



HORIZON HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
For The Year Ended 31 March 2022

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 2022**

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Registration Particulars:

Financial Conduct Authority	Registered Number 1827R (S)
Scottish Housing Regulator	Registered Number HEP 128
Scottish Charity Number	SC011534

Registered Office:

Leving House
Fairbairn Place
Livingston
EH54 6TN

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
Ms S Fitton (Resigned Oct 2021)
Ms B Graham
Ms J Hamilton
Mr R B Hartness
Mr W Taylor
Ms F R Wood
Dr R Docking
Ms J Petty
Ms G Colley (Appointed Oct 2021)
Mr I Harrington (Appointed Feb 2022)

Key Management Personnel

Ms L Cameron – Chief Executive & Secretary
Ms C Johnston – Housing and Communities Manager
Ms F HOFFIE – Corporate Services Manager
Ms S Brady-Wardrope – Asset Manager

Principal Banker

Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

Funder

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

External Auditor

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

Internal Auditor

Azets
Exchange Place
3 Semple Street
EH3 8BL

Solicitor

T C Young
7 West George Street
Glasgow
G2 1BA

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022

The Board presents its report for the year ended 31 March 2022.

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 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.

With aspirations for:

- Inclusive, accessible homes and communities.
- Warmer, affordable, efficient homes, promoting a zero-carbon agenda and sustainable tenancies, properties, 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.
- People with disabilities and older people can live independently in homes adapted to enable this where necessary.
- People with disabilities have more choice and control about where and how they live.
- People with disabilities and older people 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 decarbonisation strategy.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

OPERATING AND FINANCIAL REVIEW

An operating and financial review is presented, as a strategic report is not required for an association of Horizon's size.

Financial Performance

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) for Social Housing Providers. Horizon Housing Association Limited ("Horizon") achieved a total comprehensive income for the year to 31st March 2022 of £1.2m (2021: £180k).

Turnover has remained similar to last year at £5m (2021: £5m) and Operating Costs have increased from last year at £4.2m (2021: £3.9m). These are in part due to Covid-19 restrictions easing and gaining access to properties to carry out reactive repairs and planned maintenance. The income from Social Letting Activities increased by 3% and this principally reflects rent increases applied in April 2021. Turnover from Other Activities decreased by 78% in total. This decrease reflects a change to the classification of activities to core operations.

Horizon's Total Comprehensive Income for the year increased by £1.04m in comparison to 2021, mainly due to the remeasurement of pension liabilities. The value of the pension scheme liability was substantially decreased at 31 March 2022 by £524k overall, full details are in Note 14b, with the largest movements being the present value of the defined benefit obligation decreasing by £445k and an increase of £246k in scheme assets.

Properties in Management

In total 883 properties were managed by Horizon at 31 March 2022, (2020/21: 880). Horizon owns and manages 788 self-contained properties for social rent. Another 11 non-self-contained properties owned by Horizon are used as shared accommodation (44 bedspaces) for people with disabilities and particular support needs, with support being provided by other agencies.

In addition, seven of Horizon properties are leased out as self-contained units - four to local authorities for temporary homeless accommodation, one to the local authority for temporary accommodation for Refugees and two to Women's Aid.

Horizon part owns and manages 20 shared ownership properties and 9 Access Ownership properties and in addition manage 13 which are owned by the Link Group.

We provide a factoring service to 55 properties within Horizon's housing estates – 35 of these are outright owners and 20 are the shared ownership properties mentioned above.

In addition to these, 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, and Sense delivers the support.

Finally, 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 2022, Horizon had no properties under construction, (2020/21: nil).

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Operating Performance

1. Housing Services

Many Horizon tenants are people with disabilities or 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. They also recognise the particularly adverse impact of social security changes and service cuts on disabled people at this time of a global pandemic, along with the individual pressures and difficulties many tenants face. The priorities for housing management continue to be maximising income, supporting tenants to pay their rent, manage their finances and contain and reduce rent arrears. Horizon has continued to invest in welfare rights support. Horizon has its own in-house Tenancy Sustainment Team and work in partnership with Link's specialised Welfare Rights Team.

Horizon's gross rent arrears reduced from 3.3% in 2020/21 to 2.67% in 2021/22. Performance in minimising arrears was excellent throughout the year as the housing team used additional funding, such as the Tenant Grant Fund (set up to help reduce arrears accrued due to the pandemic) and worked hard to support tenants who were in arrears to maintain affordable arrangements. As a result, current tenant arrears at 31 March 2022 decreased to £117k (2021: £120k), as did the former tenant arrears to £12k (2021: £19k).

During the year Horizon continued to raise awareness of its in-house tenancy sustainment service. The number of tenants supported increased to 247 (2021: 206) (which is over a quarter of our tenants) and the financial gain for tenants rose to £574k (2021: £348k). Support ranged from help with claims and appeals for Universal Credit, which resulted in a financial gain of £361k, and disability-related benefits with gains of £104k. The team also offered support to tenants to access the Scottish Welfare Fund or charitable funds totalling £212k, energy advice and digital support. 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, and 69% took up this offer and accessed the service.

Horizon re-let 36 properties in 2021/22, the same as last year, equating to a turnover of 5.06%.

On average, the time to re-let void properties was 16 days, reduced from 22 days in 2020/21. This was an improvement on last year but is still just above Horizon's target due to the ongoing impact of the pandemic on contractor performance, staff absence, and shortages of materials due to Brexit. Rent loss due to voids decreased from 0.27% to 0.19%.

Horizon's new allocations system "Find a Home", introduced in June 2021, is easier to use and more accessible for older applicants and those with disabilities.

2. Asset Management

A comprehensive Asset Performance Review was completed in June 2017 underpinning Horizon's Asset Management Strategy. The planned refresh of the financial indicators in the asset performance review was delayed due to Covid-19 restrictions and is planned for the coming financial year 2022/23. The outcome of the review will influence Horizon's future asset improvement plans. There is a continuous rolling programme of surveys to make sure we have up to date information on stock condition, of which 50% has been surveyed in the last 5 years. This informs the future planned maintenance investment.

Horizon invested £604k (2021: £498k) in upgrading and improving 169 (2021: 141) tenants' homes with new kitchens, bathrooms, windows and boilers in the financial year. We also continued to invest in the Electrical Installation Condition Reports (EICR) to the properties and the programme to upgrade the smoke detection systems to be compliant with the new tolerable standard as amended by the Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criterion) Order 2019.

Horizon therefore has 96.4% (2021: 74%) of stock with a current EICR and 100% (2021: 94%) of our stock with interlinked smoke and heat detectors. Horizon's tenant satisfaction with repairs service improved significantly in the 2021 Tenant Satisfaction survey, with 93% of our tenants stating that they are fairly satisfied or very satisfied with Horizon services.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Horizon completed 47 Stage 3 adaptations and alterations to assist with independent living for Horizon tenants during the year with £119k 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 improved over the year to just over 46 days, (2021: 58) despite remaining restrictions due to Covid-19. The total cost of adaptations excluding those completed under the planned maintenance programme was £125k (2021: £158k).

Our Estates Caretaking team continued throughout the Covid-19 restrictions to make sure the environment around Horizon's developments and communal areas were safe, maintained to a high standard and that any issues were quickly identified and addressed. Annual estate inspections were attended by tenants and staff and used to identify necessary improvements or renewals, many of these had been postponed in 2020/21 however they had a high turnout at the "Tea in the Car Park" events in the late summer and autumn of 2021. Three sites were completed under the external contract for landscaping improvements as part of the work across the Horizon estate. The team continue to provide tenants with disabilities or older tenants a free of charge 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.

3. Tenant Involvement

The aftermath of the Covid-19 pandemic is still impacting some tenant engagement activities with face-to-face meetings have not yet resumed for all activities. Despite this, a core group of members of the Residents Improvement Group (RIG) have continued to meet via Zoom, supported by the Tenant Information Service (TIS). The RIG are continuing to work on a number of reviews including Value for Money and Customer Standards. These will be reported on later in the year 2022/23. Last year we were unable to carry out our neighbourhood events such as 'Tea in the Car Park' and so this year, we widened the programme to most of our estates and carried out these visits over late summer. The events were a great success with 30 events carried out and 140 tenants and 5 owners attending. Satisfaction levels with the quality of the estates was high with 77% of respondents rating the estate service as good or excellent.

There are three places on Horizon's Board of Management ("Board") which are reserved for tenant members, one of those posts is filled and two are vacant at this time.

4. Future Developments

Horizon's Board priorities for 2021/22, linked to the six strategic objectives set out earlier in this report are all intended to contribute towards the organisation's desired outcomes.

At Horizon's Board strategy day in November 2021 the Board agreed a number of initiatives with Link Group designed to increase awareness and the supply of accessible, inclusive housing. These will be developed over the next 2-3 years, including an accessible housing demonstrator site and options for expanding a national accessible housing register.

Horizon continues to contribute to the Renfrewshire Housing Providers' Forum and the West Lothian Alliance to support the delivery of affordable and accessible housing across those areas. Horizon is also leading national work on the social value of adaptations and on the implementation of accessible social housing allocations through its accessible housing network.

The four Registered Social Landlord (RSL) partners in Link Housing are finalising a housing strategy based around key themes of tenant/customer first/ engagement; sustainability; value for money and accountability/culture to be delivered during 2022/23.

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.

However, as the impact of the Covid-19 pandemic continues, work is ongoing to monitor the situation in terms of cash flow. This includes stress-testing and scenario planning to assess future affordability and to identify mitigating actions.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Like all social housing providers, Horizon is experiencing the impact of the current economic situation, as well as social security changes, including the application of Universal Credit. However, Horizon includes the impact of adverse scenarios arising from these changes in its sensitivity analysis as a part of its long-term financial projections. The full impact of the economic situation and Universal Credit continue to be the highest risks facing Horizon in the immediate future.

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. The annual appraisal of Board members took place in September 2021. Horizon have purchased some equipment to help members attend meetings in-person or online.

Two new Board members joined the Board in the year 2021/22.

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 subsidiaries rests with the Link Group Board, while an Independence and Responsibilities Agreement sets out conditions for the autonomous operation of the Association within the Group.

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 2022, £5.44m (60%) (2021: £5.75m (61%)) of borrowings with external funders were subject to fixed interest rates.

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 groups’ operations and activities. The Internal Auditor reports to the Audit Committee.

HORIZON HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)****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 KPI' 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 Core Services	Target 2021/22	Actual 2021/22	Link Group Target 2021/22	Scottish RSL average 2020/21
Gross rent arrears (all current and former tenants) as a percentage of rent due [Charter indicator 27]	<4.0%	2.7%	5.6%	5.8%
Average time to re-let (days) [Charter indicator 30]	15	16	25	56.3
Average length of time to complete emergency repairs (hours) [Charter indicator 8]	≤ 4 hours	3.1 hrs	4 hours	3.3 hours
Average number of days to carry out non-emergency repairs [Charter indicator 9]	≤ 5	11.2	6	6.3
% Reactive repairs completed right first time [Charter indicator 10]	≥ 95%	67.9%	95%	90.5%
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 11]	0	0	0	7,108
% 1 st stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPSO) Model Complaint Handling Procedure (CHP) timescales [Charter indicator 3]	≥ 95%	93%	95%	98.6%
% 2 nd stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPSO) Model Complaint Handling Procedure (CHP) timescales [Charter indicator 4]	≥ 95%	100%	95%	94.2%
% stock meeting the Scottish Housing Quality Standard (SHQS) [Charter Indicator 6]	100%	95.9%	99.6%	88.6%
% properties meeting EESH [Charter Indicator 10]	99%	100%	95%	92%
Homelessness - of properties available (and where there was a demand from homeless people) to let what % went to homeless applicants	> 55%	93%	> 70%	N/A

HORIZON HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

Risk Management

The Board and Audit Committee receive regular updates on Horizon's risk profile and Covid-19 risk profile and has consolidated the risks into 19 areas. They have conducted a revised risk mapping exercise (analysis of risks facing Horizon). This has identified and prioritised the medium and high-level risks which require regular monitoring by the Board. 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 which it regards as acceptable.
- Probability of the risks concerned materialising.
- Horizon's ability to reduce the incidents and impact on the business of risks that do materialise; and the costs of operating controls relative to the benefit obtained.
- Responsibility of management to implement the Management Committee'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.
- Implementation of the control system into Horizon's operations ensuring integration into the culture of Horizon.
- Development of systems to respond quickly to evolving risks arising from factors within Horizon and to changes in the external environment.
- Implementation of procedures for reporting failings immediately to appropriate levels of management and the Management Committee together with details of corrective action being undertaken.

Horizon has identified the following key risks.

- Horizon Loss of income – internal, due to tenants' ability to pay rent due to changes in cost of living or benefits received. The risk is mitigated by annual rent consultations and Horizon providing advice, support and assistance to tenants to access entitled benefits and sustainment funds.
- Increased Costs – as a result of contractor / supplier cost increases. The risk is mitigated by continuous monitoring of contractors and using procurement partnerships with Link Group and others as well as looking for efficiencies in 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.
- 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.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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 are capitalised and therefore are 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 Involvement and Health & Safety

Horizon encourages employee involvement in all major initiatives. A Board and Employee Negotiating Committee for Horizon (BENCH) meets as required to discuss staff issues, negotiate annual salary cost of living increases and review human resources policies. A Health and Safety Staff Group meets every 6 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 2021. Actions and recommendations are reported to the Audit Committee and Board.

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 2021/22 was 2.5% following a majority vote of Horizon tenants (with a 43% response rate – significantly higher than previous years).

Employees with Disabilities

Employment applications from people with disabilities are given full and fair consideration in accordance with their aptitudes and abilities in accordance with legislative requirements. In the event of employees becoming employs with a disability, every effort is made to make reasonable adjustments in order that their employment with Horizon may continue. It is the policy of Horizon that training, career development and promotion opportunities should be available to all employees. Horizon employs 35 staff (32 FTE) (2021:32 staff (31 FTE)) of which 2 (2021: 2) consider themselves to be employees with a disability.

Home Ownership

Horizon has not sold (2021: nil) or purchased (2021: nil) any shared ownership properties on the open market in the year. Horizon continues to extend choice of home ownership to people with disabilities through the Access Ownership scheme in partnership with Link Group Limited, funds were made available in 2021/22 to invest in tailored shared ownership solutions for people with disabilities and their families. There were two acquisitions (2021: nil) under the programme in the year 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.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Sustainability

Link Group Board approved the Group Sustainability Strategy on 15th March 2021. Horizon is committed to the delivery of a truly sustainable future and the strategy connects to our three organisational objectives:

- Laying sustainability at the foundation of a viable and thriving business through the robust Corporate Wellbeing Strategy;
- Developing innovative Communities Strategy which promotes and supports sustainable and resilient communities;
- Delivering the critical and urgent role of an environmentally sustainable business as we move towards our Net Zero goals.

Future Plans – Key Priorities

1. Provide **quality homes & services** at the **right price** for tenants.
 - Develop a value for money strategy with housing services.
 - Continue to implement our Resident Engagement Strategy, promoting digital and on-line services and support.
2. Help deliver more **accessible homes** across Scotland.
 - Build on the outcomes of the Accessible Housing Summit.
 - 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.
 - Continue to implement the intra-group arrangements and revised joint business planning process.
 - Implement key elements of the housing strategy.
4. Develop and support **initiatives which keep older and disabled people in the community**.
 - Work with Health & Social Care partnerships and 3rd sector to support people in their own homes.
 - Implement our social inclusion/digital inclusion project to support a range of tenants and customers.
5. Deliver **social impact and value for money**.
 - Continue to work with Link to support and deliver the ICT change projects.
 - Continue to deliver key projects to improve front line services and back-office support.
6. Work to **address climate change**.
 - Develop a strategy addressing decarbonization agenda, promoting positive change within our properties and tenancies, ways of working and office accommodation.
 - Implement board, staff and tenant learning program.

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.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

BY ORDER OF THE BOARD OF MANAGEMENT

[Redacted signature]

499BE3C785014FC...

[Redacted name]
Chairperson

Date: 17th August 2022

HORIZON HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2022

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 2022. 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

[Redacted Signature]

499BE3C785014FC...

Chairperson

Date: 17th August 2022

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 2022 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 2022 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 Committee'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 Committee with respect of going concern are described in the relevant sections of this report.

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.

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

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's responsibilities statement set out on page 15, 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.

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. 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 as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed 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.

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.

DocuSigned by:

A67AUSP1ZFB746U...

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL
Date 26/8/2022 | 10:13 BST

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 14 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 14 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.

DocuSigned by:

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

Date 26/8/2022 | 10:13 BST

HORIZON HOUSING ASSOCIATION LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £000	2021 £000
Turnover	2	5,024	5,003
Operating expenditure	2	<u>(4,171)</u>	<u>(3,925)</u>
Operating surplus		853	1,078
Gain on disposal of non-housing assets		31	9
Interest receivable		-	1
Interest and financing costs	4	(170)	(174)
Other finance charges		(14)	(2)
		<u>700</u>	<u>912</u>
Surplus on ordinary activities before taxation		700	912
Taxation		<u>-</u>	<u>-</u>
Surplus for the year		700	912
Remeasurement of the defined benefit pension liability		524	(732)
Total comprehensive income for the year		<u><u>1,224</u></u>	<u><u>180</u></u>

All results relate wholly to continuing activities.

HORIZON HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2022**

	Share Capital £000	Revenue Reserve £000	2022 Total £000	2021 Total £000
Balance as at 1 April	<u>-</u>	<u>6,105</u>	<u>6,105</u>	<u>5,925</u>
Issue of shares	-	-	-	-
Cancellation of shares	-	-	-	-
Surplus from Statement of Comprehensive Income	-	700	700	912
Remeasurement of the defined benefit pension liability	-	524	524	(732)
Balance as at 31 March	<u>-</u>	<u>7,329</u>	<u>7,329</u>	<u>6,105</u>

The notes on pages 24 to 43 form part of these financial statements.

HORIZON HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022	2021
		£000	£000
Non-Current Assets			
Tangible fixed assets			
Housing properties	5a	44,604	45,435
Other fixed assets	5b	<u>571</u>	<u>510</u>
		45,175	45,945
Current Assets			
Stock		2	2
Trade and other receivables	6	170	186
Cash and cash equivalents		<u>2,116</u>	<u>1,654</u>
		2,288	1,842
Payables: amounts falling due within one year	7	<u>(1,777)</u>	<u>(1,413)</u>
Net current assets		<u>511</u>	<u>429</u>
Total assets less current liabilities		45,686	46,374
Payables: amounts falling due after more than one year	8	(8,537)	(8,993)
Deferred income	10	(29,758)	(30,524)
Pension liability	14b	(62)	(752)
Net assets		<u><u>7,329</u></u>	<u><u>6,105</u></u>
Capital and reserves			
Share capital	11	-	-
Revenue reserve including pension reserve	12	7,329	6,105
		<u><u>7,329</u></u>	<u><u>6,105</u></u>

Approved and authorised for issue by the Board of Management on 17th August 2022 and signed on its behalf by:

██████████, Chairperson

██████████, Vice Chairperson

██████████ Secretary

The notes on pages 24 to 43 form an integral part of these financial statements.

HORIZON HOUSING ASSOCIATION LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022	2021
		£000	£000
Net cash inflow from operating activities	16	1,760	1,246
Investing activities			
Acquisition and construction of properties		(603)	(483)
Purchase of other fixed assets		(121)	(14)
Proceeds of other fixed assets		31	9
Grants repaid		-	-
Interest received on cash and cash equivalents		-	1
Net cash outflow from investing activities		(693)	(487)
Financing activities			
Interest paid on loans	4	(170)	(165)
Issue of shares		-	-
Loan principal repayments		(435)	(467)
Net cash outflow from financing activities		(605)	(632)
Increase in cash		462	127
Opening cash and cash equivalents		1,654	1,527
Closing cash and cash equivalents		<u>2,116</u>	<u>1,654</u>

The notes on pages 24 to 43 form an integral part of these financial statements.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

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 2 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 2022/23 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.

(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.

(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.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

1. Accounting Policies (continued)**(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.

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.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****1. Accounting Policies (continued)****(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.

(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

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 SOCI.

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.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****1. Accounting Policies (continued)****(i) Tangible Fixed Assets and Depreciation (continued)**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 rate calculated to write off the cost of the motor vehicles evenly 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.

(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 2022 (2021: £806)

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (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.

(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 actually 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.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

1. Accounting Policies (continued)

(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 2022 (continued)****2. Particulars of Turnover, Operating Costs and Operating Surplus**

	Turnover £000	Operating Costs £000	2022 Operating Surplus/ (Loss) £000	2021 Operating Surplus/ (Loss) £000
Affordable letting activities (note 3a)	5,001	(4,104)	897	1,047
Other activities (note 3b)	23	(67)	(44)	31
2022 Total	<u>5,024</u>	<u>(4,171)</u>	<u>853</u>	<u>1,078</u>
2021 Total	<u>5,003</u>	<u>(3,925)</u>	<u>1,078</u>	

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3a. Particulars of Turnover, Operating Costs and Operating Surplus from Affordable Letting Activities

	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	Total 2022 £000	Total 2021 £000
Revenue from lettings					
Rent receivable including service charges	3,963	60	83	4,106	3,986
Service charges Receivable from Leases and Shared Owners	<u>2</u>	<u>-</u>	<u>16</u>	<u>18</u>	<u>3</u>
Gross income from rents and service charges	3,965	60	99	4,124	4,017
Less: Voids	<u>(17)</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>(19)</u>
Net income from rents and service charges	3,948	60	99	4,107	3,998
Revenue Grants					
Grants released from deferred income	729	25	12	766	766
Revenue grants from Scottish Ministers	119	-	-	119	167
Other operating income	<u>3</u>	<u>-</u>	<u>6</u>	<u>9</u>	
Total turnover from affordable letting activities	<u>4,799</u>	<u>85</u>	<u>117</u>	<u>5,001</u>	<u>4,93</u>
Expenditure on affordable letting activities					
Management and maintenance administration costs	(1,411)	(70)	(68)	(1,549)	(1,293)
Service costs	(196)	(4)	(9)	(209)	(233)
Planned and cyclical maintenance including major repair costs	(363)	(3)	-	(366)	(494)
Reactive Maintenance costs	(554)	(6)	-	(560)	(372)
Bad Debts – rents and service charges	13	1	1	15	(31)
Depreciation of affordable let properties	(1,340)	(41)	(23)	(1,404)	(1,409)
Loss on disposal of components	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>(31)</u>	<u>(52)</u>
Operating costs for affordable letting activities	<u>(3,882)</u>	<u>(123)</u>	<u>(99)</u>	<u>(4,104)</u>	<u>(3,884)</u>
2022 Operating surplus/(deficit) on affordable letting activities	<u>917</u>	<u>(38)</u>	<u>18</u>	<u>897</u>	<u>1,04</u>
2021 Operating surplus on affordable letting activities	<u>960</u>	<u>31</u>	<u>56</u>	<u>1,047</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2021: £nil). The cost of property components capitalised in the year was £604k (2021: £498k).

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****3b. Particulars Of Turnover, Operating Costs and Operating Surplus/(Deficit) from Other Activities**

	Other revenue grants £000	Other income £000	Total Turnover £000	Operating costs – bad debts £000	Other operating costs £000	Operating surplus/ (deficit) 2022 £000	Operating surplus/ (deficit) 2021 £000
Other activities							
Factoring	-	17	17	-	(55)	(38)	-
Contracted out services for other organisations	-	-	-	-	-	-	28
Support activities	6	-	6	-	(12)	(6)	-
Other activities	-	-	-	-	-	-	-
2022 Total	<u>6</u>	<u>17</u>	<u>23</u>	<u>-</u>	<u>(67)</u>	<u>(44)</u>	<u>3</u>
2021 Total	<u>-</u>	<u>72</u>	<u>72</u>	<u>-</u>	<u>41</u>	<u>31</u>	

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 (2021: £nil).

4. Interest and financing costs

	2022 £000	2021 £000
Loan interest payable	160	165
Bank charges	10	-
	<u>170</u>	<u>16</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (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 2021	65,742	1,582	67,324
Additions during year	604	-	604
Disposals	(234)	-	(234)
At 31 March 2022	<u>66,112</u>	<u>1,582</u>	<u>67,694</u>
Depreciation			
At 1 April 2021	21,581	308	21,889
Provided during year	1,381	23	1,404
Disposals during year	(203)	-	(203)
At 31 March 2022	<u>22,759</u>	<u>331</u>	<u>23,090</u>
Net book value			
At 31 March 2022	<u>43,353</u>	<u>1,251</u>	<u>44,604</u>
At 31 March 2021	<u>44,160</u>	<u>1,275</u>	<u>45,435</u>

Land values included in the cost above are £2,118k (2021: £2,118k) for Properties held for Letting and £316k (2021: £316k) for Shared Ownership properties.

Development administration costs capitalised amounted to £nil (2021: £nil) for which Housing Association Grants amounting to £nil (2021: £nil) were received in the year.

Additions to housing properties in the course of construction include no interest payable on loans advanced for those properties (2021: £nil).

The Net Book Value of the 463 properties pledged as security for loans per note 9 is £6,470k.

Works expenditure on Housing Properties	2022 £000	2021 £000
Capitalised	604	498
Expensed	88	1
Total	<u>692</u>	<u>51</u>
Capitalised works are classified as follows;		
Replacements	604	49
Total	<u>604</u>	<u>49</u>

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

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****5. Non-Current Assets (continued)****5b. Other Tangible Assets**

	Heritable office property £000	Furniture and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2021	723	117	157	997
Additions during year	-	4	117	121
Disposals	-	-	(95)	(95)
At 31 March 2022	<u>723</u>	<u>121</u>	<u>179</u>	<u>1,023</u>
Depreciation				
At 1 April 2021	241	89	157	487
Provided during year	21	10	29	60
Disposals during year	-	-	(95)	(95)
At 31 March 2022	<u>262</u>	<u>99</u>	<u>91</u>	<u>452</u>
Net book value				
At 31 March 2022	<u>460</u>	<u>23</u>	<u>88</u>	<u>571</u>
At 31 March 2021	<u>481</u>	<u>29</u>	<u>-</u>	<u>510</u>

6. Receivables

	2022 £000	2021 £000
Rent arrears	133	145
Less: Provision for bad debts	(64)	(83)
Net rent arrears	<u>69</u>	<u>62</u>
Prepayments and accrued income	62	43
Other receivables	5	-
Sundry receivables and prepayments	34	81
	<u>170</u>	<u>186</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

7. Payables: amounts falling due within one year	2022	2021
	£000	£000
Rents in advance	187	181
Trade payables	32	34
Pension contributions payable	27	27
Taxation and social security	34	27
Other payables	321	291
Accruals and deferred income	203	218
Amount due to group companies	496	180
Current instalments due on loans (note 9)	477	455
	<u>1,777</u>	<u>1,413</u>
8. Payables: amounts falling due after more than one year	2022	2021
	£000	£000
Housing loans (note 9)	<u>8,537</u>	<u>8,993</u>
The current instalments due on the above loans are included in note 7 above.		
9. Loans	2022	2021
	£000	£000
i) Loans other than instalment loans		
Loans advanced by Private Lender	50	50
This loan is payable on demand and no interest is payable.		
ii) Loans repayable by instalments		
Loans advanced by Private Lenders	8,964	9,398
The Nationwide Building Society holds a standard security on 463 of Horizon Housing Association's properties. The loans are repayable by instalments of principal and interest, which fall to be repaid within 30 years. The loans bear interest at rates between 0.97% and 3.42% (2021: 0.97% and 3.42%)		
	<u>9,014</u>	<u>9,448</u>
Analysis of maturity of debt	2022	2021
Accounts repayable:	£000	£000
Due within one year	477	455
Due within 1-2 years	487	464
Due within 2-5 years	1,491	1,435
Due after 5 years	6,559	7,094
	<u>9,014</u>	<u>9,448</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

10. Deferred Income	2022	2021
	£000	£000
Social housing grants		
Opening balance	30,524	31,290
Additions in the year	-	-
Released / Repaid as a result of property disposal	-	-
Amortisation in the year	(766)	(766)
Closing balance	<u>29,758</u>	<u>30,524</u>

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

11. Share capital	2022	2021
	£	£
Shares of £1 each issued and fully paid		
At 1 April	53	50
Issued during the year	2	3
Removed during the year	(4)	-
At 31 March	<u>51</u>	<u>53</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 2022 (continued)**

13. Employees	2022	2021
	£000	£000
Staff costs during year:		
Wages and salaries	1,095	1,043
Social security costs	110	107
Other pension costs	91	93
	<u>1,296</u>	<u>1,243</u>

Temporary, Agency and Seconded staff costs in the year were £51k (2021: £5k).

	2022	2021
	No.	No.
Average Full Time Equivalent number of employees during the year was	<u>32</u>	<u>31</u>
Average total number of employees during the year was	<u>35</u>	<u>32</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 2021 and 2022 the Head of Housing reported to the Chief Executive and the other key management personnel reported to the Head of Housing. There were two (2021 - one) 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:

	2022	2021
£60,000 - £69,999	1	-
£80,000 - £89,999	<u>1</u>	<u>1</u>
	<u>2</u>	<u>1</u>

Emoluments payable to the Chief Executive:

	£000	£000
Emoluments excluding pension contributions	87	81
Employer's pension contributions	3	3
	<u>90</u>	<u>84</u>

No member of the Board of Management received any emoluments in respect of their services to the Association.

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

	2022	2021
	£000	£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>-</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

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 the balance sheet date, there were 34 active members (2021: 31) of the Defined Contribution Scheme employed by Horizon Housing Association Limited. The employers' contribution in 2022 amounted to £84k (2021: £93k).

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.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

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.

An actuarial valuation of the scheme was carried out as at 30 September 2021 to inform the liability for 31 March 2022.

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.

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****14b. Defined Benefit Scheme (continued)**

Key Assumptions	2022	2021
Discount Rate	2.75%	2.05%
Salary Increases	4.75% in first year 2% thereafter	2.00%
Inflation (RPI)	3.85%	3.50%
Inflation (CPI)	3.25%	2.80%
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance

Mortality Assumptions

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

Life Expectancy at the age of 65 (Years)

Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

Amounts Recognised in Statement of Financial Position	2022	2021
	£'000	£'000
Fair value of scheme assets	6,569	6,323
Present value of benefit obligation	(6,631)	(7,076)
Net pension liability	<u>(62)</u>	<u>(753)</u>

Amounts Recognised in Statement of Comprehensive Income	2022	2021
	£'000	£'000
Current service costs	-	-
Administration costs	6	6
Net interest on net defined benefit obligation	14	2
Total pension cost recognised in Statement of Comprehensive Income	<u>20</u>	<u>8</u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	2022	2021
	£'000	£'000
Opening Defined Benefit Obligation	7,076	6,020
Expenses	6	6
Interest Expense	144	142
Actuarial losses / (gains) due to scheme experience	110	(121)
Actuarial losses / (gains) due to changes in demographic assumptions	22	-
Actuarial losses / (gains) due to changes in financial assumptions	(580)	1,221
Benefits Paid and Expenses	(147)	(192)
Closing Defined Benefit Obligation	<u>6,631</u>	<u>7,076</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)****14b. Defined Benefit Scheme (continued)**

	2022	2021
	£'000	£'000
Changes in Fair Value of Scheme Assets		
Opening Fair Value of Scheme Assets	6,323	5,825
Actual Return on Scheme Assets less Interest Income	76	368
Interest income	130	140
Employer Contributions	187	182
Benefits Paid and Expenses	(147)	(192)
Administration costs	-	-
Closing Fair Value of Scheme Assets	<u>6,569</u>	<u>6,32</u>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £206k.

	2022	2021
	£'000	£'000
Amounts Recognised in Other Comprehensive Income		
Actual return on plan assets less interest income on plan assets	76	368
Actuarial gains / (losses)	(110)	121
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(22)	-
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	<u>580</u>	<u>(1,221)</u>
Remeasurement gains / (losses) recognised in other comprehensive income	<u>524</u>	<u>(732)</u>

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

	2022	2021
	£'000	£'000
Global Equity	1,299	978
Absolute Return	301	312
Distressed Opportunity	235	216
Credit Relative Value	211	182
Alternative Risk Premia	271	254
Fund of Hedge Funds	-	-
Emerging Market Debt	245	255
Risk Sharing	214	226
Insurance-Linked Securities	138	132
Property	170	113
Infrastructure	410	353
Private Debt	165	149
Opportunistic Illiquid Credit	218	162
High Yield	64	166
Opportunistic Credit	23	173
Cash	18	2
Corporate Bond Fund	415	477
Liquid Credit	42	109
Long Lease Property	189	147
Secured Income	351	347
Over 15 Year Gilts	3	3
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,590	1,520
Currency Hedging	(24)	-
Net Current Assets	<u>21</u>	<u>4</u>
Total Assets	<u>6,569</u>	<u>6,32</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

15. Auditor's Remuneration		2022	2021
		£000	£000
Audit of these financial statements		<u>11</u>	<u>1</u>
		=	=
16. Reconciliation of operating surplus to net cash inflow from operating activities		2022	2021
		£000	£000
Surplus for the year		1,224	180
Actuarial loss/(gain) in respect of pension		(524)	732
Depreciation of housing properties		1,404	1,409
Depreciation of other fixed assets		60	47
Decrease in pension liability		(167)	(174)
Gain on disposal of other fixed assets		(31)	(9)
Loss on disposal of housing properties		31	52
Amortisation of grant		(766)	(766)
Interest received		-	(1)
Interest payable		170	165
(Increase)/Decrease in stock		-	3
(Increase)/Decrease in receivables		16	(54)
(Decrease)/Increase in payables		343	(338)
Net cash inflow from operating activities		<u>1 760</u>	<u>1 246</u>
17. Reconciliation of net cash flow to movement in debt		2022	2021
		£000	£000
Increase/(Decrease) in cash in year		461	127
Loan repaid		<u>435</u>	<u>46</u>
		-	-
Change in net debt		896	593
Net debt at 1 April		<u>(7,794)</u>	<u>(8,387)</u>
		-	-
Net debt at 31 March		<u>(6,898)</u>	<u>(7,794)</u>
		-	-
18. Analysis of changes in financing during the year			
	As at		As at
	1 April		31 March
	2021	Cashflows	2022
	£000	£000	£000
Cash at bank and in hand	1,654	462	2,116
Debt due within one year	(455)	(22)	(477)
Debt due more than one year	(8,993)	456	(8,537)
	<u>(7,794)</u>	<u>896</u>	<u>(6,898)</u>

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

19. Housing units	2022	2021
General needs *	797	797
Shared ownership	29	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 offices, four units leased of non-self-contained accommodation, two units leased to Woman's Aid and five units leased to local authority Councils as temporary accommodation.

In addition, Horizon manages 13 units on behalf of Link Housing Association (2021: 11), for which Link Housing Association pays a management fee.

20. Operating Leases as a Lessor

Of the 13 leased properties (2021: 6) (note 19), Horizon received £70k in the year to 31 March 2022 (2021: £28,373).

Future minimum rentals receivable under these leases are as follows:

	2022	2021
	£000	£000
Receivable within one year	38	14
Receivable within 1-2 years	-	-
Receivable within 2-5 years	-	-
Receivable after 5 years	-	-
	<u>38</u>	<u>14</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 (2021: £nil)

HORIZON HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (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 (2021: 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 (2021: £5k).

At the year-end there were no rent arrears (2021: 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 2022 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

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.

Registered Office	Web Site	E-Mail
2C New Mart Road Edinburgh EH14 1RL	www.linkhousing.org.uk	linkhousing@linkhousing.org.uk