

Report and Financial Statements of Johnnie Johnson Housing Trust Ltd

For the year ended 31 March 2020

Johnnie Johnson Housing Trust Ltd

Registered Social Housing Provider – consolidated and entity

Co-operative and Community Benefit Society (FCA) number: 19198R

Homes England number: L1231



Johnnie Johnson Housing Trust Limited

Report and Financial Statements for the year ended 31 March 2020

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Johnnie Johnson Housing Trust Limited

Executives and advisors for the year ended 31 March 2020

Board of Management

Frances Street (Chair)
Tom Miskell OBE (Deputy Chair)
John Sandford (Chair Audit & Risk)
Andrew Bowden
Brian Benneyworth (Chair Nominations and Remuneration Committee)
Simon Brooksbank
Susan Lock
Steve Secker (Chair of Johnnie Johnson Developments Ltd)
Richard Shenton
Naseer Patel (Co-optee, Audit & Risk)

Executive Directors

Chief Executive	Yvonne Castle
Chief Operating Officer and Company Secretary	Geoff Clarke
Executive Director of Homes and Services (leaver 8/4/19)	Ian Thomson
Director; Homes and Services (appointed 1/6/19)	Kathryn Fox Rogers
Director; Finance, ICT and Transformation (appointed 1/6/19)	Debbie Noble
Director of Development and Growth (appointed 1/6/19)	Lisa Johnson
Director of Astraline and Innovation (appointed 1/6/19)	Joe McLoughlin

Registered Office

Astra House
Spinners Lane
Poynton
Cheshire
SK12 1GA

Secretary

Geoff Clarke
Astra House
Spinners Lane
Poynton
Cheshire
SK12 1GA

Auditor

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Solicitor

Trowers & Hamblins LLP
55 Princess Street
Manchester
M2 4EW

Banker

National Westminster Bank Plc
Royal Bank of Scotland
Bankside 3
90 – 100 Southwark Street
London SE1 0SW

Johnnie Johnson Housing Trust Limited

Chair's statement for the year ended 31 March 2020

This was a significant year for us as our organisation celebrated its 50th year. We had a superb celebration with a large number of our residents at the Yorkshire Air Museum where we were able to present to them our achievements from over the years and, more importantly, ask them what they want from us in the future. We were delighted with the feedback from the event and we thank those residents who attended for sparing their time to join us there.

We have continued with success to deliver the milestones in our current Corporate Priorities. At our January Board Strategy session we considered how we will deliver our future services within our 2025 Vision. We are an ambitious Board, and want to continue to move forward and grow, and are aware of all the challenges that are facing us.

We are currently in unprecedented times, though, and we are fully aware of the extreme consequences that the Coronavirus pandemic will have on our residents, our staff and our suppliers. We know that we will have to work hard to address these consequences as best we can and ensure that our residents can sustain their tenancies into the future. We are a great team and am confident we will find a way through these difficulties. The Team have and continue to work hard to ensure our residents are safe by increasing the number of check in calls to them and continuing with our health and safety commitments. Our staff are all now working at home and we continue to ensure we consider their safety and wellbeing.

Our Corporate Strategy is categorised under our four main aspirations to deliver Outstanding Homes, Outstanding Services, Outstanding Value and Outstanding People.

Outstanding Homes

We have done a great deal of work on our 'Studio Project', which aims to ensure our bedsit properties have long term demand. We started with a live pilot at Wellington House in Stretford where we modernised a vacant studio to a high standard. We gathered feedback from a customer open day at the scheme, in August 2019. This influenced our improvements at Wellington House and other Independent Living schemes.

Fire Safety and Compliance have been a real focus for us again this year and we have given Health & Safety a high profile through our 'Keeping Our People Safe' initiatives as a key aspect of our Corporate Strategy. We have a detailed work programme for all our properties to ensure they comply with the very latest standards and with recommendations from the Hackitt Review (following the Grenfell fire).

We refreshed our stock condition data following a survey by an external company. The surveyors noted that there is clear evidence there has been significant investment in the stock over recent years and our rolling programme of surveys will ensure it is kept up to date. The new stock condition data is integrated into our core housing system to enable the resetting of Asset Investment Plans and Priorities from 2020/21 onwards. We are prioritising compliance work over the next 3 years.

We also started our new repairs contract with Fortem in June 2019. We are pleased with how this is progressing and are managing our new contract arrangements through customer satisfaction measures in partnership with Voicescape. We believe we are now providing a robust and responsive service to our residents.

We have been pleased to see the opportunities that have come to us for new developments and look forward to seeing the schemes that we already have started on site and that we have in the 'pipeline' to be completed in the near future. We have 3 schemes under construction currently including 6 homes at Whinney Hill, Harthill, 16 flats for 'active elderly' on Albert Road, Hyde, Tameside and 5 in Goodwood Lodge, Manchester.

The Spey House 'flagship scheme' is now almost complete but the last final elements of work have unfortunately been halted due to the Covid Lockdown measures. We held our Board meeting there in December and saw for ourselves the improvements already completed. It was great to meet the residents and we are grateful to them for allowing us the use of their space. We look forward to showing our stakeholders round the scheme in the not too distant future.

Johnnie Johnson Housing Trust Limited

Chair's statement for the year ended 31 March 2020 - continued

Outstanding Services

At the July 2019 Resident Conference we launched our 'JJH Commitments' which were developed alongside our Scrutiny Panel and set out our new scheme service standards. They gained positive feedback from everybody. We believe that they represent an important step on our way to becoming a provider of outstanding services to our residents.

We believe the 'Voice of the Customer' is vital to shaping our service offer and last year increased our resident involvement through the introduction of resident focus groups. These are in addition to the great work our Scrutiny Panel do by holding us to account and were delighted to welcome two new members to the panel during the year. We also retained the Customer Service Excellence accreditation at the compliance plus level, which is the highest level of recognition. We always look forward to welcoming residents to our Regional Forums and have gained considerable customer insight from the lively discussions that take place there.

We also closely monitor the results of our 'Outstanding' Survey which provides real time information to help us develop our plans to drive business improvement. We use the intelligence from these monthly calls to our residents to shape our services and have made important changes to our offer. The questions in the survey ask residents if they believe we are:-

- Getting things right first time
- Keeping our residents' safe
- Engaging well with residents
- Delivering Value for Money and
- Offering high quality services.

The above form part of a suite of metrics we use to evaluate whether or not we are delivering Value for Money as well as an Outstanding service.

We know people face very difficult financial situations and, to provide as much support as possible to our residents, we launched our Money Matters website during the year. This is dedicated to residents who need information on ways to pay rent, Universal Credit and other welfare benefits, budgeting advice and general money matters. In today's climate this service is now more important than ever.

Our Astraline technology enabled care business has been busy in the year too. Collaboration with North West Ambulance enabled data sharing and triage of non-urgent cases by the Astraline Team supporting the national effort. They have been selected as a digital partner by Chiptech (an international company) and have been instrumental in creating a 'living lab', co-designed with residents and MHabitat (a company that is part of NHS) at our Spey House scheme. As well as all of this, following the acquisition of some customers from Peaks and Plains, Astraline has been certified in mobile response and equipment installation by the Telecare regulator.

In January 2020 we worked with partner organisations Anchor Hanover, Karbon Homes and the National Housing Federation, to set up a company called Invisible Creations. We are a shareholder of the company, which will provide a modern and sensitive approach to adaptations to help residents live longer (and live better) in their homes. Invisible Creations aims to promote and encourage the view that adaptations signify increased movement and freedom. The initial product range, that includes examples such as an external hand rail that has dual-function as a planter or number display, has been developed to support people at their very early stages of needing support around the home. We look forward to seeing how the company develops its range and how they are able to prolong mobility, and assist in falls prevention for our residents.

Outstanding Value

This has been the last of four consecutive years of the government imposed rent cuts. Despite that the financial performance for the year has been strong delivering a surplus of £1.787 million and builds on the strong results of previous years.

Johnnie Johnson Housing Trust Limited

Chair's statement for the year ended 31 March 2020 - continued

Our aspiration to maximise the return from our assets has, again been an important priority for us during the year. We have developed our approach to delivering outstanding Value for Money by the use of Lean Systems and proactive Business Partnering to ensure budgets are managed tightly. The Board have recognised the financial pressures facing us over the next few years and have developed a Business Plan to reflect that. There will be regular and extensive stress testing of that Plan to ensure that all the current and emerging risks are quantified and factored into our strategy for the future.

We have further developed our Risk Management systems during the year, and have refined our Risk appetite statements for our four Corporate Priorities. These are at the forefront of our minds when developing our plans to deliver the strategy to ensure we never breach them. Our overall Risk Appetite states that 'In pursuit of our strategic objectives as a Registered Provider of accommodation for older people, we will not knowingly take risk positions that will threaten our brand or our G1/V1 rating or breach any consumer or other legal requirements that apply to us as landlords'. We believe that referring back to this position provides us with a clear reference for us to move forwards with.

We have now engaged Altair to provide support for a mock In Depth Assessment. This exercise is designed to give us assurance that our recently refreshed Governance Framework is in line with best practice and will ensure that we maintain our top regulatory rating. We have also refined our succession plans for the Board and Committee members to ensure that we are able to move seamlessly to the next phase with confidence.

The implementation of our ICT plan to enable Agile Working was fast tracked by a huge amount in response to the lockdown. The ICT Team's incredible efforts facilitated the move of all staff to home-working. We will use the lessons learned from this process to inform our future moves in digitisation, particularly in relation to providing our residents more on-line choice.

Outstanding People

During our staff One Team Talk conference in December 2019 we launched our new and simplified 'This is How We Do It' code of conduct and have worked hard on embedding our values across the organisation. Our other policies are being linked to this work to ensure consistency, including recruitment and selection processes. These now include innovative and effective ways to attract and secure talent with new role profiles created to replace the traditional job descriptions and person specifications.

We also carried out further Pulse Surveys to gauge how staff are feeling and have been encouraged by the results. Where we have identified areas for improvement these have been developed into an overall action plan which includes having groups with colleagues from across the organisation to deal with specific issues such as Psychological Safety, Culture, Engagement and Empowerment. There has also been staff engagement in a review of staff benefits. This has included focus groups which, initially, included colleagues out in the regions. A session with younger colleagues was also held to get their views on benefits and what they would like from a new dynamic working environment. As a result of Covid-19 we are looking at how we work. We have a "MyFuture" Group set up so our colleagues can shape this.

We have continued with our programme to develop talent and with a Leaders' Programme that has included training for coaching skills and investigation skills training. Succession planning to develop talent also commenced during the year. This will be a 12 month programme which will support colleagues to develop a 'rounded' business knowledge. There has also been formal coaching for Leaders that was identified following an exercise to provide 360 feedback. An Operational Leaders Group has been created which will develop and share skills and knowledge across the senior leader group and have the decision making authority to push on with operational activity.

Our Apprenticeship Programme is progressing well. Our Digital Marketing apprentice and our People and Organisational Development apprentice are both doing very well. We are working in partnership with Macclesfield College and this relationship has proved to be very positive. All leaders have agreed that where future vacancies occur, we will consider the suitability of an apprenticeship for the role.

Johnnie Johnson Housing Trust Limited
Chair's statement for the year ended 31 March 2020 - continued

We have been pleased with the progress of the development of our colleagues and the way they have engaged with the training programmes. As Chair of this outstanding organisation, I recognise that our colleagues are our most important resource. I know that the whole Board are sure, if we continue to pull together as One Team through these difficult and unprecedented times, that JJH will definitely have a bright future.



Chair

Date: 10th July 2020

Johnnie Johnson Housing Trust Limited

Report of the Board of Management for the year ended 31 March 2020

Principal Activities and Review

On its 50th Anniversary year, the Board presents its report and the audited financial statements for the year ended 31 March 2020 for Johnnie Johnson Housing Trust Limited and the consolidated accounts of the Group.

Johnnie Johnson Housing Trust Limited (JJH) is a not for profit organisation which operates throughout northern England with a head office in Poynton, Cheshire, and with staff based in Rotherham and the North East and continues to operate as a provider of good quality social housing. In addition, JJH continues to promote its Astraline call centre business, strengthening its management team, to ensure it aligns with JJH's Corporate Strategy.

JJH is an exempt charity registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society. It is also a Registered Provider with the Regulator for Social Housing (RSH). It has a subsidiary organisation: Johnnie Johnson Developments Limited. JJH is also a shareholder of Procurement for All, which is an asset management procurement consortium.

VISION AND VALUES

Our vision is simple, it is focussed on 'Living Longer Living Better'. We want to help our residents to age well, live independently and maintain their quality of life for as long as possible. We are a strong business. A resilient business, dedicated to delivering outstanding services and becoming the sector leaders, true 'Market Makers' in the delivery of independent living for older people.

Values

Our values are:-



One Team

We 'make it happen' by staying connected and working collaboratively



Pioneering

We learn, share and improve, we are creative and innovative and are always Bold, Brave and courageous

Outstanding

We focus on our customers, balancing a social heart with a business head and are always accountable



Empowering

We are decisive, we take the lead and inspire others



Our values help us 'set out our stall' for what we want JJH and Astraline to be known for and how we work together to help our residents and customers. Our values help us decide on the right course of action, regardless of the challenges we face, and they establish a basis for consistent decision-making by everyone. Our values and their related behaviours are not just words. They are an explicit part of the way we manage our business. They are part of our decision-making process from Board level down.

Johnnie Johnson Housing Trust Limited

Report of the Board of Management for the year ended 31 March 2020 – continued

Objectives

In 2020 we focused on delivering **4 strategic objectives**:

1. Outstanding Services
2. Outstanding Homes
3. Outstanding Value
4. Outstanding People

Highlights



Operating social housing margin 19%



Achieved 98% OCCUPANCY



Voids turnaround at 40 DAYS



Governance RATING G1/V1



7,127 residents



37 new homes delivered



£4.1m invested in new homes in 2020



Achieved ARREARS 1.13%



27 HOMES in construction on site



Average rent for Independent Living properties £72 per week



Average rent for General Needs of £91 per week



£25m loans available for future drawdown



82% of our residents are satisfied with our service



79% achieving 'right first time'



Gearing 44%



Increased homes in management to 4,956



88% repairs appointments kept



Interest cover 130% (EBITDA MRI)

Johnnie Johnson Housing Trust Limited
Report of the Board of Management for the year ended 31 March 2020 – continued

Qualifying third party indemnity provisions

The company has no qualifying third party indemnity provisions in place for the directors of Johnnie Johnson Housing.

Statement of Internal Control

The Board is the ultimate governing body and is responsible for ensuring that an adequate system of internal control is in place and for reviewing its effectiveness. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives will be met. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of JJH's assets and interests. The Board recognise that no system of internal control can provide absolute assurance or eliminate all risk.

A wide range of internal control mechanisms are in place and being operated to help the organisation meet its strategic targets, to operate within the law, to make effective use of public money and to report activities accurately. These bring together information from all significant parts of the organisation's business and provide assurance to Board that an effective system of internal controls is in place. The most significant sources are through:

- Our approach to combined assurance
- An independent internal audit function
- The Audit & Risk Committee, with appropriate terms of reference
- The independent external audit function
- Financial and non-financial performance monitoring and management
- Appropriate communications structures
- Effective strategies, policies and procedures, and
- External stakeholders, including the Regulator of Social Housing (RSH) and accreditation bodies

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2019 up to the date of approval of the Board report and financial statements.

To assess the effectiveness of the control systems the board considers the major risks facing JJH and the appropriate procedures to manage them.

The key specific forms of assurance are:

- A Risk Management Framework supported by a comprehensive methodology that identifies risks and provides a structured approach to managing and monitoring risks at all levels of the business
- A Top Ten Risk report detailing short/medium and long term actions submitted to every Board; and the full Risk Matrix, including Internal Controls and mitigating actions is submitted to every Executive and Audit & Risk Committee meeting
- An annual planning process within which the Board and Executive Team review their general risk appetite towards key business activities, approve the Strategy and business plan objectives supported by long-term financial projections. A risk update report is reviewed quarterly by the risk review group consisting of Executive and operational leaders together with submission to every Board and Audit & Risk Committee meeting, with a more detailed review every 6 months
- The Risk Management Framework that our policies include compliance with relevant law
- Organisational and management structures, reflecting key business and strategic priorities, which operate within a framework that effectively identifies and manages the risk to achieving those priorities
- Appointment of experienced and suitably qualified staff to take responsibility for important business functions
- We launched our new Code of Conduct 'This is how we do it' which is embedded across the organisation. Regular check in between Leaders and colleagues are designed to maintain high standards of performance, and HR processes to address any gaps or failings. Effective recruitment and selection processes in place to ensure suitable people are employed

Johnnie Johnson Housing Trust Limited
Report of the Board of Management for the year ended 31 March 2020 – continued

- The Nominations and Remuneration Committee determine policy on staff, Executive and Board remuneration. JJH complies with the government's policy relating to the National Living Wage
- Formal policies and procedures are in place for both financial and operational activities. These include Financial Regulations, Treasury Management Policy, Data Protection Policy, and Procurement Policies. The Scheme of Delegation sets out the levels of financial approvals across the organisation. This protects against unauthorised use of company assets, as well as aiding effective service delivery
- The preparation and review of annual budgets are approved by the Board; Monthly Executive review of actual results against the approved budget and revised forecasts prepared at regular intervals. This enables prompt intervention should any be required
- The Board review the internal and external audit services annually. BDO are our external auditors and Beever & Struthers our internal auditors. The Board review independent reports and meet with both audit functions without officers present to allow them to raise any concerns
- In line with the Co-Regulatory principles around accountability and tenants being able to hold the organisation to account, we provide opportunities for customers to challenge how things are done, with a focus on key priorities
- Resident Involvement runs through service delivery within JJH. Our regional forums and resident inspectors ensure a golden thread of engagement is achieved as set out in the Voice of the Customer strategy
- The Scrutiny Panel has a prominent role in the governance of JJH, helping to achieve continuous service improvement and effective engagement through the scrutiny of service delivery and performance, and influencing strategic priorities. Providing feedback to aid JJH strategic planning in relation to the Voice of the Customer
- External accreditations e.g. Investors in People, TSA Accreditation, Customer Service Accreditation and subsequent action plans
- A range of insurances are in place to safeguard assets and these are regularly reviewed to ensure they are fit for purpose
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Executive Team, the Board, and Committees of the Board. Progress is monitored and reported regularly which consider any material risk and control implications
- A range of surveys e.g. customer satisfaction, employee satisfaction, stock condition – including detailed analysis of the results, and actions to address areas of concern
- Regular reporting to the Board on key strategic and performance objectives, targets and outcomes;
- Compliance reports issued by the Regulator of Social Housing and other regulatory bodies
- The Financial Regulations specify that JJH will conduct its affairs to the highest standards of probity. The Chief Executive is responsible for ensuring compliance with JJH's codes of conduct
- All gifts and/or hospitality offered to Board Members or employees of JJH will be controlled in accordance with our policy on Declarations of Interest
- Speak Up and Anti-fraud policies, and a register of all actual or potential fraud identified which is reported to Audit Committee.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit & Risk Committee to review the effectiveness of the system of internal control on a regular basis. The Board receives reports and minutes following each meeting of the Audit & Risk Committee.

Beever & Struthers provided substantial assurance in respect of the internal controls in operation within the scope of the work they reviewed during the year to March 2020.

Johnnie Johnson Housing Trust Limited

Report of the Board of Management for the year ended 31 March 2020 – continued

Value for Money

Value for Money (VfM) looks at the 'efficiency, economy and effectiveness' of how you do things. Put simply, it's a way to challenge ourselves to do things differently so we achieve more or better for the same money or effort, or even achieve the same benefit for less money, less effort.

At Johnnie Johnson we deliver Value for Money by:-

- Having a well run business with our homes safe, fully occupied, collecting all income due and managing our business to plan and within budget;
- delivering the best homes and services possible within the resources available;
- achieving the best combination of cost and quality to fulfil the requirements of residents and deliver on our corporate vision;
- delivering and maintaining sustainable tenancies;
- generating a surplus to enable us to invest in both existing and new homes.

The Board considers the VfM implications of all decisions made by them, and has a section within each Board report that considers value for money implications, with the aim of optimising the financial return on JJH's assets (in line with the new VfM Code of Practice). This includes an analysis of the costs and the expected outputs from decisions.

The Regulator's Standard states that RP's 'have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders'

We have, in line with the Standard, a robust approach to achieving Value for Money (VfM) in all operational areas. The Board regularly considers potential VfM gains and has appropriate targets in place for measuring VfM and for reporting against those targets. The Board is confident that it complies with the Standard and the Code and has systems to ensure compliance with them.

The VfM action plan is designed to ensure that JJH makes the best use of its available resources. It is considered during every decision and is embedded throughout the organisation and by placing the customer at the heart of those decisions we ensure that VfM is always in the forefront of our minds.

The Standard specifies that, through their strategic objectives, RP's should articulate their strategy for delivering homes that meet a range of needs.

The Business Plan includes delivery of 11 units during 20/21 and a further 138 on site of which 79 units are included in the approved Homes England bid, together with non-specific aspirational developments to a total of 1,000 properties over the next 11 years. The individual scheme viabilities are assessed by JJDL and approved by the Board when more detailed information on rent levels and build costs are known. The Board has agreed that at least 70% of our new build properties will be for Independent Living and that a proportion of the total will be Shared Ownership properties.

The Standard states that Boards must have a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance.

All Board reports now include a section on VfM that details the resource implications of any decision, along with how the costs relate to the opportunity costs of new homes that could be built with any funds that are committed to new projects.

Johnnie Johnson Housing Trust Limited

Report of the Board of Management for the year ended 31 March 2020 – continued

The Standard states that regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures.

In line with our Mergers and Acquisition Strategy and the National Housing Federation's Code of Practice we annually review alternative solutions to delivering our ambitions. At January 2020 Strategy Day we had a thorough debate on whether our capacity matches our ambitions for the long term. Given Covid is our current priority we will revisit this in January 2021.

The Standard specifies that RP's should consider value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved, and justification where this is not the case.

The Board considers all potential projects in terms of the opportunity cost of how many properties could be built versus the investment that is required for the projects.

The Standard states that RP's should have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

Annually, the operational business commits to VfM and this is monitored through our Governance structure. The VfM committed for 19/20 was £95k with £86k achieved compared to a prior year commitment of £200k with £180k achieved. An improved more detailed method of analysis is being introduced during the next financial year.

The Regulator's specified metrics, relating to 2019/20, are shown in the table below:-

	2018	2019	2020	2020 Target	Global Median	Peers
Reinvestment %	3%	4%	7%	10%	6%	5%
New Supply %	0%	0%	1%	1.2%	1.4%	0.3%
Gearing (RSH Definition)	43%	43%	44%	42%	43%	22%
EBITDA MRI	222%	166%	130%	206%	184%	212%
Headline cost per unit	£ 3,480	£ 3,742	£ 4,025	£ 4,043	£ 3,690	£ 10,865
Headline cost per unit (excl service costs)	£ 2,460	£ 2,696	£ 2,983	£ 2,924	N/A	N/A
Operating Margin Social Housing Lettings %	26%	21%	19%	20%	29%	9%
Operating Margin Overall %	26%	20%	19%	19%	26%	7%
ROCE	5.1%	4.7%	3.7%	5.6%	3.8%	1.8%

At JJH we measure ourselves on continuous improvement using the Lean philosophy, as you will see it is difficult to measure ourselves against other providers where their operating models are very different in both structure and size. However, we have made comparisons where this has been possible.

The figures shown as 'Peers' in the above table relate to the average for the other Registered Providers that have 50% or more properties for older people and are from the Regulator's Value for Money metrics derived from the 2019 Global Accounts. Within the Global accounts there are very few providers with a similar stock profile to us and so we have used the category stated above. However, the majority of the peer group selected are larger organisations which will have an impact on management structures and costs.

The Peer group consists of: Brunelcare, Anchor Hanover Group, Housing 21, The Abbeyfield Society and Central and Cecil Housing Trust.

Johnnie Johnson Housing Trust Limited
Report of the Board of Management for the year ended 31 March 2020 – continued

Metric 1 – Reinvestment

The reinvestment has increased to 7% demonstrating both an increase in development and works to our existing properties. This is expected to increase further in 2021, which reflects the additional investment in new Fire Doors and modernisation works to our Bedsit Properties, along with increased development activity. The reduction in comparison to our 10% target was due to a delayed commencement of the development program alongside a delay within the procurement of fire doors.

Metric 2 – New Supply

The percentage of new supply is at 1% for 2020 but will gradually increase as the development programme gains momentum. We expect to deliver a further 11 units in 2021, which is lower than the current year but with 138 units on site by the end of that year. This will increase the new supply %, and be above the Global Median by 2022, as we deliver our aspiration of 1,000 new homes over the next 11 years. There is only one of the peer group that has a new supply % greater than 1%

Metric 3 – Gearing

Gearing was at 44% in 2020 and is expected to increase over the next few years in line with our development programme. The Board recognises that gearing headroom is not the limiting factor for increasing borrowing. Our Treasury Strategy for funding borrowing requirements and investing surplus cash includes recommendations as to the mix of fixed and variable rates to apply across our debt portfolio, to maximise financial returns (in line with our Risk Appetite). Our Peer group predominantly has both lower reinvestment and new supply %'s alongside higher cash reserves which is reflected in their Gearing comparison of 22%.

Metric 4 – EBITDA MRI Interest Cover

EBITDA MRI which includes major repairs has shown a continual decline over the past 3 years. This has mainly been affected by our major repairs investment which has increased from circa £2.7m in 2017/18 to £4.2m in 2019/20 and includes kitchen replacements and the commencement of our firedoor replacement program. Our 3 year ICT investment of £2.5m has also meant an increase to our depreciation charges. Future years show a gradual increase as our ICT capital investment reduces and the delivery of our firedoor program is completed. The Peers EBITDA MRI at 212% has been increased due to 2 members of the groups having over 320%. Lower gearing within the peer group also reflects within the interest cover.

Metric 5 – Headline cost per unit

The headline cost per unit is considerably lower than the Peers average (as shown in the above table) and slightly higher than the Global median. It has also increased from prior year. Whilst our management and services cost have seen a decrease, as mentioned above we increased our investment within major repairs together with an increase in repairs costs due to a change in contractor. The longer term expectations for the repairs is a saving but the handover period impacted upon costs. When comparing against the Global median the Board is aware, that our costs are also at that level as a result of the additional front line presence that we provide for our residents. This is an area that has been kept under review after taking account of their concerns at our Resident Forums. We do not provide Care, but many of our sheltered housing residents do require more support with their tenancy than those in general needs housing.

Metric 6 / 7 - Operating Margin Social Housing Lettings / Operating Margin

Our operation margins have seen a gradual decline over the last couple of years. The operating surplus has been affected by both the 1% rent reduction over the last 4 years and an increase in costs predominantly within repairs and ICT costs. Within 2020/21 we will be carrying out a procurement review to reduce costs within these and other areas together with improved contract management. Our future margins within the business plan show a gradual increase excluding any predicted savings to come out of the review. Our current margins remain in line with the highest margin within our peer group and above the average overall.

Johnnie Johnson Housing Trust Limited

Report of the Board of Management for the year ended 31 March 2020 – continued

Metric 8 – Return on Capital Employed (ROCE)

Our ROCE (3.7%) is in line with the Global median but has seen a decline in recent years from 5.1% in 2017/18 to 3.7% in 2019/20. This has been affected by; our operating surplus has seen a decline due to the 4 year rent reduction, an increase in repairs costs and our IT Strategy includes moving into new revenue costing Cloud technologies together with investment in our properties means our net asset position has increased. As our development program increases this will have a negative effect on ROCE as our development units are on site but as these complete and generate income the ROCE will improve.

Our Peer group varies from negative 1% to 4.3% ROCE with JJH being above all but 1 within those comparators.

Our bespoke measures relate to the progress to reach 'Outstanding' satisfaction with our residents. The average of the results of the year's telephone calls are shown below.

	2018/19	2019/20
Getting things right first time	80%	79%
Keep our residents safe	88%	87%
Engage well with residents	73%	70%
Deliver Value for Money	77%	77%
Offer high quality services	65%	63%
Would recommend	74%	75%

We have seen some challenges around maintaining our satisfaction rating for high quality services, customer satisfaction in repairs has a direct impact upon our overall service quality metric above and we re-procured our repairs contractor in 19/20, satisfaction with our previous contractor was at 84%. At the start of the new contract we saw a drop in satisfaction levels, this did increase through the year to 92% and we are looking to increase that further during 2020/21. The initial drop has contributed to the slight decrease in the metric. Our new overall aggregated metric for residents who are satisfied with our service is 82%.

The figures in the table below reflect the costs that are included in the latest Business Plan assumptions, however, the impact from Covid-19 within the medium and longer business is at this time very difficult to predict. The 2020/21 budget has been rebuilt to reflect Covid-19 implications and included within year 1 of our business plan in so far as is known at this time. The figures show that reinvestment and new supply will be higher than the selected Sector average. The lower than average figures for Interest cover and Operating Margin reflect the additional resources needed to provide the enhanced services to our residents (as described above) as well as the improvements to our Studio properties and the completion of our Fire Door programme.

	Median	Peers	2021	2022	2023	2024	2025	2026
Reinvestment %	6.20%	5.30%	9.10%	15.40%	13.10%	15.20%	9.60%	9.10%
New Supply %	1.40%	0.30%	0.20%	1.80%	1.90%	3.30%	1.90%	1.70%
Gearing (RSH Definition)	43.40%	21.50%	45.80%	52.20%	53.90%	54.20%	53.70%	53.30%
EBITDA MRI	184%	212%	115%	121%	189%	188%	166%	163%
Headline cost per unit	£3,690	£10,865	£3,999	£4,033	£3,778	£3,803	£3,884	£3,899
Operating Margin Social Housing Lettings %	29.20%	8.90%	17.80%	18.20%	19.20%	18.20%	20.50%	21.80%
Operating Margin Overall %	25.80%	6.70%	16.80%	17.40%	18.20%	17.40%	19.50%	20.70%
ROCE	3.80%	1.80%	2.90%	2.80%	3.00%	3.00%	3.10%	3.20%

Johnnie Johnson Housing Trust Limited

Report of the Board of Management for the year ended 31 March 2020 – continued

VfM within Strategic Objectives

The VfM standard states that Registered Providers (RP)'s must clearly articulate their strategic objectives. JJH has agreed these in the following themes:-

- Outstanding Services
- Outstanding Homes
- Outstanding Value and
- Outstanding People

VFM within our Outstanding Services objective

The Board has a clear strategy to control costs and ensure that services are delivered as efficiently as possible. The Board's aim is for us to provide the desired quality of service at the lowest price. We have bespoke measures that are monitored by the Board that show customers' satisfaction in general and customers' view on whether they consider their rent to be value for money in particular. We have asked residents for specific measures which would demonstrate that we were delivering an outstanding service. The data for these measures is gathered through monthly telephone surveys. The survey includes questions on how we are performing in the following areas:-

- Getting it Right First Time
- Keeping our Residents safe & secure
- Engaging with our residents
- Delivering Value for Money
- Offering quality of service
- Would recommend

The Board are determined to deliver a high quality service at as reasonable cost as possible. The survey of our residents is monitored closely to ensure that they believe the cost of the services we deliver are considered to be value for money for them.

In addition to the above, we provide apartments for use by the NHS as 'Step up, Step down' beds in order that they can free up hospital beds. We know that this has supported the NHS to save money in the last year of over £300k. We also estimate that our Astraline Team have saved £115k the last year by diverting calls from the ambulance service, in addition our Astraline TEC team, their visits have saved ambulance call outs by visiting people who have fallen, but not seriously injured.

VfM within our Outstanding Homes objective

The Board's aim of optimising the return from its properties is informed by the Asset Management Strategy. Options Appraisal work has and will continue to assess schemes to ensure they have a long term future and fit the Board's Corporate Objectives.

- A full review of the Net Present Value (NPV) calculations and the financial performance of each site
- The review of Stock condition and investment needs of each site was carried out by a third party and the output included within the business plan. The outcome shows that our stock is in good condition
- Alignment to strategic areas of operation
- Market analysis of each site including supply and demand analysis
- Disposal / retention options
- Redevelopment / alternative solutions for each site
- Striking the balance between investment in new homes, existing stock and services to residents.

The Business Plan has been revised to include various assumptions on future investment including a £9.9m investment in our Studio's and a £5m investment in Fire Doors across our stock.

The Option Appraisal report carried out during the year identified:

Johnnie Johnson Housing Trust Limited

Report of the Board of Management for the year ended 31 March 2020 – continued

- Assets located outside our core geographic area (strategic fit) which if transferred to another provider may represent a better value for money solution; these are currently under review with two scheme's currently actively for sale. The Bury located in Hertfordshire and Montrose Court in Liverpool.
- Assets with development potential to enhance their value and provide increased and improved homes for our residents.

VfM within our Outstanding Value objective

The Board's drive to reduce costs further and to increase income is a strong theme within the Corporate Strategy to enable us to develop more homes whilst at the same time driving down costs for our residents. The implementation of Lean Foundation has engineered a cultural shift at every level of the organisation. It is a formal mechanism for identifying, measuring and eliminating waste in key processes and has been valuable in the organisation's drive to be more efficient. Lean is also built into induction and training programmes to ensure it reinforces the VfM mindset throughout the organisation.

Efficiencies have been realised in Management and Service Costs in the last few years. Since the Covid-19 crisis we are constantly reviewing Income and costs to ensure our residents are supported in these uncertain times, particularly providing support for those now in receipt of Universal credit and we continue to ensure that our Residents receive the services they need including enhancing our outbound calls keeping our residents safe.

The Standard states that RP's should ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

All operational and support teams have contributed to the VfM savings targets and these are monitored through our Governance structure. We also review the financial performance of assets by updating Net Present Value (NPV) calculations each year when new Stock Condition data becomes available. The schemes with the lowest NPV's are reviewed and considered for our Options Appraisal process.

VfM is integrated into the planning and performance management frameworks through:

- Strong financial management
- Quarterly VfM reviews with managers, within the service improvement plan framework, to flag up risks and opportunities to be reported to the executive team
- Robust performance management structure, with VfM routinely included in performance reports
- Benchmarking with peer groups
- Resident involvement in setting priorities and monitoring performance.

VfM is monitored and reviewed by:

- Using the RSH defined metrics with benchmarking to identify the reasons behind differences in the our running costs and those of other providers and as a result taking steps to improve VfM, or to understand the reasons for any difference
- Measuring service quality against service standards and resident satisfaction
- Regular and robust budget monitoring throughout the business and by the board
- Adopting best practice in procurement
- Achieving efficiency improvements year on year by streamlining processes, but maintaining an awareness of any potential diseconomies
- Working with partners in order to maximise our joint resources.

Johnnie Johnson Housing Trust Limited
Report of the Board of Management for the year ended 31 March 2020 – continued

VfM within our One Team objective

The Board believes that a strong culture of VfM is crucial to deliver efficiencies. It is only by building a shared understanding and appreciation of VfM in all parts of the organisation that we are able to improve the effectiveness and efficiency of the services we offer. Embedding VfM throughout the organisation involves:

- Promoting the objectives and culture of the organisation so that colleagues and residents continually help us maximise our resources
- Monthly finance business partner meetings to review costs and vfm commitments
- Adopting good practice from both the social housing sector and the private sector
- Having a staffing structure which promotes accountability, by placing power at the point where responsibility is required
- Using appropriate project management methodology which ensures projects are delivered efficiently and effectively
- Ensuring adherence to contract and financial standing orders to ensure that proper practices are followed when tendering and so helping to secure VfM
- Ensuring effective communication and staff development so that the culture and aims of the organisation permeate to, and are identifiable at, all levels within the organisational structure
- Using collaborative/partnership working both internally and externally so that the maximum business benefit can be achieved
- Linking VfM with JJH's values and behaviour to promote excellence in service delivery.

Regular self-assessment

The adoption of our approved VFM Strategy and the implementation of the action plans will ensure that our VfM plans satisfy both our business needs and the Value for money standard. The development of effective scrutiny arrangements through our governance arrangements are vital elements in delivering VfM.

The above VfM initiatives will be developed further by the Board to ensure ongoing compliance with the Code of Practice. The Board will continue to monitor the VfM metrics in the monthly Management Accounts, which include a comparison with other peer organisations for each measure. Any underperformance will be analysed and inform the VfM strategy and targets for further efficiencies.

Johnnie Johnson Housing Trust Limited

Strategic Report for the year ended 31 March 2020

Governance

Holding the Board to Account

The Scrutiny Panel of residents holds the Board to account in key areas of operation. Staff and residents also hold JJH to account through its complaints and whistleblowing policies.

NHF Model Rules

The adoption of the model rules has allowed JJH to demonstrate good practice and also manage a reduction in JJH shareholding over time. This will provide greater value for money in terms of governance communication and also simplify governance arrangements.

Standing Orders Reviewed

The Standing Orders have been reviewed and checked for consistency with the Financial Regulations & Delegated Authorities; and minor housekeeping matters amended. The Standing Orders also allowed for the setting up of Task & Finish Groups for distinct pieces of work, such as the Internal Audit Health and Safety (Landlord) Group.

NHF Code of Governance

The Board of Management has undertaken the annual self-assessment against the NHF Code of Governance. The exercise established that JJH is compliant with the Code.

RSH Regulatory Standards

The Board of Management has undertaken the annual self-assessment against the suite of RSH Standards. The exercise established that JJH is compliant and helped identify areas where additional activity can be undertaken in the vein of continuous improvement. Compliance with the standards is assessed quarterly by officers to ensure all evidence is captured.

Board Appraisals

The annual Board Appraisal process includes an assessment of skills against an agreed matrix. The outcomes from appraisals and the skills matrices completion have been collated to identify any training and development needs.

Board Recruitment

Recruitment to fulfil the Board Succession Plan is underway to appoint the Chair of the Board, Vice Chair of the Board, Audit and Risk Committee and JDL Members.

Risk Management

The Board is responsible for setting the overall direction of the organisation. In doing this, it ensures that we have an appropriate, robust and prudent business planning, risk and control framework. The strategic plan reconciles our intentions for the future with the risks we think we will face in trying to achieve those objectives.

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Strategic Report for the year ended 31 March 2020 - continued

The risk management framework links our vision with our key risks and appetite in the context of our operating environment and opportunities. We continue to put in substantial effort into managing our risks, and use an external software to both record and track our risks and the mitigating actions we have in place. Recovery plans for the Top Ten Risks are reviewed and updated where required; additional mitigation actions, where identified, have been assigned to officers with clear timescales for delivery.

A substantial amount of work has been undertaken in relation to Risk Management in the year. The quarterly review of the Risk Matrix by the Operational Leaders Group delivers operational input to ensure all mitigating actions are identified. The full Risk Register is reported to each meeting of the Executive Team and the Audit & Risk Committee. A Board Assurance framework has been developed, utilising three lines of defence model linked to corporate objectives and key risks.

1 st line of defence	Operational - Functions that own and manage risk	Under the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.
2 nd line of defence	Oversight - Functions that oversee risk	The second line of defence consists of activities covered by several components of internal governance (compliance, risk management, quality, IT and other control departments). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation.
3 rd line of defence	Independent - Functions that provide independent assurance	Internal audit forms the organisation's third line of defence. The independent internal audit function, through a risk-based approach, provides assurance to JJH board of management and executive. This assurance covers how effectively the organisation assesses and manages its risks and includes assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of JJH risk management framework (from risk identification, risk assessment and response, to communication of risk related information) and all categories of organisational objectives: strategic, ethical, operational, reporting and compliance.

Early in the year Brexit was high on the board agenda and work was completed to provide clear plans to maintain our services and protect liquidity in the event of the potential disruptions. However, at the time of writing this report the economic environment is uncertain as the worldwide impact from the Covid-19 virus remains unclear. The Board has considered and reviewed all our key risks in light of Covid-19 and as well as applying specific stress testing scenarios in our 30 year business plan we have also revisited our budget for the financial year 20/21. Our stress testing shows that although some scenarios may be challenging, tight control and mitigating actions mean that JJH can withstand and manage severe cash impacts and remain within our loan covenants.

The uncertainty of the situation means that to quantify the actual financial impact is difficult but the Executive and Board continue to monitor the outbreak, including UK Government advice. Steps have been taken to manage the information on a daily and weekly basis and we have put rigorous measures in place. JJH is in a good financial position. All our staff are now working remotely and our key priority is to ensure our residents, as far as possible, continue to receive our Outstanding service.

Johnnie Johnson Housing Trust Limited

Strategic Report for the year ended 31 March 2020 - continued

Financial Regulations and Delegated Authorities

The Financial Regulations and Delegated Authorities have been reviewed and updated during the year, and approved by Board. Updates addressed changes in the staffing structure and to job titles, providing revisions to levels of authority for spending limits to ensure they are appropriate for the posts and are practical for the most efficient running of the organisation.

Treasury Management

The Treasury Management Policy (TMP) was reviewed and revised by Savills Financial Services and approved by Board. Savills, having consulted with the RSH, have introduced a new model TMP statement. The policy follows best practice for the housing sector and complies with the principle documents released in respect of Treasury Management for Registered Providers; The Policy has been prepared, having had regard to the following:-

- CIPFA. Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes. 2017 Edition
- Altair. Cosmopolitan Housing Group Lessons Learned June 2014
- HCA: Governance and Financial Viability Standard. April 2015
- HCA. NROSH+ Quarterly Survey (QS) Guide to QS Completion on NROSH+. March 2016

The policy is structured in a series of Treasury Management Practices intended to cover all aspects of JJH's treasury function, together these form the basis for the development of the annual treasury plan along with all aspects of managing and reporting the loans and investments of JJH.

To ensure that JJH has adequate liquidity, the Executive Director of Finance & Corporate Services reviews an 18 month rolling cashflow that is updated every two weeks. Compliance with loan covenants is reviewed and formally reported to the Board at each meeting.

Business Plan

The 30 year Business Plan has been approved by Board in March 2020, however, since that time Covid-19 has created economic uncertainty. We have revisited both our budget and our 30 year business plan to include revised assumptions issued and updated by our Treasury advisors along with additional stress testing. The revised plan was reviewed and agreed by the Board in May 2020. This testing exercise included agreeing proposed mitigating actions for each scenario and are reflected in JJH's Risk Map.

Financial Returns

All financial returns to the RSH are signed off by the relevant Director in accordance with the Regulatory Return Policy & associated procedures.

Asset & Liability Register

The register is reviewed quarterly in accordance with the Assets & Liability Register Policy. The policy has been developed by the Head of Governance and Assurance to ensure clarity of JJH approach to maintaining a comprehensive, accurate and up-to-date asset and liability register. The Register has been developed in line with the RSH's expectations on the recording of assets and liabilities, for each asset including:

- Details of any loans secured on the properties;
- Any leases to Local Authorities or other bodies;
- Any restrictions on title;
- Valuations;
- Contract details including terms and values;
- Stock Condition information.

Johnnie Johnson Housing Trust Limited

Strategic Report for the year ended 31 March 2020 - continued

This is available for all staff via the intranet. The Register is updated at least quarterly by assigned officers, and adherence to the process of checking and updating is reported six-monthly to Audit & Risk Committee, monthly (as part of the Governance Update) to the Executive Team.

Business Continuity

The Corporate Business Continuity Plan was reviewed during the year. The plan establishes a robust response structure for business continuity within JJH, including crisis management planning and the role of incident plans at departmental and functional level. It identifies the Business Continuity Team and establishes communications and reporting structures.

Our response to the Coronavirus has been managed carefully and our Business Continuity team has met daily since the start of the pandemic. The team has overseen the welfare of our colleagues, customers and contractors in keeping the business operating within the Government guidelines. Our Business Continuity statement has set out our operating model during the pandemic and is reviewed weekly.

The Voice of the Customer

Resident Involvement is at the heart of all work at Johnnie Johnson Housing – teams engage with residents to create, drive and deliver services, with the aim for Johnnie Johnson Housing to be described by all residents, by 2021, as ‘Outstanding’; and by engaging and involving residents to ensure that satisfaction is high for the services delivered. This is achieved by a variety of means including:

- CEO & Executive Visits/Back to the Floor
- Regional Forum Meetings
- Scrutiny Panel
- Customer Surveys
- Outstanding Metrics
- Complaints Management
- Voices Magazine
- Resident Inspectors

The revised Resident Involvement Strategy, now called the Voice of the Customer Strategy has been developed with customers and aligns with the work on Together With Tenants which JJH have undertaken.

Governance Review

The Action Plan delivered by the external review of Governance arrangements undertaken by Altair in December 2018 has continued and is near completion. The review found that governance is effective and that, in general, the governance documentation is appropriate and well written. The engagement model appears to be working well and this is a significant improvement on the previous board effectiveness conclusion (2015).

A key aspect of the work delivered has included the implementation of the Assurance Map to set out how each area of the business is reported through Executive, Committees and Board. This provides Board with oversight of all areas and includes demonstration of 1st/2nd and 3rd lines of defence with Third Party assurance.

Altair will work with us in June/July 2020 to assess the outcomes.

Johnnie Johnson Housing Trust Limited
Strategic Report for the year ended 31 March 2020 - continued

Internal Audit

During 2019/20, all internal audit and assurance work was undertaken by Beever & Struthers. Work carried out under this framework included:

Audit Area	Assurance Level	Audit Committee
Astraline	Substantial	Oct-19
Business Plan Stress Testing	Substantial	Oct-19
Service Charges	Substantial	Feb-20
Shared Ownership	Limited	Feb-20
H&S Landlord	Limited	Jun-20
Welfare Reform	Substantial	Feb-20
H&S Employer	Limited	Jun-20
Responsive Repairs	Substantial	Jun-20

Beever and Struthers advised that in their opinion, based on the work undertaken, *‘the Board and Audit & Risk Committee can be provided with **Substantial* Assurance** in respect of the internal controls in operation within the scope of work reviewed. Johnnie Johnson Housing has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by Johnnie Johnson Housing.*

In respect of the areas of activity that we reviewed, and subject to the weaknesses identified and reported in our internal audit reports, Johnnie Johnson Housing has an adequate, effective and reliable framework of internal control that provides reasonable assurance regarding the effective and efficient achievement of the objectives.

Our follow up work for the year 2019/20 has confirmed an overall implementation rate of 97% (2018-19 100%). Significant compliance recommendations have an implementation rate for the year of 100% (2018-19 100%).’

Where limited assurance was given we can confirm that all compliance recommendations have been addressed.

Compliance with Governance and Financial Viability Standard

Along with the above, the Board and Executive has undertaken an assessment of compliance with the RSH’s Governance and Financial Viability Standard and can confirm that JJH complies with the standard.

Financial performance

The group generated total comprehensive income of £3.7m for the year. Surplus before actuarial gains in respect of pensions is £1.7m compared to the equivalent of £2.8m for 2018/19, £1.5m including the initial recognition of the pension liability.

The pension actuarial gain for the multi-employer defined benefit scheme is £1.9m. This is broken down as follows:

Group and JJH	2020	2019
	£'000	£'000
As at 01 April 2019	4,647	3,856
Loss (gain) on initial recognition of SHPS net actuarial liability		1,506
Sub total	4,647	5,362
Defined benefit costs recognised in SoCI	104	107
Total amount recognised in other comprehensive income	(1,943)	(226)
Deficit contributions paid	(672)	(596)
As at 31 March 2020	2,136	4,647

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Strategic Report for the year ended 31 March 2020 - continued

In addition, JJH invested £10.2m (2019: £7.2m) in the development of new and existing properties during the year, £0.8m of grant was received (2019: £0.7m).

JJH reviewed its bad debt provisions in the year and wrote off a total of £60k in debts (2019: £11k). In addition, JJH continues to review its debt and calculates this specific provision in line with FRS 102 requirements.

Impairment

During the financial year 2019/20 there has been no trigger in relation to impairment, however, JJH continues to perform the review in line with best practice.

In accordance with paragraphs 14.43 to 14.45 of the Housing SORP 2018, JJH is required to make the following disclosure:

- a) The Cost Generating Unit is defined as an individual property or scheme
- b) The Value In Use-Service Potential (VIU-SP) method has been used to estimate the recoverable amount for each property and the Depreciated Replacement Cost (DRC) has been used as an estimate for VIU-SP (in accordance with the SORP).

Based on this principle, JJH calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme using appropriate construction costs and land prices. The replacement costs of properties have been assessed on the latest estimated construction costs of £120k per unit. The cost of land is estimated at £25k per unit and the properties are depreciated over 100 years. Comparing this to the carrying amount of each scheme in the JJH's Asset register, there was no impairment of social housing properties in the year 2019/20.

Accounting policies

The Group's principal accounting policies are set out on pages 37 to 43 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development administration costs; deduction of capital grant from the cost of assets; housing property depreciation; and treatment of shared ownership properties.

Housing properties

At 31 March 2020 the Group owned 4,934 housing properties (2019: 4,899), the movement consists of 37 new units and 2 disposals and managed (not owned) 22 properties (2019: 22).

Our investment in housing properties this year was funded through internally generated cash and a £5m drawdown from our secured loan facility.

Pension costs

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the SHPS pension scheme as a defined benefit scheme, therefore the company had accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. An actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021. Details can be found within Note 23.

The company closed the defined benefit scheme within SHPS last year but continues to participate in the defined contribution scheme.

Johnnie Johnson Housing Trust Limited

Strategic Report for the year ended 31 March 2020 - continued

Gender Pay Gap Reporting

JJH are below the threshold headcount (250) for compulsory reporting of the gender pay gap. We have however, produced a report of our gender pay gap which compares average salaries for men with salaries for women. The report for JJH shows that on mean average, men earn 28.87% more than women (2019: 7.01%). The figure as at May 2020 is 11.33%. Across the UK men earned 8.9% more than women last year, (data from ONS) which is a decrease nationally from the previous year. At JJH the data for this period shows we employ a workforce which is made up of approximately 75% of women (147 women and 52 men), a significant number of women are in roles which, traditionally, are lower paid. In 2020-21 there is a focus as part of the People Plans on diversity and inclusion; we have partnered with an external third party to assist us with this. The pay evaluation and benchmarking exercise in 2020-21 will also assist to redress this.

Reserves

The Revenue Reserves of the Group have increased by £3.7m to £31.9m within the period. The Reserve reconciliation can be seen on page 32.

Payment of creditors

Our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with suppliers. During the covid crisis we have aimed to pay all suppliers as soon as possible irrelevant of contractual credit period. This will continue to be monitored and reviewed.

Liquidity

The Group is reporting net current liabilities of £327k (2019: net current assets £106k) in its consolidated balance sheet. JJH had deposits of £10.5m, of which £8.05m liquid cash, including £1m in a 95 day notice account, £0.15m in fixed investments together with £2.3m ring fenced monies in relation to our residents Long Term maintenance fund. At the date of signing of these accounts there was £25m undrawn loan facilities available to JJH.

Treasury Policy and Capital structure

The Board have retained Treasury Advisors, Savills, who have developed and will maintain the Treasury Management Policy and strategy for the group as reported on page 20.

The Group repaid loans of £2.7m (2019: £2.9m) during the year and withdrew £5m from existing loan facility. By the year end borrowings amounted to £67.5m (2019: £65.2m) of which £2.8m falls due to be paid within the next year as shown below.

	Local Authority		
	Bank loans	Loans	Total
	2020	2020	2020
	£m	£m	£m
In one year or less, or on demand	2.8		2.8
In more than one year but not more than two years	3.0		3.0
In more than two years but not more than five years	7.2		7.2
In more than 5 years	49.5	5.0	54.5
Total	62.5	5.0	67.5

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Strategic Report for the year ended 31 March 2020 - continued

JJH borrows, principally from banks and building societies, at both fixed and floating rates of interest. JJH's policy is to keep a minimum of 70 per cent of its borrowings at fixed rates of interest. At the year-end, 87% per cent of the Group's borrowings were at fixed rates.

The fixed rates interest average cost of borrowing was 4.24%. In the current market, where long term fixed rates are below 5.5%, this means that JJH is paying interest at rates in line with market levels. 2,482 of JJH's properties are currently charged as security for the loans. No new funding was source in 2019/20 but we have drawn £5m from the £30m existing loan facility with Warrington Borough Council.

JJH borrows and lends only in sterling and so is not exposed to currency risk.

Grants

Pre FRS102 grants were used as part of covenant calculations. Below shows the pre FRS102 position for grant as at 31st March 2020.

	2020	2019
	£'000	£'000
Total Grant at 1st April	111,886	111,125
Grants received (note 19)	821	749
RCGF Staircasing (note 20)	0	(74)
RCGF Recycled (note 20)	364	86
Total Grant at 31st March (pre FRS102)	113,071	111,886

Cash flows

Group cash inflows and outflows during the year are shown in the consolidated cash flow statement (page 34).

The cash inflow arising from operating activities was £7.3m (2019: £9.6m).

Interest payments totalled £3m (2019: £3m). JJH invested £10.2m (2019: £7.2m) in new and existing housing properties during the year, £821k of grant was received during this period. £25m of secured funding remains having drawn £5m during the year and repaid £2.7m loans.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The Board has considered the Business Plan and detailed risk adjusted cash flow projections and, following a review of the assumptions on which they are based, the Board has a reasonable expectation that JJH has adequate resources to continue operating for the foreseeable future. The Board have also reviewed the adjusted budget and revised Business plan in light of Covid-19. For this reason, it continues to adopt the going concern basis in the financial statements.

The main areas likely to affect the performance of the business within the next 3 years will be rental income; the length of time our properties are empty and economic changes to inflation and costs. Within our budget we have increased our void costs to take account of any impact on our lettings and also increased our costs for repairs. We have also considered and prepared mitigating actions should our costs increase.

Johnnie Johnson Housing Trust Limited
Strategic Report for the year ended 31 March 2020 - continued

In preparing this report, the Board has followed the principles set out in the Housing SORP: 2018 Statement of Recommended Practice for registered social housing providers.

Group Highlights for the year ended 31 March	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Group Income and Expenditure account					
Total turnover	24,844	24,162	25,054	25,317	26,387
Income due from lettings (excluding voids)	23,133	23,073	23,340	23,677	23,930
Operating surplus	4,863	5,949	6,418	6,059	4,764
<u>(Deficit)/surplus for the year</u>					
Surplus for the year	1,728	2,795	3,219	2,461	769
transferred to reserves	3,671	1,515	3,219	2,461	769
Group Balance Sheet					
Housing properties	127,612	122,231	119,826	119,741	119,408
Other fixed assets	3,874	4,205	3,912	4,380	5,084
Intangible Assets	280	316	-	-	-
Fixed assets	131,766	126,742	123,738	124,121	124,492
Net current (liabilities)/assets	(327)	106	2,255	2,258	1,120
Total assets less current liabilities	131,439	126,848	125,993	126,379	125,612
Creditors (due over one year)	68,495	65,074	70,371	73,971	75,561
Provisions for liabilities	2,136	4,647	-	-	-
Reserves : Non equity share capital					
: revenue	31,930	28,123	26,486	23,136	20,531
: revaluation	28,878	29,014	29,136	29,272	29,520
: total	60,808	57,137	55,622	52,408	50,051
	131,439	126,858	125,993	126,379	125,612
Accommodation figures					
Total housing stock owned & managed at year end	4,956	4,921	4,988	5,031	5,038
Statistics					
Surplus/(deficit) for the year as % of turnover	7.0%	11.6%	12.8%	9.7%	2.9%
Surplus/(deficit) for the year as % of income from lettings	7.5%	12.1%	13.8%	10.4%	3.2%
Rent losses as % of rent and service charge receivable	2.2%	1.9%	1.5%	1.4%	1.3%
<u>Interest cover</u>					
(Defined as - per lenders covenants)	2.44	2.73	2.82	2.41	1.83
<u>Liquidity</u>					
(Defined as - current assets divided by current liabilities)	0.97	1.01	1.19	1.22	1.08
<u>Gearing</u>					
(Defined as - per lenders covenants)	39%	39%	42%	45%	47%

A resolution to re-appoint BDO LLP will be proposed at the AGM on the 29th July 2020

Approval

This Strategic Report was approved by order of the Board on 17th June 2020



Frances Street
Chair
Date: 10th July 2020



Geoff Clarke
Company Secretary

Johnnie Johnson Housing Trust Limited

Statement of Board's Responsibilities

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 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 group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Johnnie Johnson Housing Trust Limited

Independent auditor's report to the members of Johnnie Johnson Housing Trust Limited

Opinion

We have audited the financial statements of Johnnie Johnson Housing Trust Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2020 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Chair's Statement, Report of the Board of management and Strategic Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Johnnie Johnson Housing Trust Limited
Independent auditor's report to the member of Johnnie Johnson Housing Trust Limited - continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the Statement of Board's Responsibilities set out on page 26, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

BDO LLP

Statutory Auditor

Manchester

Date: 24 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Johnnie Johnson Housing Trust Limited
Consolidated statement of comprehensive income for the year ended 31 March 2020

	Note	Group 2020 £'000	2019 £'000
Turnover	3	24,844	24,162
Cost of Sales	3	(427)	(42)
Operating Costs	3	(19,683)	(19,226)
Surplus (loss) on disposal of assets	7	129	1,055
Operating surplus		4,863	5,949
Interest receivable and other income	8	48	69
Interest payable and similar charges	9	(3,183)	(3,223)
Surplus before tax		1,728	2,795
Tax on surplus on ordinary activities	11	-	-
Surplus for the year after tax		1,728	2,795
Initial recognition of multi-employer defined benefit scheme	23	-	(1,506)
Actuarial gain in respect of pension schemes	23	1,943	226
Total comprehensive Income for the year		3,671	1,515

The notes on pages 36 to 67 form part of these financial statements.

All amounts relate to continuing operations

Johnnie Johnson Housing Trust Limited
JJH statement of comprehensive income for the year ended 31 March 2020

		2020	2019
	Note	£'000	£'000
Turnover	3	25,029	24,246
Cost of Sales	3	(427)	(42)
Operating Costs	3	(19,800)	(19,310)
Surplus (loss) on disposal of assets	7	120	1,055
Operating surplus		4,922	5,949
Interest receivable and other income	8	48	69
Interest payable and similar charges	9	(3,183)	(3,223)
Gift Aid		-	-
Surplus before tax		1,787	2,795
Tax on surplus on ordinary activities	11	-	-
Surplus for the year after tax		1,787	2,795
Initial recognition of multi-employer defined benefit scheme	23	0	(1,506)
Actuarial gain in respect of pension schemes	23	1,943	226
Total comprehensive Income for the year		3,730	1,515

The notes on pages 36 to 67 form part of these financial statements.

All amounts relate to continuing operations

Johnnie Johnson Housing Trust Limited
Statement of changes in reserves for the year ended 31 March 2020

Group

	Income and expenditure reserve £000	Revaluation reserve - Housing Properties £000	Revaluation reserve - Other fixed assets £000	Total £000
Balance as at 31 March 2018	26,486	28,531	605	55,622
Surplus for the year	2,795			2,795
Transfer to revenue reserve	122	(122)		0
Initial recognition of DB scheme	(1,506)			(1,506)
Actuarial gain in respect of pension schemes	226			226
Balance as at 31 March 2019	28,123	28,409	605	57,137
Surplus for the year	1,728	-	-	1,728
Transfer to revenue reserve	136	(136)	-	0
Actuarial gain in respect of pension schemes	1,943	-	-	1,943
Balance as at 31 March 2020	31,930	28,273	605	60,808

JJH

	Income and expenditure reserve £000	Revaluation reserve - Housing Properties £000	Revaluation reserve - Other fixed assets £000	Total £000
Balance as at 31 March 2018	26,486	28,531	605	55,622
Surplus for the year	2,795			2,795
Transfer to revenue reserve	122	(122)		0
Initial recognition of DB scheme	(1,506)			(1,506)
Actuarial gain in respect of pension schemes	226			226
Balance as at 31 March 2019	28,123	28,409	605	57,137
Surplus for the year	1,787	-	-	1,787
Transfer to revenue reserve	136	(136)	-	-
Actuarial gain in respect of pension schemes	1,943	-	-	1,943
Balance as at 31 March 2020	31,989	28,273	605	60,867

Johnnie Johnson Housing Trust Limited
Consolidated Statement of Financial Position as at 31 March 2020

		2020	2019
	Note	£'000	£'000
Fixed Assets			
Housing Properties	12	127,612	122,231
Other fixed Assets	13	3,874	4,205
Intangible Assets	13a	280	316
		<u>131,766</u>	<u>126,752</u>
Current Assets			
Debtors receivable within one year	15	1,173	920
Debtors receivable after one year	15	50	50
Properties held for sale	16	122	353
Cash and cash equivalents		<u>10,461</u>	<u>11,552</u>
		11,806	12,875
Creditors: amounts falling due within one year	17	<u>(12,133)</u>	<u>(12,769)</u>
Net current assets		(327)	106
Total assets less current liabilities		<u><u>131,439</u></u>	<u><u>126,858</u></u>
Creditors: amounts falling due after one year	18	68,495	65,074
Provisions for liabilities			
Pension – defined benefit liability	23	2,136	4,647
Total net assets		<u><u>60,808</u></u>	<u><u>57,137</u></u>
Reserves			
Income and expenditure reserve		31,930	28,123
Revaluation reserve for Housing Properties		28,273	28,409
Revaluation reserve for other fixed assets		605	605
Total reserves		<u><u>60,808</u></u>	<u><u>57,137</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 17th June 2020.



Frances Street
Chair



Geoff Clarke
Company Secretary

Date: 10th July 2020

The notes on pages 36 to 67 form part of these financial statements.

Johnnie Johnson Housing Trust Limited
JJH Statement of Financial Position as at 31 March 2020

		2020	2019
	Note	£'000	£'000
Fixed Assets			
Housing Properties	12	127,689	122,287
Other fixed Assets	13	3,874	4,205
Intangible Assets	13a	280	316
		<u>131,843</u>	<u>126,808</u>
Current Assets			
Debtors receivable within one year	15	1,167	913
Debtors receivable after one year	15	50	50
Properties held for sale	16	126	362
Cash and cash equivalents		<u>10,461</u>	<u>11,552</u>
		11,804	12,877
Creditors: amounts falling due within one year	17	<u>(12,149)</u>	<u>(12,827)</u>
Net current assets		(345)	50
Total assets less current liabilities		<u>131,498</u>	<u>126,858</u>
Creditors: amounts falling due after one year	18	68,495	65,074
Provisions for liabilities			
Pension – defined benefit liability	23	2,136	4,647
Total net assets		<u>60,867</u>	<u>57,137</u>
Reserves			
Income and expenditure reserve		31,989	28,123
Revaluation reserve for Housing Properties		28,273	28,409
Revaluation reserve for other fixed assets		605	605
Total reserves		<u>60,867</u>	<u>57,137</u>

The financial statements were approved by the Board of Directors and authorised for issue on 17th June 2020.



Frances Street
Chair



Geoff Clarke
Company Secretary

Date: 10th July 2020

The notes on pages 36 to 67 form part of these financial statements

Johnnie Johnson Housing Trust Limited
Consolidated statement of cash flows for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Cash flow surplus before tax		1,728	2,795
Operating Surplus for the financial year		1,728	2,795
Adjustments for:			
Depreciation of fixed assets - housing properties	12	2,797	2,653
Depreciation of fixed assets - other	13	785	752
Amortisation of Goodwill	13a	74	29
Difference between net pension expense and cash contribution	23	(558)	(489)
Decrease / (increase) in trade and other debtors	15	(253)	173
(Decrease) / increase in trade and other creditors	17	(862)	1,983
Movement in assets held for sale	16	231	(311)
Amortised grant	19	(33)	(26)
Surplus on sale of fixed assets	7	(129)	(1,055)
Movement in recycled Grant	20	362	5
Cash from operations		4,142	6,509
Interest paid		3,135	3,154
Net cash generated from operating activities		7,277	9,663
Cash flows from investing activities			
Proceeds from sale of fixed assets – housing properties	7	223	1,222
Purchase of fixed assets – housing properties	12	(8,283)	(5,145)
Purchases of fixed assets - other	13	(454)	(1,051)
Acquisition of intangible assets	13a	(38)	(345)
Receipt of grant	19	821	749
Net cash from investing activities		(7,731)	(4,570)
Cash flows from financing activities			
Interest payable and finance costs	9	(2,994)	(3,342)
Interest received	8	48	69
Debt issue costs incurred	22	43	43
Repayment of loans - bank	22	(2,734)	(2,948)
Loan drawdown	22	5,000	0
Net cash used in financing activities		(637)	(6,178)
Net increase / (decrease) in cash and cash equivalents		(1,091)	(1,085)
Cash and cash equivalents at beginning of year		11,552	12,637
Cash and cash equivalents at end of year		10,461	11,552
Net debt reconciliation	01-Apr-19	Cash flows	31-Mar-20
	£'000	£'000	£'000
Cash at bank and in hand	11,552	(1,091)	10,461
Bank loans	(65,239)	(2,266)	(67,505)
Net debt	(53,687)	(3,357)	(57,044)

The notes on page 36 to 67 form part of these financial statements.

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020

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Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Johnnie Johnson Housing Trust includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "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 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

JJH is a Public Benefit Entity and has applied the provisions for FRS 102 specifically applicable to Public Benefit Entities.

1 Legal status

The company is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator for Social Housing as a social housing provider. Johnnie Johnson Housing is a public benefit entity.

2 Accounting policies

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Johnnie Johnson Housing – Registered provider of social housing and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Income

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting),
- Income from property sales,
- Service charges receivable,
- Revenue grants and proceeds from the sale of land and property,
- Sundry income from housing and non-housing services

Supported housing schemes

The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the Income and Expenditure Account. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

Service charges

The Group adopts the fixed method for calculating and charging service charges to its tenants and variable charges for leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the fixed and estimated amounts chargeable.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

2 Accounting policies (continued)

Schemes managed by agents

Income is shown as rent receivable and management fees payable to agents are included in operating costs.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs

The company participated in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The 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 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. As JJH closed the scheme in 2019 the group will no longer be responsible for future deficits, however, a liability for past deficits remains on its balance sheet.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company 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.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

An actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

2 Accounting policies (continued)

Holiday pay accrual

A liability can be recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date. JJH's liability in relation to this is £46k (2019: £47k).

Tangible fixed assets - Housing Properties

Housing properties are properties available for rent and properties subject to shared ownership leases.

Housing Properties under construction costs includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

JJH capitalises improvements, where improvements result in an incremental future benefit to the property.

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

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Freehold land is not depreciated.

The Board takes the view that, whilst our properties may well have a physical life of 125 years or more, given regular repair and maintenance, it is unlikely that their useful life will exceed 100 years for properties built since 1980 and a further 80 years for our early sheltered schemes built before 1980.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Useful Economic life (years)
New build homes and bungalows	100 years
Flats built after 1980	100 years
Flats built prior to 1980	80 years
Refurbished properties	100 years
Listed properties	150 years
Components	
Heating systems	15 years
Kitchens	20 years
Bathrooms	20 years
Windows and Doors	30 years
Roof coverings	45 – 60 years

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

2 Accounting policies (continued)

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions and up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as property, plant and equipment (PPE) and included in completed housing property at cost and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Low cost home ownership properties are not depreciated on the expectation that the net realisable value at the time of disposal will be in excess of the historical cost.

For shared ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Tangible fixed assets – Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

JJH adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to JJH. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (%)
Office Furniture and equipment	15% per annum
Computer Equipment	20% per annum
Computer Equipment (desktop)	33.33% per annum
Maintenance Equipment	33.33% per annum
Freehold office property	5.26% pa ex land
Scheme equipment	10% pa (lifts 4% pa)

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

2 Accounting policies (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Intangible fixed assets

Intangible assets include assets that do not have physical substance, such as goodwill and are stated at cost less accumulated amortisation. Goodwill amortisation is calculated by applying the straight line method to its estimated useful life JJH's policy is to amortise over 5 years.

Government grants

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date (1st April 2014) in relation to newly acquired or existing housing properties is accounted for using the accrual model. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the RSH can direct JJH to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to the RSH with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Disposal Proceeds Fund

Receipts from Right to Acquire (RTA) Sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the Disposal Proceeds Fund. Any sales receipts less eligible expenses held within disposal proceeds fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

2 Accounting policies (continued)

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Recoverable amount of rental and other trade receivables

JJH estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements

The Group has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

All loans, investments and short term deposits held by JJH are classified as basic financial instruments. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however JJH has calculated that 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. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

JJH has produced a group cashflow statement and has taken advantage of the Financial Reporting standard exemption not to produce an individual JJH cashflow statement. JJH statement is not materially different to that of the group.

Cash and cash equivalents in JJH's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Leasehold Sinking Funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards to the ownership of the leased asset to the Group. All other leases are classified as operating leases.

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

2 Accounting policies (continued)

Provision for liabilities

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant, repayment which is dependent on the disposal of related property.

Reserves

The revaluation reserve is created from surpluses on historical asset revaluation.

Going Concern

The Group's business activities and its current financial position are set out in the Strategic Report and the Report of the Board. In preparing the financial statements on the going concern basis the Board considered the following:

- That the current budget, medium and long term financial forecasts demonstrate that the group has sufficient resources to meet all its liabilities as they fall due, for the foreseeable future and at least for 12 months following the approval of these accounts
- That banking covenants and funders' requirements have been met and are forecast to continue to be met
- That due to Brexit and Covid-19 the group has sufficient liquid resources and suitable mitigating actions in the short, medium and long term to manage the impact of these situations including the impact of increased inflations and interest rates.

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

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 group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. The Board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on the depreciated replacement cost.
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as voids and the repairing obligation are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the property. Individual useful economic lives are assigned to these components.

- The estimation for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.
- The assumptions used to calculate the pensions provision have been reviewed and amended by independent third party actuaries to ensure reasonable and appropriate for JJH.

Exemptions Policy

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

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical.
- No cashflow statement has been presented for the parent company (JJH).
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals of the group as a whole.

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

3 Turnover, cost of sales, operating costs and operating surplus

GROUP – continuing activities

	2020			2019		
	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Surplus on disposal of assets £'000	Operating surplus / (deficit) £'000	Operating surplus / (deficit) £'000
Social housing lettings (note 4)	22,616	-	(18,137)	-	4,479	4,660
<u>Other social housing activities</u>						
Development services	-	-	(2)	-	(2)	(8)
First Tranche shared ownership sales	529	(427)	-	-	102	47
Surplus on disposal of assets (note 7)	-	-	-	129	129	1,055
Other	68	-	(26)	-	42	96
	597	(427)	(28)	129	271	1,190
<u>Non social housing activities</u>						
Care and support services	1,631	-	(1,518)	-	113	99
Total	24,844	(427)	(19,683)	129	4,863	5,949

JJH - continuing activities

	2020			2019		
	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Surplus on disposal of assets £'000	Operating surplus / (deficit) £'000	Operating surplus / (deficit) £'000
Social housing lettings (note 4)	22,616	-	(18,258)	-	4,358	4,576
<u>Other social housing activities</u>						
Development services	121	-	2	-	123	76
First Tranche shared ownership sales	529	(427)	-	-	102	47
Surplus on disposal of assets (Note 7)	-	-	-	120	120	1,055
Other	132	-	(26)	-	106	96
	782	(427)	(24)	120	451	1,274
<u>Non social housing activities</u>						
Care and support services	1,631	-	(1,518)	-	113	99
Total	25,029	(427)	(19,800)	120	4,922	5,949

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

4 Income and expenditure from social housing lettings

GROUP – continuing activities

	General needs housing	Supported housing and housing for older people	Low cost home ownership	2020	2019
	£'000	£'000	£'000	Total	Total
Rent receivable net of identifiable service charges	6,770	9,737	869	17,376	17,567
Service income	265	4,281	661	5,207	5,051
Net rental income	7,035	14,018	1,530	22,583	22,618
Amortisation of SHG	10	-	23	33	26
Turnover from social housing lettings	7,045	14,018	1,553	22,616	22,644
Management	1,222	4,136	474	5,832	6,166
Services	270	4,358	455	5,083	5,123
Routine maintenance	686	1,585	140	2,411	1,978
Planned maintenance	563	1,375	17	1,955	2,054
Bad debts	12	44	4	60	11
Depreciation of housing properties	918	1,683	195	2,796	2,652
Operating costs on social housing lettings	3,671	13,181	1,285	18,137	17,984
Operating surplus on social housing lettings	3,374	837	268	4,479	4,660
Void losses	(88)	(431)	2	(517)	(429)

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

4 Income and expenditure from social housing lettings (continued)

JJH - continuing activities

	General needs housing	Supported housing and housing for older people	Low cost home ownership	2020	2019
	£'000	£'000	£'000	Total	Total
Rent receivable net of identifiable service charges	6,770	9,737	869	17,376	17,567
Service income	265	4,281	661	5,207	5,051
Net rental income	7,035	14,018	1,530	22,583	22,618
Amortisation of SHG	10	-	23	33	26
Turnover from social housing lettings	7,045	14,018	1,553	22,616	22,644
Management	1,246	4,224	483	5,953	6,250
Services	270	4,358	455	5,083	5,123
Routine maintenance	686	1,585	140	2,411	1,978
Planned maintenance	563	1,375	17	1,955	2,054
Bad debts	12	44	4	60	11
Depreciation of housing properties	918	1,683	195	2,796	2,652
Operating costs on social housing lettings	3,695	13,269	1,294	18,258	18,068
Operating surplus on social housing lettings	3,350	749	259	4,358	4,576
Void losses	(88)	(431)	2	(517)	(429)

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

5 Units of housing stock

				2020	2019
	Owned not managed	Managed not owned	Owned and Managed	Total Owned and Managed	Total Owned and Managed
General Needs - social rent	-	-	1525	1,525	1516
General Needs - affordable rent	-	-	39	39	24
Low Cost Homes Ownership	-	-	664	664	658
Supported Housing	-	-	0	-	-
Supported - Housing for older people	28	22	2544	2,594	2589
Supported - Housing for older people - affordable rent	-	-	14	14	14
Intermediate Rent	-	-	42	42	42
Non Social Rented	-	-	0	-	-
Social Leasehold	-	-	78	78	78
Non Social Leased	-	-	0	-	-
Total	28	22	4906	4956	4921
Accommodation in development at year end					27

	General Needs - social rent	General Needs - affordable rent	Low Cost Home Ownership	Supported housing	Supported housing - affordable rent	Intermediate rent	Social leasehold units owned	Total
Reconciliation of unit numbers:								
Opening unit numbers	1516	24	658	2589	14	42	78	4921
New stock acquired	9	15	8	5	-	-	-	37
New stock into management	-	-	-	-	-	-	-	0
Other gains	-	-	-	-	-	-	-	0
Sales to Local Authorities	-	-	-	-	-	-	-	0
Sales to another RP	-	-	-	-	-	-	-	0
Sales to open market	-	-	-	-	-	-	-	0
Sales to tenants leasehold	-	-	(2)	-	-	-	-	(2)
Other losses	-	-	-	-	-	-	-	0
Movement within categories	-	-	-	-	-	-	-	0
Net change in stock	9	15	6	5	0	0	0	35
Closing unit numbers	1525	39	664	2594	14	42	78	4956

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

6 Operating Surplus

This is arrived at after charging/(crediting):

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Depreciation of housing properties				
- annual charge	2,795	2,652	2,795	2,652
Depreciation of other tangible fixed assets	784	752	784	752
Impairment of housing properties	-	-	-	-
Surplus/(loss) on disposal of other tangible fixed assets	-	(2)	-	(2)
Rent and service charge losses from bad debts	60	11	60	11
Operating lease rentals				
- office equipment and computers	-	-	-	-
- vehicles	15	10	15	10
Auditors' remuneration				
- for audit services	32	26	28	25
- for non-audit services:	12	13	12	13
- tax compliance	-	-	-	-

7 Surplus on sale of fixed assets – housing properties

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Proceeds of sales	223	1,222	223	1,222
Less: Costs of sales	(94)	(167)	(103)	(167)
	129	1,055	120	1,055

8 Interest receivable and other income

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Interest receivable and similar income	48	69	48	69
	48	69	48	69

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

9 Interest payable and similar charges

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	3,099	3,095	3,099	3,095
Net interest on net defined benefit liability (Interest expense)	104	136	104	136
	3,203	3,231	3,203	3,231
Interest capitalised on construction of housing properties (at 3.8%)	(20)	(8)	(20)	(8)
	3,183	3,223	3,183	3,223

10 Employees, Directors remuneration and Board costs

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	5,081	4,840	5,081	4,840
Social security costs	420	393	420	393
Cost of defined contribution scheme	164	152	164	152
	5,665	5,385	5,665	5,385

The average number of employees (including Executive Management Team) expressed as full time equivalents (35 hours per week).

	Group		JJH	
	2020	2019	2020	2019
Administration	29	30	29	30
Development	3	3	3	3
Assets	9	10	9	10
Housing, Support and Care	130	130	130	130
	171	173	171	173

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

Directors and senior Executive remuneration

The directors are defined as the members of the Board of management, the Chief Executive and the Executive management team.

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Executive Directors Emoluments	659	351	659	351

The total amount payable to the Chief Executive, who was also the highest paid director, was £136,651 (2019: £124,725). As a member of the SHPS pension scheme, the pension entitlement of the Chief Executive is identical to those of other members of staff and equated to £5,836.

10 Employees, Directors remuneration and Board costs *continued*

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards:

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
£60,000 - £69,999	1	2	1	2
£70,000 - £79,999	2	1	2	1
£80,000 - £89,999	-	-	-	-
£90,000 - £99,999	2	-	2	-
£100,000 - £109,999	-	1	-	1
£110,000 - £119,999	1	1	1	1
£120,000 - £129,999	-	-	-	-
£130,000 - £139,999	1	1	1	1

Board Members

Board Member	Remuneration	JJH Board	JJDL Board	A&R	N&R
Frances Street	10,911	Chair			✓
John Sandford	6,597	✓		Chair	
Tom Miskell	6,597	Vice Chair	✓		✓
Brian Benneyworth	6,597	✓		✓	Chair
Andrew Bowden	6,597	✓			
Simon Brooksbank	6,597	✓			
Anthony Riley	1,523		✓		
Steve Secker	6,597	✓	Chair		
Ralph Middlemore	1,523		✓		
Sue Lock	4,448	✓		✓	
Naseer Patel	1,523			✓	
Richard Shenton	4,448	✓			
Peter Singleton	499				
	64,459				

In addition, the Board members received £8,022 in expenses.

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

11 Tax on surplus on ordinary activities

	Group 2020 £'000	2019 £'000	JJH 2020 £'000	2019 £'000
Current tax reconciliation				
Surplus on ordinary activities before tax	1,728	2,795	1,787	2,795
Theoretical tax at UK corporation tax rate 19% (2019: 19%)	328	531	340	531
- surplus attributable to charitable activities	(328)	(531)	(340)	(531)
Current tax charge	-	-	-	-

12 Tangible Fixed Assets – housing properties

JJH

	Social Housing properties held for letting £'000	Social Housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2019	109,921	1,754	23,303	451	135,429
Transfer To Completed	2,119	(2,119)	496	(496)	-
Construction - Additions	-	887	-	215	1,102
Works to existing properties	518	-	-	-	518
Property Acquisitions In The Year	1,738	1,247	-	19	3,004
Property Disposals In The Year	-	-	(103)	-	(103)
Component Additions	3,680	-	-	-	3,680
Component Disposals	(20)	-	-	-	(20)
At 31 March 2020	117,956	1,769	23,696	189	143,610
Depreciation and impairment					
At 1 April 2019	(12,284)	-	(858)	-	(13,142)
Depreciation charged in the year	(722)	-	(176)	-	(898)
Component Depreciation charged in the year	(1,899)	-	-	-	(1,899)
Component Depreciation eliminated in the year	18	-	-	-	18
Impairment charged in the year	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-
At 31 March 2019	(14,887)	-	(1,034)	-	(15,921)
Net Book Value					
At 31 March 2020	103,069	1,769	22,662	189	127,689
At 31 March 2019	97,637	1,754	22,445	451	122,287

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 – continued

12 Tangible Fixed Assets – housing properties *continued*

Group

	Social Housing properties held for letting £'000	Social Housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2019	109,921	1,698	23,303	451	135,373
Transfer To Completed	2,119	(2,119)	496	(496)	-
Construction - Additions	-	866	-	215	1,081
Works to existing properties	518	-	-	-	518
Property Acquisitions In The Year	1,738	1,247	-	19	3,004
Property Disposals In The Year	-	-	(103)	-	(103)
Component Additions	3,680	-	-	-	3,680
Component Disposals	(20)	-	-	-	(20)
At 31 March 2020	117,956	1,692	23,696	189	143,533
Depreciation and impairment					
At 1 April 2019	(12,284)	-	(858)	-	(13,142)
Depreciation charged in the year	(722)	-	(176)	-	(898)
Component depreciation charged in the year	(1,899)	-	-	-	(1,899)
Component Depreciation eliminated in the year	18	-	-	-	18
At 31 March 2020	(14,887)	-	(1,034)	-	(15,921)
Net Book Value					
At 31 March 2020	103,069	1,692	22,663	189	127,612
At 31 March 2019	97,637	1,698	22,445	451	122,231

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

12 Tangible Fixed Assets – housing properties *continued*

The net book value of properties may be further analysed as follows:

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Freehold	109,691	104,431	109,769	104,487
Long leasehold	17,921	17,800	17,920	17,800
	127,612	122,231	127,689	122,287

Expenditure on works to existing properties

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts capitalised	4,198	2,996	4,198	2,996
Amounts charges to income and expenditure account				
- Routine Maintenance	2,411	1,978	2,411	1,978
- Planned Maintenance	1,955	2,054	1,955	2,054
Total	8,564	7,028	8,564	7,028

Interest Capitalisation

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Interest capitalised in the year	20	8	20	8
Cumulative interest capitalised	20	8	20	8
Rate used for capitalisation	3%	3%	3%	3%

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

13 Tangible Fixed Assets – other

Group and JJH	Office buildings £'000	Furniture Fixings and Fittings £'000	Computers and Office Equipment £'000	Total £'000
Cost				
As at 01 April 2019	924	12,281	2,938	16,143
Additions	-	250	204	454
Disposals	-	-	(278)	(278)
As at 31 March 2020	924	12,531	2,864	16,319
Depreciation				
As at 01 April 2019	(286)	(9,665)	(1,987)	(11,938)
Charge for year	(48)	(505)	(232)	(785)
Disposals	-	-	278	278
As at 31 March 2020	(334)	(10,170)	(1,941)	(12,445)
Net book value				
As at 31 March 2020	590	2,361	923	3,874
As at 01 April 2019	638	2,616	951	4,205

13a Intangible Assets

The purchase of the mobile response service from Peaks and Plains Housing Trust in 2019 has been recognised as goodwill and capitalised as an intangible asset.

Group and JJH	Goodwill
Cost	
As at 01 April 2019	345
Additions	38
As at 31 March 2020	383
Amortisation	
As at 01 April 2019	(29)
Charge for year	(74)
As at 31 March 2020	(103)
Net book value	
As at 31 March 2020	280
As at 01 April 2019	316

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

14 Investment in subsidiaries

The company owns 100% of the shares of its subsidiary company Johnnie Johnson Developments Limited, a Company incorporated in England & Wales, with the same registered office as its parent. At the year end the company had net assets/liabilities of £21k (2019: net assets/liabilities £65k). For the period ended 31st March 2020 the company had turnover of £862k (2019: £2,257k) and made a profit of £21k (2019: profit/loss £65k). This profit will be gift aided to JJH in the next financial year. The principal activity of the company is property development.

Johnnie Johnson Developments Limited provides housing development services. During the year Johnnie Johnson Developments undertook a small number of projects for Johnnie Johnson Housing Trust Limited and anticipates further projects in 2020/21. Johnnie Johnson Housing Trust Limited holds one £1 share in the company. No other shares have been issued.

15 Debtors

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge arrears	431	379	431	379
Less: Provision for doubtful debts	(282)	(248)	(282)	(248)
	149	131	149	131
Amounts owed by group undertakings	-	-	-	-
Other debtors	841	648	835	641
Prepayments and accrued income	183	141	183	141
	1,173	920	1,167	913
Due after one year				
Prepayments and accrued income	50	50	50	50

16 Properties for Sale

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Shared ownership	122	353	126	362

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

17 Creditors: amounts falling due within one year

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans and borrowings (note 22)	2,770	2,733	2,770	2,733
Trade creditors	17	574	17	574
Social housing grant in advance	70	70	70	70
Rent and service charges received in advance	842	800	842	800
Amounts owed to group undertakings	-	-	153	376
Taxation and social security	146	108	146	108
Other creditors	614	637	614	637
Deferred capital grant (Note 19)	35	33	35	33
Recycled capital grant fund (Note 20)	144	506	144	506
Accruals and deferred income	5,176	5,265	5,039	4,947
Accrued interest	414	225	414	225
Funds Held on Behalf of Residents	1,905	1,818	1,905	1,818
	<u>12,133</u>	<u>12,769</u>	<u>12,149</u>	<u>12,827</u>

18 Creditors: amounts falling due after more than one year

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans and borrowings (Note 22)	64,735	62,505	64,735	62,505
Less Loan issue costs	(721)	(763)	(721)	(763)
Deferred capital grant (Note 19)	4,422	3,273	4,422	3,273
Disposal proceeds fund (Note 21)	59	59	59	59
	<u>68,495</u>	<u>65,074</u>	<u>68,495</u>	<u>65,074</u>

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

19 Deferred Capital Grant

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
As at 01 April 2019	3,306	2,497	3,306	2,497
Grants received during the year	821	749	821	749
Grants recycled from the recycled capital grant fund	364	86	364	86
Released to income during the year	(33)	(26)	(33)	(26)
As at 31 March 2020	4,458	3,306	4,458	3,306

20 Recycled Capital Grant Fund

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Funds pertaining to activities within areas covered by:				
As at 01 April 2019	506	516	506	516
Inputs to fund:				
grants recycled	0	74	0	74
interest accrued	2	2	2	2
Recycling of grant:				
- new build	(364)	(86)	(364)	(86)
As at 31 March 2020	144	506	144	506

Amounts 3 years or older where repayment may be required

- - - -

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

21 Disposal Proceeds Fund

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
As at 01 April 2019 and 31 March 2020	59	59	59	59

22 Group Loans and Borrowings

	Bank loans	Local Authority Loans	Total	Total
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
In one year or less, or on demand	2,770	-	2,770	2,733
In more than one year but not more than two years	2,979	-	2,979	2,770
In more than two years but not more than five years	7,160	-	7,160	7,710
In more than 5 years	49,596	5,000	54,596	52,026
Total	62,505	5,000	67,505	65,239

The loans are repayable at varying rates of interest in instalments.

The loan portfolio is currently structured with 87% of its drawn debt on a fixed rate basis providing a high degree of certainty as to its future interest costs with an average cost of borrowing of 4.24%.

2,482 of JJH's properties are currently charged as security for the loans.

£30m funding has been secured with Warrington Borough Council (currently £25m undrawn).

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

23 Pensions

An actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Due to JJH's closure of the scheme in 2019 it has protected itself from future accrual but continues to hold provision for past deficit liabilities. JJH continues to contribute to the defined contribution scheme.

The actuarial valuation has produced a reduction in liability during this financial year and is recognised in other comprehensive income. The breakdown can be seen below:

Group and JJH

	2020	2019
	£'000	£'000
As at 01 April 2019	4,647	3,856
Loss (gain) on initial recognition of SHPS net actuarial liability		1,506
Sub total	4,647	5,362
Defined benefit costs recognised in SoCI	104	107
Total amount recognised in other comprehensive income	(1,943)	(226)
Deficit contributions paid	(672)	(596)
As at 31 March 2020	2,136	4,647
Less than one Year	692	679
Greater than one Year	1,444	2,582
	2020	2019
	£'000	£'000
Fair value of plan assets	20,480	19,959
Present value of plan liabilities	(22,616)	(24,606)
Net pension scheme liability	(2,136)	(4,647)
< 1 year	(692)	(672)
> 1 year	(1,444)	(3,975)
	(2,136)	(4,647)

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

23 Pensions – continued

The following FRS 102 – section 28 accounting disclosures are specific to Johnnie Johnson Housing for the period ending 31 March 2020

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND
 DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2020	31 March 2019
	(£000s)	(£000s)
Fair value of plan assets	20,480	19,959
Present value of defined benefit obligation	22,616	24,606
Surplus (deficit) in plan	(2,136)	(4,647)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(2,136)	(4,647)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period from 31 March 2019 to 31 March 2020 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

23 Pensions – continued

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2019 to 31 March 2020 (£000s)
Defined benefit obligation at start of period	24,606
Current service cost	-
Expenses	22
Interest expense	583
Member contributions	0
Actuarial losses (gains) due to scheme experience	(270)
Actuarial losses (gains) due to changes in demographic assumptions	79
Actuarial losses (gains) due to changes in financial assumptions	(1,615)
Benefits paid and expenses	(789)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	22,616

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 March 2019 to 31 March 2020 (£000s)
Fair value of plan assets at start of period	19,959
Interest income	479
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	137
Employer contributions	694
Member contributions	0
Benefits paid and expenses	(789)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	20,480

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

23 Pensions – continued

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2019 to 31 March 2020 (£000s)
Current service cost	-
Expenses	22
Net interest expense	104
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	126

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2019 to 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	137
Experience gains and losses arising on the plan liabilities - gain (loss)	270
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(79)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,615
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,943
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in Other Comprehensive Income - gain (loss)	1,943

Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2020 - continued

23 Pensions – continued

ASSETS

	31 March 2020	31 March 2019
	(£000s)	(£000s)
Global Equity	2,995	3,358
Absolute Return	1,068	1,727
Distressed Opportunities	394	363
Credit Relative Value	562	365
Alternative Risk Premia	1,432	1,151
Fund of Hedge Funds	12	90
Emerging Markets Debt	620	689
Risk Sharing	692	603
Insurance-Linked Securities	629	572
Property	451	449
Infrastructure	1,524	1,047
Private Debt	413	268
Opportunistic Illiquid Credit	496	-
Corporate Bond Fund	1,168	931
Liquid Credit	8	-
Long Lease Property	354	294
Secured Income	777	715
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	6,797	7,299
Net Current Assets	88	38
Total assets	20,480	19,959

None of the fair values of the assets shown include any direct investments in the groups own financial instruments or any property occupied by, or other assets used by JJH.

KEY ASSUMPTIONS

	31 March 2020	31 March 2019
	% per annum	% per annum
Discount Rate	2.40%	2.40%
Inflation (RPI)	2.65%	3.10%
Inflation (CPI)	1.65%	2.10%
Salary Growth	2.65%	3.30%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

23 Pensions – continued

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.3
Female retiring in 2020	23.1
Male retiring in 2040	22.7
Female retiring in 2040	24.3

24 Non-equity share capital

Group and JJH	2020 £	2019 £
As at 01 April	24	24
Shares issued in the year	3	-
Shares cancelled in the year	-	(4)
As at 31 March	27	20

The share capital of the Group consist of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the Group. Therefore, all shareholdings relate to non-equity interests

25 Contingent Liabilities

Group and JJH

The Group receives grant from Homes England and from Local Authorities, which is used to fund the acquisition and development of housing properties and their components. Grant of £2,488k received in respect of housing properties held at 31 March 2015 was credited to reserves in respect of adoption of 'deemed' cost. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2020, the value of grant received in respect of these properties that had not been disposed of was £4,458k net of amortised grant released to the I&E of £33k (2019: £26k). As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

26 Financial Instruments

The Group's financial instruments may be analysed as follows:

	Group		JJH	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at historical cost				
- Trade receivables	990	779	984	772
- Cash and cash equivalents	10,461	11,552	10,461	11,552
Total financial assets	11,451	12,331	11,445	12,324
Financial liabilities				
Financial liabilities measured at amortised cost				
- Loans payable	67,505	65,239	67,505	65,239
Financial liabilities measured at historical cost				
- Trade creditors	17	574	17	574
- Other creditors	9,224	9,380	9,087	9,062
- Deferred capital grant	4,457	3,306	4,457	3,306
Total financial liabilities	81,203	78,499	81,066	78,181

27 Operating Leases

Amounts payable as Lessee	Group and JJH	
Motor Vehicles Only	2020	2019
	£'000	£'000
Not later than one year	7	14
one to five years	-	7
Total	7	21

28 Capital Commitments

The group had no capital commitments at the 31 March 2020 except for £3,276k (2019: £1,873k) contracted but not provided for. This is the remaining spend on the current developments. Non contracted commitments were zero.

Johnnie Johnson Housing Trust Limited
Notes forming part of the financial statements for the year ended 31 March 2020 - continued

29 Related Party Disclosures

The below transactions relate to design and build services carried out by Johnnie Johnson Developments Limited

	2020	2019
	£'000	£'000
Development services	862	2,257
	<u>862</u>	<u>2,257</u>

The following Intercompany balances were as at 31 March

Johnnie Johnson Developments Limited	(153)	(376)
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The table below shows the related party transactions in respect of Board Members and Executive Management Team who have made declarations of interest

Organisation	Transactions value 2020	
	Sales	Purchases
	£'000	£'000
Northern Housing Consortium	-	3
Accent Housing	90	2
Cartrefi Conwy	2	-
Edward Mayes Trust Ltd	2	-
	<u>94</u>	<u>5</u>

30 Post Balance Sheet Event

Since the closing of the accounts the outbreak of the pandemic COVID-19 has had an economic effect across all sectors. JJH has considered the effect of this on the organisation as a going concern, its resilience over the last couple of months and the effect on the assets of JJH. The board have reviewed both the revised budget and business plan and held a special risk meeting on 8th April 2020 to review all our risks and mitigations in line with the economic impacts. The Executive and Board have reviewed the mitigations in the plan to assure stability should the worst happen. There is sufficient undrawn loans available if necessary and the board have made some difficult decisions to delay some planned maintenance work in 2020. The plan continues to invest in our properties particularly our Studio improvements and fire door program. The development assumptions contain 270 identified units and 674 indicative. All confirmed development will be run through the plan to ensure affordability prior to going to board for approval. JJH has no outright sale and little approved first tranche sale but where there is shared ownership units these have been delayed by a minimum of 3 months. Our initial review shows little impact on our income due to the demographic of our residents but we have sufficient provision for bad debt should the effect be greater than expected. Regular operational measures are in place to monitor this. We have reduced our planned program by circa £530k and identified costs within our budget that could be curtailed should the position worsen. We are resilient through our treasury management strategy, avoiding undue risk, and having sound financial planning and management.