Horizon, as a matter of policy, does not enter into transactions of a speculative nature. As at 31 March 2023, £7.4m (100%) of borrowings with the Group are subject to fixed interest rates, (2022: £5.44m (60%) of borrowings with external funders were subject to fixed interest rates). This external loan was repaid in full and replaced with the intragroup loan from parent organisation Link Group Limited.

Budgetary Process

The Board approves the annual budget, the rolling five-year strategic plan, and the 30-year financial projections. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year, together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as significant contract tenders, expenditure, and treasury management.

Internal Audit

Internal Audit services are provided by an experienced external company Azets. The audit work plan is generated from a detailed audit needs assessment which is based upon a systematic risk assessment of the Group operations and activities. The Internal Auditor reports to the Audit Committee.

Performance Management

Horizon seeks to continuously improve its business activities, promoting positive outcomes for individuals and their communities. As part of the business planning process, performance targets and key performance indicators established in consultation with staff. Performance against KPI targets is monitored by the Board and Audit Committee on a quarterly basis and reported to tenants in the Annual Report to Tenants. Performance against the Scottish Social Housing Charter outcomes and other measures is also reported quarterly to the Link Group Board. Performance is benchmarked with other Link Group partners and with other RSLs.

Performance against Business Plan objectives is also monitored quarterly by the Management Team and bi-annual reports are made to the Board. Performance is managed at a team level through regular team meetings, and individual staff performance is developed and appraised at twice yearly reviews.

HORIZON HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

Horizon Housing Association Core Services	Target 2022/23	Actual 2022/23	Link Group Target 2022/23	Scottish RSL average 2021/22
Gross rent arrears (all current and former tenants) as a percentage of rent due [Charter indicator]	<4.0%	1.2%	5.2%	4.2%
Average time to re-let (days) [Charter indicator]	15.0	17.1	25.0	43.9
Average length of time to complete emergency repairs (hours) [Charter indicator]	≤ 4.0 hours	3.9 hours	4.0 hours	3.4 hours
Average number of days to carry out non-emergency repairs [Charter indicator]	≤ 5.0	10.9	6.0	8.6
% Reactive repairs completed right first time [Charter indicator]	≥ 95.0%	83.1%	95.0%	87.9%
How many times in the reporting year did you not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitter or last checked [Charter indicator]	0	1	0	n/a
% 1 st stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPSO) Model Complaint Handling Procedure (CHP) timescales [Charter indicator]	≥ 95.0%	90.0%	95.0%	98.0%
% 2 nd stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPSO) Model Complaint Handling Procedure (CHP) timescales [Charter indicator]	≥ 95.0%	95.0%	95.0%	95.2%
% stock meeting the Scottish Housing Quality Standard (SHQS) [Charter Indicator]	100%	99.5%	99.6%	93.4%
Homelessness - of properties available (and where there was a demand from homeless people) to let what % went to homeless applicants	> 55.0%	89.0%	> 70.0%	N/A

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REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Risk Management

The Board and Audit Committee receive regular updates on Horizon's risk profile and has consolidated the risks into 14 areas. They have conducted a revised risk mapping exercise (analysis of risks facing Horizon) and summarised these on Decision Time which identifies the level of risk, controls, and actions. The Audit Committee has responsibility for the monitoring and review of risks during the year, with the outcome of this reported to the Board.

Horizon has set policies on internal controls which cover the following:

- Type of risks Horizon faces.
- Level of risks it regards as acceptable.
- Probability of the risks materialising.
- Horizon's ability to reduce the incidents and impact on the business of risks that do materialise.
- Responsibility of management to implement the Board of Management's policies and to identify and evaluate risks for their consideration.
- Responsibility of employees regarding internal control as part of their accountability for achieving objectives.
- Development of systems to respond quickly to emerging risks.
- Implementation of procedures for reporting failings immediately to appropriate levels of management and the Board of Management together with details of corrective action being undertaken.

Horizon has identified the following key risks.

- Loss of income due to impact of current economic situation, including cost of living crisis on tenants leading to increased arrears and pressure on service delivery, including planned maintenance programme. This risk is mitigated by constant monitoring of arrears and having some flexibility in the planned maintenance program.
- Increased costs affecting delivery of the Business Plan – due to cost of living crisis, ongoing economic impact of pandemic, war in Ukraine. Mitigated by contractor meetings and monitoring and supporting efficient working practices.
- Staff retention and recruitment – due to vacancies, retirement, and changes to job market. The risk is mitigated by good terms and conditions, staff development and support and succession planning.
- Financial fraud / theft including cyber-attack – due to controls, procedures, training, and scams. The risk is mitigated by regular review of procedures, monthly management accounts, internal and external audits, mandatory IT security awareness training for GDPR, Phishing emails and installed anti-virus software.

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REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

- Failure to adequately address climate change – through lack of understanding. The risk is mitigated by regular review at management and Board meetings and staff training / improvements to working practices, through supplier procurement and sustainability strategy.
- Gas safety requirements are not satisfied leading to injury/fatality or non-compliance with evidence requirements – due to lack of monitoring or inadequate procedures. The risk is mitigated by regular meetings with the contractor and weekly monitoring of service completions and internal audits.
- Breach of Health and Safety Regulations – through non-compliance of legislation. The risk is mitigated by regular internal audits and review by management, Audit committee and Board of the implementation of action plans, mandatory training of staff and reporting along with technology for lone working and van tracking.

Maintenance policies

Horizon seeks to maintain its properties to the highest standard. To this end, programmes of cyclical maintenance are carried out to deal with and prevent the gradual and predictable deterioration of building components. It is expected that the cost of this maintenance and associated repairs would be charged to the Statement of Comprehensive Income, formerly called the Income and Expenditure account.

In addition, Horizon has a long-term programme of major repairs to cover necessary work, including work required by legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs is capitalised and included in the Statement of Financial Position (SOFP).

Component accounting

In accordance with the SORP, Horizon applies the principles of component accounting to its fixed assets. This accounting treatment ensures that the major components of the Horizon's housing stock are identified and depreciated over their estimated economic life. The cost of any subsequent replacement of a major component is capitalised in the SOFP with the item replaced being disposed of from the SOFP. This enables the financial statements to reflect the use of the component over their life cycle.

Employee Development, Involvement and Health & Safety

Horizon encourages employee involvement in all major initiatives. A Board and Employee Negotiating Committee for Horizon (BENCH) meets regularly to discuss staff issues, negotiate annual salary cost of living increases and review human resources policies. A Health and Safety Staff Group meets every six weeks to review all health and safety matters and to implement any improvements arising from inspections and audits. The Board receives quarterly reports on any incidents or accidents and an annual Health and Safety report. Health and Safety is subject to regular audit with the most recent external audit being carried out in March 2022. Actions and recommendations are reported to the Audit Committee and Board.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

During 2022/23 staff teams were supported through individual team development sessions as well as full team events which are now held quarterly. During these, staff identified a number of areas for improvement and efficiency and are working through a programme to address these. Horizon supported a Kickstart employee into a promoted fixed term position and supports two modern apprentices. In addition, all staff are given the opportunity to apply for formal learning each year and in the past year six members of staff have been undertaking formal qualifications. Following several years of high staff turnover, in 2022/23 this reduced to 8.5%, equating to three staff. With periods of high sickness and turnover in the past two years, some staff were able to 'act up' into more senior roles for a period, extending their skills and experience and providing excellent support to the service and tenants.

Rental Income

Horizon's rent policy is a points system based on the size, type, and facilities of the accommodation. A major review of the rent structure was carried out in 2018/19, and recommendations were agreed by the Board in December 2019 which were implemented in April 2020, with support for those most affected in the form of a phased increase over two years. The rent increase for 2023/24 is 6% (2022/23: 2.5%) although this was against the majority vote of Horizon tenants. It was agreed by the Board following recognition of continuing rising costs and budgetary challenges.

Employees with disabilities

Employment applications from disabled people are given full and fair consideration in accordance with their aptitudes and abilities in accordance with legislative requirements. In the event of employees becoming disabled, every effort is made to make reasonable adjustments so that their employment with Horizon can continue. It is the policy of Horizon that training, career development and promotion opportunities should be available to all employees. Horizon employs 35 staff (33.7 FTE) (2022: 35 staff (32 FTE) of which 2 (2022: 2) consider themselves to be disabled).

Home Ownership

Horizon purchased a shared ownership property for rental and did not sell any shared owner properties. Horizon continues to extend choice of home ownership to disabled people through the Access Ownership scheme in partnership with Link Group Limited. Funds were made available to invest in tailored shared ownership solutions for disabled people and their families. There were no acquisitions in the year (2022: 2) under the programme by Link Group. Horizon's partnership with Housing Options Scotland continues to provide benefits, increasing access to independent housing information, advice, and solutions for disabled people.

Sustainability

Link Group Board approved the Group Sustainability Strategy in 2021. Horizon is committed to the delivery of a sustainable future and the strategy supports our strategic objectives, particularly:

- Providing quality homes at the right price for tenants.
- Supporting the delivery of more accessible homes.
- Developing initiatives to support disabled people and older people live in the community.
- Work to address the climate emergency.

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REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Future Plans – Key Priorities

1. Provide **quality homes & services** at the **right price** for tenants.
 - Implement the planned maintenance program.
 - Continue to measure rent affordability.
 - Undertake an efficiency review of operational activities.
 - Carry out a mini survey to measure areas of quality and value for money.
2. Help deliver more **accessible homes** across Scotland.
 - Continue to promote Horizon's accessible housing ambassador and foster a political ambassador.
 - Further develop work on adaptations with key partners and explore options to develop a national design standard and award for inclusive and wheelchair homes.
3. Work with **Link Group** Partners to achieve Horizon's desired outcomes.
 - Identify a demonstration site, promoting an accessible, inclusive community agenda.
 - Agree 10% of all newbuild is to accessible standard rising over the 5 years to 15% minimum.
4. Develop and support **initiatives which keep older and disabled people in the community**.
 - Monitor new partnership with The Richmond Fellowship and expand discussions with care providers about managing properties on their behalf to enable people to live at home.
 - Contribute to the Inclusive Living Alliance to support the Intersectional Stigma of Place-based Ageing (ISPA) – a 5-year participatory study exploring how the stigma attached to where people live can link to experiences of disability and ageing.
5. Deliver **social impact and value for money**.
 - Develop and implement the value led/value for money workstream's action plan.
 - Develop the tenant profile across Link to inform the locality-based options' discussion in the Housing Services strategy.
6. Work to **address climate change**.
 - Implement key actions on sustainability, including help tenants stay in their own home in their community; evaluate the accessibility and suitability of existing housing for older people and disabled people; support consistent services across partners and achieve zero carbon targets.
 - Work with Link colleagues to implement Link's Sustainability Strategy, including assessing recommendations for our business estate and homes to reduce carbon emissions.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

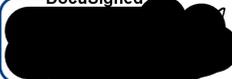
Auditor

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and RSM UK Audit LLP will therefore continue in office.

Provision of information to the auditor

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

BY ORDER OF THE BOARD OF MANAGEMENT

DocuSigned by:

499BE30755074F C...

R McDougall
Chairperson

Date: 10 August 2023

HORIZON HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2023

The Board of Management (“The Board”) acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association or for publication.
- the proper authorisation and recording of transactions.
- the maintenance of proper accounting records.
- the safeguarding of assets (against unauthorised use or disposition).

It is the Board’s responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association’s assets.
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management financial statements are prepared promptly, providing relevant, reliable, and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures from the Board members.
- the Board reviews reports from the Chief Executive, staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a regular review of the major risks facing the Association.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board has continued to review the system of internal financial control in the Association during the year ended 31 March 2023. No weaknesses were found in the internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements, or in the external auditor’s report on the financial statements.

BY ORDER OF THE BOARD OF MANAGEMENT



R McDougall
Chairperson

HORIZON HOUSING ASSOCIATION LIMITED

STATEMENT OF BOARD'S RESPONSIBILITIES UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 FOR A REGISTERED SOCIAL LANDLORD

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management is responsible for instituting adequate systems of internal control and for:

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management 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 (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

HORIZON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Horizon Housing Association Limited (the 'Association') for the year ended 31 March 2023 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

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

Conclusions relating to going concern

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 about 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 of going concern are described in the relevant sections of this report.

HORIZON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association;
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 Board of Management's responsibilities statement set out on page 19 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 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 Association or to cease operations, or have no realistic alternative but to do so.

HORIZON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION LIMITED (continued)

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

HORIZON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION LIMITED (continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Co-operative and Community Benefit Societies Act 2014. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Scottish Housing Regulator's Regulatory Framework (published 2019) and the Housing (Scotland) Acts 2006 and 2014. We performed audit procedures to inquire of management whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud.

For management override of controls, the audit procedures included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

For revenue recognition, the audit procedures included but were not limited to performing substantive analytics over rental income and detailed testing of other income streams, focusing on the existence and valuation of income recognised.

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

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor

Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date 10 August 2023

HORIZON HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITOR TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 18 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 18 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date 10 August 2023

HORIZON HOUSING ASSOCIATION LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £000	2022 £000
Turnover	2	5,288	5,024
Operating expenditure	2	<u>(4,505)</u>	<u>(4,171)</u>
Operating surplus		783	853
(Loss) / Gain on disposal of non-housing assets		(1)	31
Interest receivable		6	-
Interest and financing costs	4	(246)	(170)
Other finance charges		-	(14)
		<u>542</u>	<u>700</u>
Surplus on ordinary activities before taxation		542	700
Taxation		<u>-</u>	<u>-</u>
Surplus for the year		542	700
Remeasurement of the defined benefit pension liability		(252)	524
Total comprehensive income for the year		<u><u>290</u></u>	<u><u>1,224</u></u>

All results relate wholly to continuing activities.

The notes on pages 30 to 56 form part of these financial statements.

HORIZON HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2023**

	Share Capital £000	Revenue Reserve £000	2023 Total £000	2022 Total £000
Balance as at 1 April	<u>-</u>	<u>7,329</u>	<u>7,329</u>	<u>6,105</u>
Issue of shares	-	-	-	-
Cancellation of shares	-	-	-	-
Surplus from Statement of Comprehensive Income	-	542	542	700
Remeasurement of the defined benefit pension liability	-	(252)	(252)	524
Balance as at 31 March	<u>-</u>	<u>7,619</u>	<u>7,619</u>	<u>7,329</u>

The notes on pages 30 to 56 form part of these financial statements.

HORIZON HOUSING ASSOCIATION LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

	Notes	£000	2023 £000	£000	2022 £000
Non-Current Assets					
Tangible fixed assets					
Housing properties	5a		43,858		44,604
Other fixed assets	5b		527		571
			<u>44,385</u>		<u>45,175</u>
Current Assets					
Stock		4		2	
Trade and other receivables	6	120		170	
Cash and cash equivalents		<u>1,091</u>		<u>2,116</u>	
		1,215		2,288	
Payables: amounts falling due within one year	7	<u>(1,334)</u>		<u>(1,777)</u>	
Net current (liabilities) / assets			<u>(119)</u>		<u>511</u>
Total assets less current liabilities			44,266		45,686
Payables: amounts falling due after more than one year	8		(7,450)		(8,537)
Deferred income	10		(28,993)		(29,758)
Pension (liability)	14b		(204)		(62)
Net assets			<u>7,619</u>		<u>7,329</u>
Capital and reserves					
Share capital	11		-		-
Revenue reserve including pension reserve	12		7,619		7,329
			<u>7,619</u>		<u>7,329</u>

Approved and authorised for issue by the Board of Management on 10 August 2023 and signed on its behalf by:


R McDougall, Chairperson


J Fitchard, Vice Chairperson


L Cameron, Secretary

The notes on pages 30 to 56 form an integral part of these financial statements.

HORIZON HOUSING ASSOCIATION LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £000	2022 £000
Net cash inflow from operating activities	16	1,478	1,760
Investing activities			
Acquisition and construction of properties		(690)	(603)
Purchase of other fixed assets		(9)	(121)
Proceeds of other fixed assets		-	31
Grants repaid		-	-
Interest received on cash and cash equivalents		6	-
Net cash outflow from investing activities		(693)	(693)
Financing activities			
Bank Charges and Interest paid on loans	4	(246)	(170)
Issue of shares		-	-
New loans		7,400	-
Loan principal repayments		(8,964)	(435)
Net cash outflow from financing activities		(1,810)	(605)
(Decrease) / Increase in cash		(1,025)	462
Opening cash and cash equivalents		2,116	1,654
Closing cash and cash equivalents		1,091	2,116

The notes on pages 30 to 56 form an integral part of these financial statements.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Horizon is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. Horizon is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102. Horizon's registered office is noted on page 3 and a description of the principal activities of is noted on page 4 of the Report of the Board of Management.

1. Accounting Policies

The principal accounting policies of Horizon are set out in paragraphs (a) to (t) below.

(a) Basis of Accounting

These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice and comply with the requirements of the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2018 (SORP 2018) and Financial Reporting Standard 102 (FRS 102).

(b) Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Board of Management have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Horizon has a healthy cash position and thus the Board of Management is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. The Board of Management, have reviewed the company's budgets for 2023/24 and the medium-term financial position as detailed in the 30-year business plan, taking account of plausible downsides.

Consequently, the Board of Management are confident that Horizon will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Horizon as at 31 March 2023, has a net current liability, due to the early redemption of the Nationwide Building Society loan. The new intra-group loan is on more favourable terms, and the net current liability is expected to reach an asset position during financial year 2023/24.

(c) Turnover

Turnover is recognised in the year to which it relates. Turnover, which is stated net of value added tax, represents income receivable from lettings and property management, revenue grants, contract income for care and repairs services and other income.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

1. Accounting Policies (continued)**(d) Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

(e) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in Note 5 will be grant aided, funded by loan, or met out of reserves.

(f) Financial instruments

Horizon has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when Horizon becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets***Receivables***

Receivables which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Receivables are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a receivable constitutes a financing transaction, the receivable is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of receivables is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade receivable over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

1. Accounting Policies (continued)**(f) Financial instruments (continued)****Financial liabilities*****Payables***

Payables payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a payable constitutes a financing transaction, the payable is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

(g) Mortgages

Mortgage loans are advanced by the Scottish Government or private lenders under the terms of individual mortgage deeds in respect of each property or housing scheme.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****1. Accounting Policies (continued)****(h) Grants**

Social Housing Grants and Other Capital Grants are accounted for using the accrual method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the property and assets to which it relates. Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Non-government grants are accounted for using the performance method, as outlined in Section 24 of Financial Reporting Standard 102 and the SORP 2018. Non-government grants are recognised as income when the performance conditions have been met.

(i) Tangible Fixed Assets and DepreciationHousing properties

Housing Properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent.

The properties are stated at historical cost less accumulated depreciation. Each property has been split between its major component parts which are depreciated on a straight-line basis over their expected economic useful life. A full year's depreciation is charged in the year of acquisition, but no charge is made in the year of disposal. The following major components and useful lives have been identified by Horizon:

Land	- not depreciated.
Structure	- 60 years
Rewiring	- 40 years
Windows	- 30 years
Doors	- 30 years
Bathrooms	- 25 years
Pipework	- 24 years
Kitchen	- 15 years
Boilers	- 12 years
Smoke Detectors	- 10 years

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

1. Accounting Policies (continued)**(i) Tangible Fixed Assets and Depreciation (continued)**

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income (SOCl).

Heritable office property

Heritable office property is held at cost less accumulated depreciation.

Depreciation is provided at a rate calculated to write off the cost of the offices evenly over their expected useful life of 60 years.

Furniture and equipment

Furniture and Equipment are held at cost less accumulated depreciation.

Depreciation is provided at a rate calculated to write off the cost of furniture and equipment evenly over its expected useful life of 8 years.

Computer equipment depreciation is provided at a rate calculated to write off the cost of the computer equipment evenly over its expected useful life of 3 years.

Motor vehicles

Motor vehicles are held at cost less accumulated depreciation.

Depreciation is provided at a reducing balance method of 25% per annum calculated to write off the cost of the motor vehicles to a net realisable value over their expected useful life of 5 years.

(j) Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Association estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

1. Accounting Policies (continued)**(k) Shared Ownership transactions**

First tranche sales of shared ownership properties are treated as sales of current assets, with proceeds being credited to turnover and costs to cost of sales in the SOCI. Sales taking place after the initial purchase are accounted for as a disposal of fixed assets.

(l) Apportionment of management expenses

Direct employee administration and operating costs have been apportioned to the SOCI on the basis that they are directly engaged in each of the operations dealt with in those accounts.

(m) Apportionment of costs between housing types

Indirect employee administration and operating costs have been apportioned to the housing types of General Needs Housing, Supported Housing and Shared Ownership based on a percentage of the number of units managed.

(n) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the SOFP, and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to the SOCI on a straight-line basis over the lease term. These were £806 in 2023 (2022: £806)

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

1. Accounting Policies (continued)**(o) Pensions**

Horizon participated in the Pensions Trust Scottish Housing Association Pension Scheme (SHAPS) Defined Benefit pension scheme. Horizon closed its scheme, with members transferring to the SHAPS Defined Contribution Scheme in September 2013. Contributions to the defined contribution scheme are charged to the SOCI to spread the cost of pensions over the employee's working lives with Horizon.

Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. In respect of the defined benefit element of the scheme, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102, the Association's share of the scheme assets and liabilities has been separately identified and included in Horizon's SOFP and measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Horizon's share of the deficit is recognised in full, and the movement is split between operating costs, finance items and in the SOCI as actuarial gain or loss on pension schemes.

(p) Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowances for obsolete and slow-moving items.

(q) Value added tax

Horizon is part of the Link Group Limited VAT group and therefore registered for VAT. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

(r) Provisions

Horizon recognises provisions when: there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

1. Accounting Policies (continued)**(s) Corporation Tax**

Horizon Housing Association Limited is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2012 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(t) Judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Pension Scheme Liabilities

The SHAPS pension scheme provision is valued in these financial statements by an independent actuary. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation, and discount rates. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi-employer pension scheme.

Housing Properties

Horizon's property assets are judged by management to be social housing and are accounted for at cost less depreciation and impairments (see Note 5a).

Components and Depreciation

Estimation has been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component.

Receivables

Debtor recoverability is considered throughout the year and appropriate provisions set aside in the financial statements where required.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****2. Particulars of Turnover, Operating Costs and Operating Surplus**

	Turnover £000	Operating Costs £000	2023 Operating Surplus/ (Loss) £000	2022 Operating Surplus/ (Loss) £000
Affordable letting activities (note 3a)	5,154	(4,423)	731	897
Other activities (note 3b)	134	(82)	52	(44)
2023 Total	<u>5,288</u>	<u>(4,505)</u>	<u>783</u>	<u>853</u>
2022 Total	<u>5,024</u>	<u>(4,171)</u>	<u>853</u>	

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

3a.	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	Total 2023 £000	Total 2022 £000
Revenue from lettings					
Rent receivable including service charges	4,077	77	71	4,225	4,106
Service charges Receivable from Leases and Shared Owners	2	-	21	23	18
Gross income from rents and service charges	4,079	77	92	4,248	4,124
Less: Voids	(16)	-	-	(16)	(17)
Net income from rents and service charges	4,063	77	92	4,232	4,107
Revenue Grants					
Grants released from deferred income	729	25	12	766	766
Revenue grants from Scottish Ministers	129	-	-	129	119
Other operating income	5	6	16	27	9
Total turnover from affordable letting activities	4,926	108	120	5,154	5,001
Expenditure on affordable letting activities					
Management and maintenance administration costs	(1,350)	(92)	(85)	(1,527)	(1,549)
Service costs	(285)	(3)	(3)	(291)	(209)
Planned and cyclical maintenance including major repair costs	(505)	-	-	(505)	(366)
Reactive Maintenance costs	(672)	(14)	(1)	(687)	(560)
Bad Debts – rents and service charges	23	-	-	23	15
Depreciation of affordable let properties	(1,331)	(41)	(23)	(1,395)	(1,404)
Loss on disposal of components	(41)	-	-	(41)	(31)
Operating costs for affordable letting activities	(4,161)	(150)	(112)	(4,423)	(4,104)
2023 Operating surplus/(deficit) on affordable letting activities	765	(42)	8	731	897
2022 Operating surplus on affordable letting activities	917	(38)	18	897	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2022: £nil). The cost of property components capitalised in the year was £624k (2022: £604k).

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****3b.**

	Other revenue grants £000	Other income £000	Total Turnover £000	Operating costs – bad debts £000	Other operating costs £000	Operating surplus/ (deficit) 2023 £000	Operating surplus/ (deficit) 2022 £000
Other activities							
Factoring	-	17	17	-	(74)	(57)	(38)
Contracted out services for other organisations	-	-	-	-	-	-	-
Support activities	-	-	-	-	(8)	(8)	(6)
Other activities	-	117	117	-	-	117	-
2023 Total	-	134	134	-	(82)	52	(44)
2022 Total	6	17	23	-	(67)	(44)	

Horizon did not receive any income or incur any expenditure in respect of Care activities and did not receive any Grants from Scottish Ministers or income for care activities from statutory sources (2022: £nil).

The Other activities other income includes the bank loan breakage gain of £117k.

4. Interest and financing costs

	2023 £000	2022 £000
Loan interest payable	237	160
Bank charges	9	10
	<u>246</u>	<u>170</u>

The loans were repayable by instalments of principal and interest, with the interest at rates between 0.97% and 3.42% (2022: 0.97% and 3.42%). At the year end the new loan is an interest only loan at an interest rate of 3.85% fixed until Sept 2026.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****5. Non-Current Assets****5a. Housing Properties**

	Housing Properties held for Letting £000	Completed Shared Ownership Housing Property £000	Housing properties Total £000
Cost			
At 1 April 2022	66,112	1,582	67,694
Additions during year	690	-	690
Transfers	44	(44)	-
Disposals	(214)	-	(214)
At 31 March 2023	<u>66,632</u>	<u>1,538</u>	<u>68,170</u>
Depreciation			
At 1 April 2022	22,759	331	23,090
Provided during year	1,372	23	1,395
Transfers	13	(13)	-
Disposals during year	(173)	-	(173)
At 31 March 2023	<u>23,971</u>	<u>341</u>	<u>24,312</u>
Net book value			
At 31 March 2023	<u>42,661</u>	<u>1,197</u>	<u>43,858</u>
At 31 March 2022	<u>43,353</u>	<u>1,251</u>	<u>44,604</u>

Land values included in the cost above are £2,122k (2022: £2,118k) for Properties held for Letting and £312k (2022: £316k) for Shared Ownership properties.

Development administration costs capitalised amounted to £nil (2022: £nil) for which Housing Association Grants amounting to £nil (2022: £nil) were received in the year.

The Net Book Value of the 463 properties that were pledged as security to for loans per note 9 is £6,452k (2022: £6,470k).

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****5. Non-Current Assets (continued)****5a. Housing Properties (continued)**

Works expenditure on Housing Properties	2023 £000	2022 £000
Capitalised	624	604
Expensed	235	88
Total	859	692
Capitalised works are classified as follows;		
Replacements	624	604
Total	624	604

All land and buildings are wholly owned by Horizon Housing Association Limited.

5b. Other Tangible Assets

	Heritable office property £000	Furniture and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2022	723	121	179	1,023
Additions during year	-	9	-	9
Disposals	-	(28)	-	(28)
At 31 March 2023	723	102	179	1,004
Depreciation				
At 1 April 2022	262	99	91	452
Provided during year	21	9	22	52
Disposals during year	-	(27)	-	(27)
At 31 March 2023	283	81	113	477
Net book value				
At 31 March 2023	440	21	66	527
At 31 March 2022	460	23	88	571

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

6. Receivables	2023	2022
	£000	£000
Rent arrears	72	133
Less: Provision for bad debts	(42)	(64)
Net rent arrears	<u>30</u>	<u>69</u>
Prepayments and accrued income	16	62
Other receivables	9	5
Sundry receivables and prepayments	48	34
Amounts Due from group undertakings	17	-
	<u>120</u>	<u>170</u>
7. Payables: amounts falling due within one year	2023	2022
	£000	£000
Rents in advance	220	187
Trade payables	38	32
Pension contributions payable	14	27
Taxation and social security	-	34
Other payables	331	321
Accruals and deferred income	458	203
Amount due to group companies	273	496
Current instalments due on loans (note 9)	-	477
	<u>1,334</u>	<u>1,777</u>
8. Payables: amounts falling due after more than one year	2023	2022
	£000	£000
Intercompany loans	7,400	-
Housing loans (note 9)	50	8,537
	<u>7,450</u>	<u>8,537</u>

The current instalments due on the above loans are included in note 7 above.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

9. Loans	2023	2022
	£000	£000
a) <i>Loans other than instalment loans</i>		
Loans advanced by Private Lender	50	50
This loan is payable on demand and no interest is payable.		
b) <i>Loans repayable by instalments</i>		
Loans advanced by Private Lenders	-	8,964
c) <i>Intercompany loans</i>		
Advanced by Group undertakings	7,400	-
	<u>7,450</u>	<u>9,014</u>
Analysis of maturity of debt		
Accounts repayable:	2023	2022
	£000	£000
Due within one year	50	477
Due within 1-2 years	-	487
Due within 2-5 years	7,400	1,491
Due after 5 years	-	6,559
	<u>7,450</u>	<u>9,014</u>

In 2022 to the point of redemption in March 23 the Nationwide Building Society held a standard security on 463 of Horizon Housing Association's properties which is currently being discharged and transferred to Link Group. At the year end the new loan is an interest only loan at an interest rate of 3.85% fixed until Sept 2026.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

10. Deferred Income	2023	2022
	£000	£000
Social housing grants		
Opening balance	29,758	30,524
Additions in the year	-	-
Released / Repaid as a result of property disposal	-	-
Amortisation in the year	(765)	(766)
Closing balance	<u>28,993</u>	<u>29,758</u>

The social housing grants are only repayable when the properties are sold. There are no amounts due within 5 years.

11. Share capital	2023	2022
	£	£
Shares of £1 each issued and fully paid		
At 1 April	51	53
Issued during the year	1	2
Removed during the year	(2)	(4)
At 31 March	<u>50</u>	<u>51</u>

Each member of Horizon holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled, and the amount paid thereon becomes the property of Horizon. Each member has a right to vote at members' meetings.

12. Reserves**Revenue Reserve**

Includes all surplus and deficits, including those retained from previous periods. This reserve also includes any remeasurement of the defined benefit pension liability.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

13. Employees	2023 £000	2022 £000
Staff costs during year:		
Wages and salaries	1,185	1,095
Social security costs	128	110
Other pension costs	98	91
	<u>1,411</u>	<u>1,296</u>

Temporary, Agency and Seconded staff costs in the year were £13k (2022: £51k).

	2023 No.	2022 No.
Average Full Time Equivalent number of employees during the year was	<u>33</u>	<u>32</u>
Average total number of employees during the year was	<u>35</u>	<u>35</u>

The key management personnel are defined as the Chief Executive and any other person reporting directly to the Chief Executive plus senior managers. In 2022 and 2023 the Head of Housing reported to the Chief Executive and the other key management personnel reported to the Head of Housing. There were two (2022 - two) members of key management personnel whose total emoluments were £60,000 or more, excluding pension contributions, during the year.

Number of key management personnel during the year whose total emoluments (including pension contributions) were:

	2023	2022
£60,000 - £69,999	1	1
£80,000 - £89,999	-	1
£90,000 - £99,999	1	-
	<u>2</u>	<u>2</u>

Emoluments payable to the Chief Executive:

	£000	£000
Emoluments excluding pension contributions	92	87
Employer's pension contributions	4	3
	<u>96</u>	<u>90</u>

No member of the Board of Management received any emoluments in respect of their services to the Association. The total emoluments for key management personnel for the year was £294k (2022: £249k).

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****13. Employees (continued)**

The key management personnel are ordinary members of Horizon's pension scheme described below. No enhanced or special terms apply to their memberships, and they have no other pension arrangements to which Horizon contributes.

	2023 £000	2022 £000
Total expenses reimbursed insofar as not chargeable to UK Income Tax		
Full time Directors	<u>-</u>	<u>-</u>
Board of Management	<u>1</u>	<u>1</u>

14. Pensions**14a. Defined Contribution Scheme**

Horizon Housing Association Limited offers all staff membership to the SHAPS Defined Contribution scheme, with employer contribution rates of 6%, 9% or 12% of pensionable salaries for employees who joined the scheme before 1 December 2013, and of 5%, 6%, 8% or 9% of pensionable salaries for employees who joined the scheme after 1 December 2013.

As at 31 March 2023, there were 32 active members (2022: 34) of the Defined Contribution Scheme employed by Horizon Housing Association Limited. The employers' contribution in 2023 amounted to £92k (2022: £84k).

14b. Defined Benefit Scheme

Horizon Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****14b. Defined Benefit Scheme (continued)**

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022.

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

The Scheme is accounted for as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

The Scheme is a funded defined benefit arrangement. All monetary figures are shown in £'000s sterling.

No assets included in the fair value of plan assets are the entity's own financial instruments or are properties occupied or used by the entity.

Key Assumptions	2023	2022
Discount Rate	4.9%	2.75%
Salary Increases	2%	4.75% in first year 2% thereafter
Inflation (RPI)	3.4%	3.85%
Inflation (CPI)	2.9%	3.25%
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****14b. Defined Benefit Scheme (continued)****Mortality Assumptions**

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life Expectancy at the age of 65 (Years)		
Male retiring in 2023	20.5		
Female retiring in 2023	23.0		
Male retiring in 2043	21.7		
Female retiring in 2043	24.4		
Amounts Recognised in Statement of Financial Position		2023 £'000	2022 £'000
Fair value of scheme assets		4,345	6,569
Present value of benefit obligation		(4,550)	(6,631)
Net pension liability		<u>(205)</u>	<u>(62)</u>
Amounts Recognised in Statement of Comprehensive Income		2023 £'000	2022 £'000
Administration costs		6	6
Net interest on net defined benefit obligation		-	14
Total pension cost recognised in Statement of Comprehensive Income		<u>6</u>	<u>20</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****14b. Defined Benefit Scheme (continued)****Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation**

	2023	2022
	£'000	£'000
Opening Defined Benefit Obligation	6,631	7,076
Expenses	6	6
Interest Expense	180	144
Actuarial losses / (gains) due to scheme experience	(86)	110
Actuarial losses / (gains) due to changes in demographic assumptions	(109)	22
Actuarial losses / (gains) due to changes in financial assumptions	(1,893)	(580)
Benefits Paid and Expenses	(179)	(147)
Closing Defined Benefit Obligation	<u>4,550</u>	<u>6,631</u>

	2023	2022
	£'000	£'000
Changes in Fair Value of Scheme Assets		
Opening Fair Value of Scheme Assets	6,569	6,323
Actual Return on Scheme Assets less Interest Income	(2,340)	76
Interest income	180	130
Employer Contributions	115	187
Benefits Paid and Expenses	(179)	(147)
Closing Fair Value of Scheme Assets	<u>4,345</u>	<u>6,569</u>

The actual return on plan assets (including any changes in share of assets) over the period from 1 April 2022 to 31 March 2023 was £2.16m.

	2023	2022
	£'000	£'000
Amounts Recognised in Other Comprehensive Income		
Actual return on plan assets less interest income on plan assets	(2,340)	76
Actuarial gains / (losses)	86	(110)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	109	(22)
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	<u>1,893</u>	<u>580</u>
Remeasurement gains / (losses) recognised in other comprehensive income	<u>(252)</u>	<u>524</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****14b. Defined Benefit Scheme (continued)**

The major categories of Scheme assets as a total of plan assets are as follows

	2023	2022
	£'000	£'000
Global Equity	115	1,299
Absolute Return	59	301
Distressed Opportunity	134	235
Credit Relative Value	166	211
Alternative Risk Premia	25	271
Emerging Market Debt	34	245
Risk Sharing	317	214
Insurance-Linked Securities	121	138
Property	181	170
Infrastructure	468	410
Private Debt	194	165
Opportunistic Illiquid Credit	192	218
High Yield	22	64
Opportunistic Credit	-	23
Cash	18	18
Corporate Bond Fund	6	415
Liquid Credit	-	42
Long Lease Property	146	189
Secured Income	290	351
Over 15 Year Gilts	-	3
Liability Driven Investment	1,839	1,590
Currency Hedging	8	(24)
Net Current Assets	10	21
Total Assets	<u>4,345</u>	<u>6,569</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)**

15. Auditor's Remuneration	2023	2022
	£000	£000
Audit of these financial statements	<u>14</u>	<u>11</u>
16. Reconciliation of operating surplus to net cash inflow from operating activities	2023	2022
	£000	£000
Surplus for the year	290	1,224
Actuarial loss/(gain) in respect of pension	252	(524)
Depreciation of housing properties	1,395	1,404
Depreciation of other fixed assets	52	60
Decrease in pension liability	(109)	(167)
Gain on disposal of other fixed assets	-	(31)
Loss on disposal of housing properties	42	31
Amortisation of grant	(766)	(766)
Interest received	(6)	-
Interest payable	246	170
(Increase)/Decrease in stock	(2)	-
Decrease in receivables	55	16
Increase in payables	29	343
Net cash inflow from operating activities	<u>1,478</u>	<u>1,760</u>
17. Reconciliation of net cash flow to movement in debt	2023	2022
	£000	£000
(Decrease) / Increase in cash in year	(1,025)	461
Loan received	(7,400)	-
Loan repaid	<u>8,964</u>	<u>435</u>
Change in net debt	539	896
Net debt at 1 April	<u>(6,898)</u>	<u>(7,794)</u>
Net debt at 31 March	<u>(6,359)</u>	<u>(6,898)</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****18. Analysis of changes in financing during the year**

	As at 1 April 2022 £000	Cashflows £000	As at 31 March 2023 £000
Cash at bank and in hand	2,116	(1,025)	1,091
Debt due within one year	(477)	477	-
Debt due more than one year	(8,537)	1,087	(7,450)
	<u>(6,898)</u>	<u>539</u>	<u>(6,359)</u>

19. Housing units

	2023	2022
General needs *	798	797
Shared ownership	28	29
Shared bedspaces	44	44
Total	<u>870</u>	<u>870</u>

* Included in general needs are two units which are currently in use as leased offices, four units leased of non-self-contained accommodation, two units leased to Woman's Aid and three units leased to local authority Councils as temporary accommodation.

In addition, Horizon manages 12 units on behalf of Link Housing Association (2022: 13), for which Link Housing Association pays a management fee.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(continued)****20. Operating Leases as a Lessor**

Of the 11 leased properties (2022: 13) (note 19), Horizon received £78k in the year to 31 March 2023 (2022: £70k).

Future minimum rentals receivable under these leases are as follows:

	2023	2022
	£000	£000
Receivable within one year	37	38
Receivable within 1-2 years	-	-
Receivable within 2-5 years	-	-
Receivable after 5 years	-	-
	<u>37</u>	<u>38</u>

All leases are on a rolling renewal basis of either 6 month or annual periods. There are no options for purchase in the terms.

The terms of the leases are to maintain the property and gardens, not to assign or sub-let, no structural changes and major / emergency structural repairs are to be notified to Horizon.

21. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2022: £nil)

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

22. Related Party Transactions

Members of the Board of Management are related parties of Horizon as defined by Financial Reporting Standard 102.

The related party relationships of the members of the Board of Management are summarised as set out below.

Board members cannot use their position to their advantage and any transactions between Horizon and any entity with which a governing body member has a connection is made at arm's length and is under normal commercial terms.

One Board member is a tenant of the association (2022: one tenant) and has a tenancy that is on Horizon's normal tenancy terms, and they cannot use their position to their advantage.

Transactions with Board members (and their close family) were as follows:

Rent received from the tenants on the Board was £5k (2022: £5k).

At the year-end there were no rent arrears (2022: nil) owed by the tenant members of the Board.

As a wholly owned subsidiary of Link Group Limited Horizon is exempt from the requirements of FRS 102 to disclose details of transactions with other members of the group headed by Link Group Limited.

23. Contingent Liabilities

Horizon has been notified by the Trustee of the SHAPS Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing, and Horizon understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2023 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

24. Ultimate Parent Organisation

The company's parent undertaking at the SOFP date was Link Group Limited, a Cooperative and Community Benefit Society registered with the Financial Conduct Authority, registration no 1481R(S). Link Group Limited exercises dominant control through its ability to control the majority of the membership of the Board.

The company's results are consolidated as part of the ultimate parent company's accounts. Link Group Limited's accounts can be obtained from the below address.