HORNIMAN HOUSING ASSOCIATION LTD

Report and Financial Statements

31 March 2022

Regulator of Social Housing registration number: LH3903

HORNIMAN HOUSING ASSOCIATION LTD

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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HORNIMAN HOUSING ASSOCIATION LTD

Report of the Governing Board

Financial Review
The Governing Board has pleasure in presenting its report and financial statements for the year ended 31 March 2022. During the year the Association's turnover increased from £97,997 to £112,373. At the same time operating surplus increased from £19,156 to £147,483.
Overall, the Association recorded a surplus of £146,465 (2021: £48,373). The increase is mainly due to profit generated in year from staircasing sales (2021: £0). There were no outright sales in the year (2021: £0).

Total gift aid of £16,524 was paid in the year to the parent company Hexagon Housing Association. This related to the 20/21 surplus.

Group structure and activities
Horniman Housing Association Ltd is a wholly owned subsidiary of Hexagon Housing Association Ltd. The activities of Horniman Housing Association Ltd are the management of 16 shared ownership dwellings together with 23 units on which it retains the freehold in the London Borough of Southwark. Having completed and sold 7 units for outright sale at one scheme, the Association has now entered into contract to build a further 21 units for outright sale at two schemes.

Corporate Governance
The Board has in place a Code of Governance, which embodies the key principles and practices that have been adopted to ensure that the Association is effectively governed. The code conforms to best practice displayed in other organisations and the recommendations set out in the National Housing Federation's published model.

The Association is accountable to a number of different organisations and individuals for the services it provides and the way in which it uses public resources. The Board's aim is to achieve the highest standards of governance, accountability and probity.

Role of the Governing Board
The essential functions of the Board include the following:

- to define and ensure compliance with the values and objectives of the Association;
- to consider and approve policies and plans to achieve those objectives;
- to consider and approve each year's budget and accounts prior to publication;
- to establish and oversee a framework of delegation and systems of control;
- to agree policies and make decisions on all matters that might create significant financial or other risk to the Association, or which raise material issues of principle;
- to monitor the Association's performance in relation to these plans, budgets, controls and decisions;
- to satisfy itself that the Association's affairs are conducted lawfully and in accordance with generally accepted standards of performance and propriety and the requirements of relevant regulatory bodies.

Structure and membership of the Board
The Association's Board has an upper limit of 12 members and a minimum of 5. It meets at least 3 times a year.

The Board of Management during the year were:

Paul Williams
Christopher Lloyd
Tom McCormack
Simon Fanshawe
Izzet Dizdar

With the exception of the Company Secretary, each Director holds a £1 share in the Association. The Company Secretary is employed by Hexagon Housing Association Ltd.

From October 2011 payment for non-executive directors was introduced by Hexagon Housing Association. Three of the non-executive directors of Horniman Housing Association are also non- executive directors of Hexagon. Total payment (by Hexagon) to these Horniman non-executive directors in 2021/22 was £24,555 (2021: £24,555). One of the non-executive directors serves Horniman board only and was paid £2,900 (2021: £4,919).

The Governing Board's Statutory Financial Responsibility

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

HORNIMAN HOUSING ASSOCIATION LTD

Value for Money
Due to the size of Horniman, it is not meaningful to benchmark the performance of the Association. Value for money is considered at Group level, and can be found in Hexagon Housing Association's accounts.

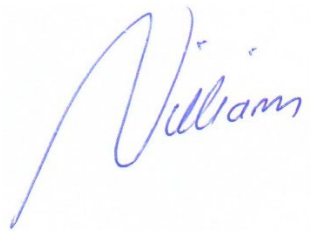
Compliance with the Governance and Viability Standard
In January 2021, following a stability check, the Social Housing Regulator awarded Hexagon Group (which includes Horniman) a G1 rating for Governance and a V2 rating for Financial Viability. This followed on from a stability check carried out in November 20. The re-grading from V1 to V2 remains, which is a compliant grading but indicates that Hexagon needs to manage material risks to ensure continued compliance and this relates to emerging risks relating to fire safety expenditure, sales risks, major repairs spend, and continued compliance with gearing covenants with lenders. The Board has an active and ongoing risk management framework in place to ensure all risks are assessed and that remedial action is taken place to manage them.

Notwithstanding this Regulatory judgement, Hexagon's Board also carried out its own self-assessment of compliance with the Governance and Viability Standard. This was completed and reported to the Board in July 2021. As a result of that self- assessment, the Board has agreed that Hexagon continues to meet both the Governance and Viability Standard in overall terms.

Auditor
All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditor for the purpose of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

KPMG LLP were appointed as auditor for the year end 31st March 2022 and have expressed their willingness to continue. Hexagon undertakes regular competitive tender exercises to ensure achievement of value for money. A competitive tender exercise will therefore be carried out in 2023 for the external audit services.

By order of the Governing Board.



Paul Williams
27th September 2022

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

Opinion

We have audited the financial statements of Horniman Housing Association Limited ("the association") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the association as at 31 March 2022 and of its income and expenditure for the year then ended;

- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and

- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Board, the Audit and Risk Committee and internal audit as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board and Audit and Risk Committee minutes.

- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular:

- the risk that income from property sales and non-social housing income is recorded in the wrong period; and

- the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts involving a fraud risk, unusual combinations of journal posting to cash and borrowings, journal entries made to unrelated accounts and post close journals.

- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in the value of properties developed for sale held in current assets.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Association's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), and taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the regulated nature of the Association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The association's Board is responsible for the other information, which comprises the Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 3, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association, for our audit work, for this report, or for the opinions we have formed.

Ben Lazarus
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28 September 2022

HORNIMAN HOUSING ASSOCIATION LTD

Statement of Comprehensive Income for the year ended 31 March 2022

	Notes	**2022**	2021
		£	£
Turnover	3	**112,373**	97,997
Operating costs	3	**(88,022)**	(78,841)
Cost of sale	3	**-**	-
Surplus on disposal of fixed assets	21	**123,132**	-
Operating surplus		**147,483**	19,156
Interest receivable and similar income	5	**22**	95
Interest and financing costs	6	**(1,040)**	(1,243)
Surplus/(deficit) for the year before tax	8	**146,465**	18,008
Taxation	8	**-**	30,365
Surplus/(deficit) for the year after tax		**146,465**	48,373

All amounts above relate to continuing activities. There were no other comprehensive income movements in year, hence no Other Comprehensive Income line is shown above.

Statement of Changes in Reserves

	2022	2021
	£000	£000
	Income and expenditure reserve	Income and expenditure reserve
Balance at 1 April	**441,389**	484,061
Profit/Deficit from statement of comprehensive income	**146,465**	18,008
Gift aid payment	**(16,524)**	(91,045)
Current tax credit	**-**	30,365
Balance at 31 March	**571,330**	441,389

The Financial Statements were approved and authorised for issue by the Board on 27th September 2022 and were signed on its behalf by:

Paul Williams

Simon Fanshawe

Izzet Dizdar (Secretary)

HORNIMAN HOUSING ASSOCIATION LTD

Statement of financial position as at 31st March 2022

	Notes	**2022 £**	**2022 £**	2021 £	2021 £
Tangible fixed assets					
Cost	11		**882,391**		987,410
Depreciation	11		**(120,744)**		(120,296)
			761,646		867,114
Current assets					
Stock – properties developed for sale	12	**6,965,582**		4,965,975	
Debtors	13	**7,402**		38,650	
Cash at bank and in hand	14	**544,242**		354,574	
		7,517,226		5,359,199	
Creditors: amounts falling due within one year	15	**(194,048)**		(169,453)	
Net current assets			**7,323,178**		5,189,746
Total assets less current liabilities			**8,084,825**		6,056,860
Creditors: amounts falling due after one year	16		**(7,513,490)**		(5,615,465)
Net Assets			**571,335**		441,395
Creditors					
Capital & reserves					
Non-equity share capital	20		**5**		6
Revenue reserves			**571,330**		441,389
			571,335		441,395

The Financial Statements were approved and authorised for issue by the Board on 27th September 2022 and were signed on its behalf by:

Paul Williams

Simon Fanshawe

Izzet Dizdar (Secretary)

1. Principal accounting policies

The Association is incorporated within the UK under the Co-operative and Community Benefit Societies Act 2014. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Registered office

130-136 Sydenham Road
Sydenham
London, SE26 5JY

Basis of preparation

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which includes the Co-operative and Community Benefit Societies Act 2014, FRS102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, "Accounting by registered social housing providers" 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A.

This information is available in the consolidated financial statements of Hexagon Housing Association Limited as at 31 March 2022 and these financial statements may be obtained from 130-136 Sydenham Road, Sydenham, London, SE26 5JY.

Going concern

The Board, after reviewing the Association's budgets for 2021/22 and the medium term financial position as detailed in the 2-year cashflow forecast including changes arising from the Covid-19 pandemic and the was in Ukraine, is of the opinion that, taking account of severe but plausible downsides, the Association has adequate resources to continue in business for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

Turnover

Turnover represents service charges and rental income receivable from the unsold equity in shared ownership properties and service charges from outright sale properties. Proceeds from properties developed for outright sale are also shown as turnover as are first tranche proceeds on shared ownership sales and are recognised when the sale reaches legal completion.

Housing properties and depreciation

Tangible fixed assets, except freehold land, are stated at cost less accumulated depreciation. Depreciation on freehold properties and equipment is charged on a straight-line basis over the expected economic useful lives of the assets, with the cost of housing properties being split into components.

Depreciation on housing properties is on a straight line basis over 125 years.

Property assets are reviewed for impairment every year. Where there has been a major reduction in service potential of Horniman properties, an impairment provision is deducted from the cost of the properties and recognised in the income and expenditure account.

1. Principal accounting policies (continued)

Government and other capital grants

Grants received for the construction of housing properties is accounted for using the accrual method set out in FRS102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the Statement of Comprehensive Income on a systematic basis over the useful economic life of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected.

Where a property funded by Social Housing Grant (SHG) is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. SHG and other grants due from government organisations or received in advance are included as current assets or liabilities.

Capitalisation of interest

Interest on loans financing specific developments is capitalised up to the date of practical completion, but only when development activity is in progress. Interest is credited where grant exceeds cost during this period.

Stock

Stock represents work in progress cost of properties developed for outright sale. Stock is stated at the lower of cost and net realisable value. Cost comprises land, materials, direct staff and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Loans

The loans from the parent company that are held by the association are classified as basic financial instrument in accordance with FRS102. These instruments are initially recorded at the transaction price less any transactions costs (historical cost). FRS102 requires that basic financial instruments are subsequently measured at amortised cost. However, the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost.

Loan finance costs

Loan finance costs are written off evenly over the life of the related loan. Loans are stated in the Balance Sheet at the amount of net proceeds after issue, plus increases to account for any subsequent amounts written off.

Development administration

Direct labour costs and other incremental development overheads incurred directly in the development and improvement of housing properties are capitalised as part of the cost of those properties.

Debtors

Provision is made in full against former leaseholders' arrears.

Indirect costs

Indirect costs are allocated to activities on the basis of staff time spent on the activity.

Repairs and equipment replacement funds

The Association only provides for contractual liabilities that exist at the balance sheet date.

1. Principal accounting policies (continued)

Works to existing properties

The leaseholders are responsible for the cost of works to existing properties and amounts are charged to the leaseholders' repairs fund.

Service charges

Unused contributions to service charge sinking funds and over-recovery of costs which are repayable to leaseholders are included in liabilities. Where there has been an under-recovery of service costs from leaseholders and recovery is expected, the balance is included in debtors. Service charges to tenants are fixed annually. Any difference between fixed service charges and the related service costs are recognised in the Income and Expenditure Account.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired
and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Turnover

Income from sales of properties developed specifically for sale (including first tranche shared ownership and outright sales) are included in turnover.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management has considered the measurement basis to determine the recoverable amount of assets where they are indicators if impairment based on EUV-SH or depreciated replacement cost.

- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

- The appropriate allocation of costs for mixed tenure developments, and the allocation of costs relating to shared ownership between current and fixed assets.

- Whether loans are considered to be basic or non-basic.

- The exemptions to be taken on transitions to FRS102.

- The categorisation of housing properties as investment properties or property plant and equipment based on the use of the asset.

- Tangible fixed assets are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as whether an IT system is still being used are taken into account. For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- Rental and other trade receivables. The estimate for receivables relates to the recoverability of the balances outstanding at the yearend.

3 Turnover and operating surplus

	Turnover	Cost of Sale	Operating Cost	Surplus on disposal of fixed assets	2022 £ Operating Surplus	Turnover	2021 £ Operating Surplus
Directly managed social housing activities (see note 4)							
Low cost home ownership lettings	**112,373**	**-**	**(88,022)**	**-**	**24,351**	97,997	(78,841)
Other social housing activities							
Outright sales	**-**	**-**	**-**	**-**	**-**	-	-
Total	**112,373**	**-**	**(88,022)**	**-**	**24,351**	97,997	(78,841)

4 Income and expenditure from directly managed social housing lettings

	2022 £	2021 £
Income		
Rents	**49,264**	55,444
Service charges	**25,954**	35,680
Other income	**37,155**	6,873
Total income from directly managed lettings	**112,373**	97,997
Expenditure		
Management	**32,781**	32,420
Service charge costs	**30,483**	24,015
Routine maintenance	**4,959**	742
Planned maintenance	**-**	-
Depreciation	**3,705**	3,705
Legal/accounting fees plus other cost	**16,094**	17,959
Total expenditure on social housing lettings	**88,022**	78,841
Operating surplus on social housing lettings	**24,351**	19,156
Rent losses from voids/Write-offs	**3,876**	196

5	**Interest receivable**	**2022**	2021
		£	£
	Bank deposit interest receivable	**22**	95

6	**Interest payable and similar charges**	**2022**	2021
		£	£
	On loans repayable within 5 years:		
	Not by instalments	**-**	-
	On loans repayable wholly or partly in more than 5 years:		
	By instalments	**-**	-
	Other interest	**1,040**	1,243
		1,040	1,243

Capitalised interest in 2021/22 was £589,044 (2021: £385,104).

7	**Surplus for the year before tax**	**2022**	2021
		£	£
	Is stated after charging:		
	Depreciation	3,705	3,705
	Auditor's remuneration (including VAT):		
	- In their capacity as auditor	7,800	7,800
	- Other Services	4,770	4,683

8 UK Corporation Tax

	2022 £	2022 £	2021 £	2021 £
Current tax on profits of the year	-		30,595	
Adjustments in respect of previous/current periods	-		-	
Total current tax		-		30,595

	2022 £	2021 £
Profit on ordinary activities before tax	**146,465**	18,008
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (PY: 19%)	**27,828**	3,422
Effects of:		
Fixed asset differences	**(24,299)**	704
Expenses not deductible for tax purposes	**1,533**	
Chargeable gains / (losses)	**14,850**	-
Income not taxable for tax purposes	**(986)**	(986)
Adjustments to tax charge in respect of previous period		(30,595)
Gift aid payment	**(18,926)**	(3,140)
Current tax charge	**-**	(30,365)

9 Directors' emoluments

The key management personnel are considered to be the members of the Board, the Chief Executive and other Directors as set out on page 2. Three of the non-executive directors of Horniman Housing Association are also nonexecutive directors of Hexagon. Total payment (by Hexagon) to these Horniman non-executive directors in 2022 was £24,555 (2021: £24,555). One of the non-executive directors serves Horniman board only and was paid £2,900 (2021: £4,919). The remuneration of the Chief Executive is payable wholly by Hexagon Housing Association Ltd and is disclosed in the accounts of that Association.

10 Employee Information

The Association has no employees (2021: nil). All services were provided by employees of Hexagon Housing Association Ltd. Management fees are paid to Hexagon for these services.

11	Tangible fixed assets	2022	2021
		£	£
	Housing properties		
	Cost		
	At 1 April	**987,410**	987,410
	Disposals	**(105,019)**	-
	At 31 March	**882,391**	987,410
	Depreciation		
	At 1 April	**120,296**	116,591
	Charge for year	**3,705**	3,705
	Depreciation eliminated on disposals	**(3,257)**	-
	At 31 March	**120,744**	120,296
	Net book value	**761,647**	867,114

The net book value of housing properties comprises:

	2022	2021
	£	£
Freehold property	**761,647**	867,114

Housing properties held for letting consists of 23 (2021: 23) shared ownership/leasehold dwellings. The total cost of development was £2,110,827. The owners of 16 (2021: 16) of the properties have purchased the remaining equity and pay Horniman a service charge.

Total Social Housing Grant received or receivable to date is as follows:	2022	2021
	£	£
Capital grant for housing properties	**473,646**	539,051
Revenue element taken to comprehensive income	**-**	-
Recycled to Recycled Capital Grant Fund	**-**	-
Total	**473,646**	539,051

12 Properties developed for sale

	2022	2021
	£	£
Completed	**-**	-
Under construction	**6,965,582**	4,965,975
	6,965,582	4,965,975

13 Debtors

	2022	2021
	£	£
Deficits on service charges	**2,867**	8,900
Recoverable		
Sundry debtors	**2,666**	19,300
Rent debtors	**1,869**	10,450
Other debtors	**-**	-
	7,402	38,650

14 Cash at bank and in hand

	2022	2021
	£	£
Cash at bank		
: held in trust for leaseholders	**86,150**	123,145
: unencumbered	**458,092**	231,429
	544,242	354,574

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Hexagon Housing other loan – note 16	**12,254**	12,253
Deferred capital grant - note 17	**5,189**	5,189
Tax	**229**	229
Amount owed to parent company	**40,330**	131,686
Accruals and other creditors	**136,046**	20,096
Recycled Capital Grant Fund - note 18		-
	194,048	169,453

16 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Hexagon Housing Association loan – note 16	**6,904,874**	4,913,940
Deferred capital grant - note 17	**468,457**	533,862
Leaseholders' repairs fund – note 16	**45,045**	111,519
Recycled Capital Grant Fund - note 18	**95,114**	56,144
	7,513,490	5,615,465

16 Creditors: amounts falling due after more than one year (continued)

Housing loans

The maturity of sources of debt finance are as follows:

	2022	2021
	£	£
In one year or less – note 15	**12,254**	12,253
Due between one and two years	**6,904,874**	4,913,940
	6,917,128	4,926,193

Leaseholders' repairs fund		
Balance at 1 April	**111,519**	130,923
Contributions	**21,091**	20,698
Interest	**34**	35
Expenditure	**(87,599)**	(40,137)
Balance at 31 March	**45,045**	111,519

17 Deferred Capital Grants

	2022	2021
	£	£
1 April	**648,623**	648,623
Disposals	**(68,281)**	-
At 31 March	**580,342**	648,623

Grant Amortisation		
At 1 April	**109,572**	104,383
Amortisation for the year	**5,189**	5,189
Disposal	**(8,065)**	-
At 31 March	**106,696**	109,572
Net book value	**473,646**	539,051

18 Recycled Capital Grant Fund

Recycled Capital Grant Fund	2022 £	2021 £
At 1 April	**56,144**	55,866
Grant recycled on sale of housing property	**68,281**	-
Grant Transferred to Hexagon	**(29,590)**	-
Interest credited to the fund	**279**	278
At 31 March	**95,114**	56,144
Amount due within one year	**-**	-
Amount due after more than one year	**95,114**	56,144
	95,144	56,144

19 Financial Instruments

	2022 £	2021 £
Financial assets measured at historical cost		
Debtors receivable in one year	**7,402**	38,650
Cash and cash equivalents	**544,242**	354,574
Total financial assets	**551,644**	393,224
Financial liabilities measured at historical cost		
Loans payable in one year (from note 15)	**12,254**	12,253
Loans payable after one year (from note 16)	**6,904,874**	4,913,940
Other creditors	**181,794**	157,200
Total financial liabilities	**7,098,922**	5,083,393

20 Non-equity share capital

	2022 £	2021 £
Allotted, issued and fully paid at £1 each		
At start of the year	**5**	6
Issued during the year	**-**	-
Surrendered during the year	**-**	-
At end of year	**5**	6

Each share has a nominal value of £1 and carries no right to interest, dividend, bonus or distribution on winding up. When a shareholder ceases to be a member, their share is cancelled and the amount paid up becomes the property of the Association. Shareholders have the right to vote at general meetings of the Association, subject to the rules of the Association.

21 Surplus on disposal of fixed assets

	2022	2021
	£	£
Sale Proceeds	233,354	-
Cost of Sales	(105,413)	-
Depreciation eliminated	3,256	-
Grant Amortisation Eliminated	(8,065)	-
Surplus	123,132	-

22 Related Party Transactions

Horniman Housing Association Ltd is a member of a group. The parent is Hexagon Housing Association Ltd, a Co-operative and Community Benefit society and Registered Provider of Social Housing.

In Horniman Housing Association Ltd's financial statements is a loan of £6,873,811 (2021: £4,913,940) owed to Hexagon Housing Association Ltd. This was taken out in 2004 and increased in 2007, 2008, 2016 and 2019 in accordance with commercial lending terms.

Interest paid to Hexagon Housing Association Ltd in the year amounted to £859,761 (2021:415,052).

The management charges paid by Horniman Housing Association Ltd to Hexagon Housing Association Ltd were £32,781 (2021: £32,420).

Please see note 9 for key management personnel and their remuneration.

23 Units in Management

At 31 March 2022 Horniman Housing Association Ltd managed 16 units under Shared Ownership arrangements (2021: 17)

24 Lease commitments

The Association had minimum lease income under non-cancellable operating leases as set out below:

	2022		2021
	£		£
Not later than one year	52,665		56,272
Later than one year and not later than five years	210,659		225,086
Later than five years	5,215,426		5,599,770
Total	5,478,749		5,881,128

The minimum lease income includes shared ownership which have standard 125-year lease.

25 Capital Commitments

	2022	2021
	£	£
Commitments contracted for but not been provided for:		
Construction	**1,872,000**	3,233,000
	1,872,000	3,233,000
These commitments to be financed as follows:		
Anticipated proceeds from Outright sales	**1,872,000**	3,233,000
	1,872,000	3,233,000

26 Social Housing Grant

Accumulated Social Housing Grant has been taken to the income and expenditure account £29,570 (2021: £nil).