

# Report and Financial Statements of Johnnie Johnson Housing Trust Ltd

For the year ended 31 March 2021

**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 2021

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# Johnnie Johnson Housing Trust Limited

## Executives and advisors for the year ended 31 March 2021

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Board of Management	Frances Street (Chair) resigned 29 <sup>th</sup> July 2020 John Sandford (Chair ) appointed 29 <sup>th</sup> July 2020 Tom Miskell OBE (Vice Chair) resigned 29 <sup>th</sup> July 2020; continued Board member Susan Lock (Vice Chair) appointed 29 <sup>th</sup> July 2020 Andrew Bowden Brian Benneyworth (Chair Nominations and Remuneration Committee) Simon Brooksbank Steve Secker (Chair of Johnnie Johnson Developments Ltd) Richard Shenton resigned 31 <sup>st</sup> October 2020 Naseer Patel (Co-optee, Audit & Risk) resigned 29 <sup>th</sup> July 2020 Abdul Ravat appointed 29 <sup>th</sup> July 2020 Tabitha Arulamplalam appointed 29 <sup>th</sup> July 2020 Robert Seldon appointed 29 <sup>th</sup> July 2020	
Executive Directors	Chief Executive Chief Operating Officer and Company Secretary (leaver 31 <sup>st</sup> July 2020) Executive Director, Homes and Services Executive Director, Finance and Corporate Services Director of Development and Growth Director of Astraline and Innovation Director of Data and Digital (appointed 4 <sup>th</sup> May 2020)	Yvonne Castle  Geoff Clarke Kathryn Fox-Rogers Debbie Noble Lisa Johnson Joe McLoughlin Steve Allcock
Registered Office	Astra House Spinners Lane Poynton Cheshire SK12 1GA	
Secretary	Sarah-Jane Gilmore	
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 2021

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### Introduction

It gives me great pleasure to present my first report as Chair of Johnnie Johnson Housing Trust Limited.

I would like to thank my immediate predecessor, Frances Street, for leading the Board for the past eight years and leaving the organisation in a very strong position, with top regulatory ratings, a strong Balance Sheet and Risk Management framework and a coherent and exciting strategy for the years ahead.

The year 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 has tested our mission of serving our residents and other customers to help them 'Live Longer Live Better' like no other year. As with many businesses the pandemic brought significant challenges, for us with our focus on providing homes for older people, keeping our residents and our people safe while continuing to provide outstanding services became our overriding priority.

I would like to say thank you to the Executive and all our teams for their hard work, dedication and resilience in not only keeping everybody safe but also driving our strategy forward. It would have been very easy to spend all our efforts on just keeping things going but, as you can see from the achievements below, we have embraced the opportunity to change and innovate and set ourselves up as an organisation fit to face the challenges of the future.

I would like, in particular, to thank all involved in the business continuity team who met daily, throughout the whole of the year and dealt with: lockdowns; tiers; and ever-changing Government advice to plan and communicate service changes and the way they affected residents, quickly and professionally. In that context I would also like to thank our resident Scrutiny Panel and our Editorial Panel who reviewed and commented on all communications and helped us to communicate effectively. Throughout the year we have also worked very closely with all our suppliers and partners to help them deliver Covid secure services and keep them informed of changes. To assist our suppliers and partners we reduced our normal 30-day payment terms to aid their cash flow.

We are 'more than a Landlord' and we like to help our residents build their communities. It is clear that many of our residents have found the past year very difficult and have often been isolated. We have put a support package in place for all our residents, increasing the frequency of check in calls and providing emergency assistance through Astraline, our telecare operation. However, one of our top priorities as we come out of the pandemic will be to help our residents rebuild their communities.

### Key strategic matters

#### *My futures*

One of the first things that happened in March 2020 was the requirement to work from home. This was achieved with minimum disruption, due to good planning from the business continuity team and great support from the IT team and led to the closure of Astra House our Head Office in Poynton.

During 2020 the Board and the Executive took the opportunity to review the way we would work in the future. Led by consultation with our people the Board decided that we would respond to the desire to work more flexibly, with the 'where we work' being less important and less prescriptive. The decision was therefore taken to permanently close Astra House, the head office in Poynton, and take a new, smaller and more modern space in Eden Point, which we would use as an innovation and collaboration hub. To date the feedback on these changes has been very positive.

The Board are conscious of the risks to our culture of the revised ways of working and are monitoring the position carefully as we come out of lockdowns and begin to establish a new normal pattern of working.

The Board are hoping to develop the old head office site into a new, modern Independent Living Scheme and are currently considering an investment appraisal of that site.

# **Johnnie Johnson Housing Trust Limited**

## **Chair's statement for the year ended 31 March 2021 - continued**

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### *Astraline*

The Board spent some considerable time looking at the Astraline operation during the year, our tele-care and tele-health business. The Board recognised that the digital switch-over in (2025) provided a unique opportunity to grow and develop Astraline.

The Board therefore approved a focussed business plan to grow the Astraline business. Initially this requires some modest investment into this business.

We recognised that to achieve the growth objectives set out in the plan would require focussed management attention and therefore the Board agreed to set up Astraline as a formal division, from the beginning of the new financial year, with its own divisional Board with Andrew Bowden as it's Chair.

The Board will continue to monitor the performance of Astraline against its business plan ambitions carefully.

### *Regulatory ratings*

During the Autumn we were subject to an IDA assessment by the Regulator, performed virtually. I am pleased to report that the result of this assessment was that we retained our top regulatory ratings of V1/G1 and we continue to drive improvements in our governance compliance and regulatory standards.

### *Voice of the customer*

Despite the inability to meet with our residents and customers face to face we continued with our regular meetings on a virtual basis. In July 2020 we had a digital conference and working with the Regional forum Chairs were able to improve subsequent conferences in October 2020 and February 2021 and we had the first one of the new financial year in May 2021.

These conferences have been invaluable in getting feedback on our services during the pandemic.

I would like to thank in particular our Scrutiny panel who hold us to account. This year they focussed on 'Scrutiny Service spotlight' looking at services across the business and putting forward recommendations for improvement. I would also like to thank the regional forum Chairs for liaising with us to help us understand how residents were feeling in the pandemic and acting as a sounding board for some of the decisions we made.

The Board have had a recent deep dive into the implications of the white paper and want to improve still further on our listening to and receiving and acting on feedback from residents.

We are currently assessing the implications of the lessons learnt during the pandemic for our services for the future and working with our residents we plan to develop an updated service offer to be rolled out during 2021/22.

### **Our achievements**

Our Corporate strategy is categorised under our four main aspirations to deliver: Outstanding Homes; Outstanding Services; Outstanding Value; and Outstanding people.

I set out below the key achievements of the year under each of these headings.

#### ***Outstanding Homes***

- We transformed 20 homes under our studio project that ensures that our bedsits are fit for the future
- We replaced 870 fire doors and running in tandem with this programme we carried out remedial work to enhance fire compartmentation into 32 schemes as part of our 'Safe and secure initiative'
- We implemented compliance management software C365 which records all our cyclical maintenance certification giving a real time view of performance

**Johnnie Johnson Housing Trust Limited**  
**Chair's statement for the year ended 31 March 2021 - continued**

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- We purchased a new Geographical Information System to allow mapping of scheme information and trend analysis, including estate management and repairs.
- 19 new homes delivered by our development team with a healthy pipeline of both starts on site and schemes under negotiation with developers and local authorities
- We almost completed our refurbishment of Spey House, which had been delayed due to our contractor entering Administration
- We acquired Saville Court, Kirklees, an independent living scheme of 38 homes.

The integrated estates management contract with Fortem continues to develop. We are pleased with the progress and during 2020/21, although further improvements in the repairs service need to be made, Fortem began delivering planned investment works including fire compartmentation and will continue to add services into the contract, including Estate services and Repairs calls over the coming months.

***Outstanding services***

I have already discussed our interaction with residents/forums/scrutiny panel and how they have shaped our services this year. Other achievements are:

- We retained the Customer Service Excellence accreditation with 10 Compliance plus awards
- We held research sessions with resident groups to gain views on; redesign of the JJH website; the Fortem portal; schemes of the future; and estate services.
- We continue to monitor the results of our 'Outstanding survey' which provides real time feedback from residents to help us develop our improvement plans
- We supported residents with pension credit, dealing with debt and Universal Credit. Our Welfare Benefits advisor has sought over £800,000 in additional benefit provision for residents
- We partnered with Morrison's for a 'Doorstep Deliveries' initiative rolled out to our Independent living residents in September 2020 and our general let and leasehold residents in November 2020.

***Outstanding value***

- We delivered a surplus of £1.293m (Group £1.322m)
- We continue to have an active value for money programme closely monitored by the Board supported by the use of Lean system methodologies and proactive partnering to ensure budgets are tightly managed
- We have continued to develop our risk management systems during the year and integrated our business planning and stress testing with our risk management processes
- We have continued to invest in our technology, ICT and connectivity, many of the achievements set out above but particularly our flexible working arrangements are underpinned by this investment
- We have worked to enhance our digital offer through our transformation programme and are looking to introduce: a new look website and self-service portal; a mobile app; and a Choice based Letting service for prospective residents
- We negotiated new funding consisting of a £10m revolving credit facility which was signed in June 2021 and took the first steps to securing further funding to deliver our plans for the next five years

***Outstanding people***

- We innovated our recruitment process to interview and onboard colleagues on-line including new Board members. We are now a much more diverse board
- We have carried out Pulse surveys to engage with and listen to colleagues and supporting those who needed it
- Colleague welfare is a high priority and we supported colleagues through 'Wellbeing Wednesday', mental health awareness sessions and guidance for colleagues working at home and many other ways, not least by the previously trained Mental Health First Aiders
- We supported colleagues through the vaccination process and always ensured there was sufficient and appropriate PPE

# **Johnnie Johnson Housing Trust Limited**

## **Chair's statement for the year ended 31 March 2021 - continued**

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- We have continued our programme to develop talent with a Leaders programme that has been run virtually throughout the year
- 'My Aspirations' programme continued during the year and saw nine members of JJH graduate from the programme
- Our Apprenticeship Programme continued with two of our apprentices achieving permanent roles.

### **Board Changes**

I have already referred to Frances Street my predecessor who retired from the Board at last year's AGM. At this year's AGM Tom Miskell, the former Vice Chair of JJH is to retire.

Tom has been a source of wise Counsel and advice over the last seven years as a Board member. As well as serving as Vice Chair he has served JJH as Chair of the Nomination and Remuneration Committee and even a brief time as the Chair of the Audit and Risk Committee. I would like to thank Tom for his fantastic contribution to JJH over the last seven years.

During the year Richard Shenton resigned from the Board due to obtaining a new role. I would like to thank Richard for his contribution over the last three years, particularly for his insights and contribution to the Astraline business.

During the year we welcomed three new co-opted members to the JJH Board: Tabitha Arulampalam, who has become a member of the Nominations and Remuneration committee and the Astraline Divisional Board; Abdul Ravat who has become a member of the Audit and Risk Committee and the Treasury task and finish group looking at new funding; and Rob Seldon who has become Chair of the Audit and Risk Committee and also serves on the Treasury task and finish group. All three will look to be formally appointed to the Board at the AGM and their biographies are set out in the papers.

In addition, to strengthen the development expertise on the JJDL board we welcomed two new independent Directors to that Board, Alistair How and Peter Nourse.

As well as myself being appointed as Chair of the Board, Sue Lock was appointed as Vice Chair.

As you can tell this was a particularly busy year for the Nomination and Remuneration committee and I would particularly like to thank Brian Benneyworth, its Chair, for the considerable commitment and skill in leading the process for the appointment of the Chair and Vice Chair and the recruitment of new Board members.

### **The Future**

As with any housing association our key issue is to use our resources effectively and to balance the use of our resources between investment in our existing homes and the building of new homes, while controlling the risks that we are taking. The Board will continually review this balance to make sure that it remains appropriate.

The key priorities for 2021/22 are:

- Continued two-way dialogue with our residents to deliver services they want at the right time, in the right place and at the right price
- Ensure the benefits for colleagues and Residents of the 'MyLifestyle' working arrangements are delivered
- Ensure the Astraline growth strategy is delivered in accordance with the business plan
- Obtain funding for our development plans for the next five years
- Deliver on our development objectives
- Substantially complete the fire door and fire compartmentation programmes
- Get our plans in place for zero carbon for our existing homes


**Johnnie Johnson Housing Trust Limited**  
**Chair's statement for the year ended 31 March 2021 - continued**

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All this is underpinned by a focus on our colleagues' welfare, training and development and an enhanced digital programme.

It is very difficult to predict what is likely to happen to the Economy over the next year. However, given our achievements in the midst of a pandemic, the way the organisation has pulled together as one team to protect residents and look after colleagues, I am confident that the organisation will prosper whatever the circumstances.

I feel privileged and proud to be Chair of this Outstanding organisation and I am confident that if we continue to focus on our mission to help people 'Live Longer Live Better' and continue to work as one team we will have a bright future.



Chair

28<sup>th</sup> July 2021

# Johnnie Johnson Housing Trust Limited

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

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### Principal Activities and Review

The Board presents its report and the audited financial statements for the year ended 31 March 2021 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 Cheadle, 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 was a shareholder of Procurement for All (PFA), which is an asset management procurement consortium. PFA has, this year, been sold to CHIC and the Directors of PFA are currently going through the appropriate process for the sale.

### 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. As this last year has shown a very 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 drive "This is How We do it" 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 our challenges, and they establish a basis for consistent decision-making by everyone. Our values and their related behaviours 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 2021 – continued

### Objectives

In 2021 we focused on delivering **4 strategic objectives**:

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

### Highlights



Operating social housing margin 18%



Achieved 98% occupancy



Voids turnaround at 56 days



Governance rating G1/V1



7,078 residents



19 new homes delivered



£3.5m invested in new homes (Major Repairs)



Achieved Arrears of 1.23%



48 homes in construction on site



Average rent for Independent Living properties £74 per week



Average rent for General Needs of £86 per week



£19m loans available for future drawdown



83% of our residents are satisfied with our service



75% achieving 'right first time'



Gearing 47%



Increased homes in management to 5,007



89% repairs appointments kept



Interest cover 133% (EBITDA MRI – Vfm Metric)

**Johnnie Johnson Housing Trust Limited**  
**Report of the Board of Management for the year ended 31 March 2021 – continued**

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### **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 the system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.

A wide range of internal control mechanisms are in place with the most significant sources being:

- 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
- Working with external stakeholders, including the Regulator of Social Housing (RSH) and accreditation bodies

These mechanisms bring information from all parts of the business and provides assurance to Board that an effective system of internal control is in place.

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 2020 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:

### **Risk Management**

- A Risk Management Framework that identifies principle risks and uncertainties and provides an approach to manage, monitor and mitigate risks at all levels of the business
- Top Ten Risk report together with the full Risk Matrix which includes Internal Controls and mitigating actions are reported to every Board and Audit and Risk Meeting respectively.
- An annual planning process within which the Board and Executive Team review their general risk appetite towards key business activities, approve the Corporate Strategy and business plan objectives supported by long-term financial projections.
- A Risk Review Group consisting of Executive and Heads of Service review the full risk Matrix every 2 months to ensure it remains appropriate.

# **Johnnie Johnson Housing Trust Limited**

## **Report of the Board of Management for the year ended 31 March 2021 – continued**

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### **Performance Management**

- JH operates a Performance Management Framework comprised of clearly defined Performance Indicators (PIs). We have forward looking measures of success and our Dashboard focuses on key aspects of a balanced scorecard to include, our customers, our finances, our colleagues and our processes.
- PIs have a role in generating continuous improvement for residents and local communities; and are used to show broad trends and indicative performance. They highlight areas that need further investigation and can be used to target areas for improvement. We use various methods of benchmarking to compare our performance to others and understand where we are different.
- Assurance is gained from detailed analysis of survey results where we address any areas of concern or change. The surveys include areas such as customer satisfaction, employee satisfaction and stock condition.

### **Organisational and Management Structures and Appointment of Experienced and Suitably Qualified Staff**

- We have in place 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
- We have innovated our recruitment and selection process to appoint experienced and suitably qualified staff, that also fit culturally with JH, to take responsibility for important business functions
- Our Code of Conduct 'This is how we do it' is embedded across the organisation. Our regular check-in meetings between Leaders and colleagues are designed to maintain high standards of performance and ensure that colleagues "do the right thing" by JH.
- The Nominations and Remuneration Committee determine policy on staff, Executive and Board remuneration. JH complies with the government's policy relating to the National Living Wage

### **Document Review**

- The JH Document Management Framework sets out a timetable for the review, update and approval of strategies, policies are approved by the Board and the Executive Team and procedures by the relevant member of our Operational Leaders Group which ensures that appropriate levels of approval have been established.
- This procedure ensures that all strategies and policies have an appropriate level of oversight and that they are issued appropriately so that all staff are aware of them.
- We have improved our Strategies this year and are focusing on keeping them relevant in a fast paced changing external world.

### **Financial Management and Value for Money**

- Financial forecasts and budgets are prepared which allow the Board and the management team to monitor key financial risks and spend in terms of achieving budgets in the short, medium and long term. Monthly management accounts are prepared promptly, and are considered by the Executive Team, including investigation into any significant variances and necessary management action to ensure services and programmes are delivered to budget.
- 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 Procedures. 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
- A full range of insurances are in place to safeguard assets and these are fully reviewed annually to ensure they are fit for purpose. We hold regular meetings with our Insurance Broker to monitor changes in the market and ensure any emerging risks are covered
- JH defines Value for Money (VfM) as 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 its corporate vision. The Board considers the VfM implications of all decisions made by them, and has a section within each Board report that includes the costs and benefits of every issue that is discussed, with the aim of optimising the financial return on JH's assets (in line with the Regulator for Social Housing (RSH)'s Standard and Code of Practice for Value for Money (VfM)).

### **Third Party Assurance**

The Board review the internal and external audit services annually. BDO are our external auditors and Beever & Struthers our internal auditors. The Audit and Risk Committee review independent reports and meet with both audit

# **Johnnie Johnson Housing Trust Limited**

## **Report of the Board of Management for the year ended 31 March 2021 – continued**

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functions without officers' present to allow them to raise any concerns. The internal audit function reports regularly to members on control issues.

- In line with the Co-Regulatory principles around accountability and residents 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 e.g. our resident scrutiny panel.
- Other external accreditations are also utilised e.g. Investors in People, Telecare Services Association (TSA) Accreditation and subsequent action plans.
- We use specialist consultants where appropriate to give both the Executive and Board additional assurance. For example, during the year we engaged with David Tolson Partnership to review our rent compliance.

### **Board Assurance Map**

- The Board Assurance Map is designed to enable Board Members to gain assurance that the controls in place in the organisation keep risks to an acceptable level. The matrix is an extension of the existing risk management arrangements which is used as a management tool. Understanding the sources of assurance and their scope means internal audit can focus most effectively on the riskier areas.

### **Project Management**

- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Propel Project Board/Executive Team/Board or Committees of the Board according to the level of investment/risk
- During 2020/21 we appointed a Director of Data and Digital. This post governs our transformation programme and ensures the progress of projects across the organisation are monitored and reported regularly. The use of newly introduced software enables this tracking to take place efficiently.
- We introduced a "MyFutures" team, involving colleagues at all levels from around the business, as a short-term Task and Finish group to identify short term wins and innovative projects.

### **Customer Insight**

- Resident Involvement runs through service delivery within JJH. Our face to face engagement through our regional forums (throughout the pandemic this has been digitally facilitated) and resident inspectors (once restrictions have been eased) ensure a golden thread of engagement is achieved as set out in the Voice of the Customer Strategy
- On a monthly basis the Executive Team receive a summary of Resident Interaction in the period to ensure the Voice of the Customer is heard. The report covers the ways in which JJH staff engage with residents to gain feedback and insight into service delivery to enable continuous improvement in standards and ensure improvement in satisfaction levels. This is reported to JJH Board quarterly, all Board papers have a section for detailing where the voice of the customer has been considered and the JJH Performance dashboard contains customer metrics that are scrutinised quarterly
- A new way to improve services has been to move to digital engagement, a recent example of this was to involve residents in the review of Estate Services, in which we had more than 900 residents express their views and help shape the future services in this area
- 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. Providing feedback which is fed into our Audit and Risk Committee and to JJH board, aiding strategic planning in relation to the Voice of the Customer

### **Governance**

- Effective Governance practices are at the heart of JJH work, ensuring we maintain compliance with regulatory standards, legislation, and other aspects of governance policy through the operation of a robust framework drawing together risk management, data management, triangulation, assurance reporting and the other internal controls
- Compliance with relevant law is assessed by the Operational Leaders Group quarterly and a self-assessment reported to Board annually
- Regular reporting to the Board on key strategic and performance objectives, targets and outcomes

# Johnnie Johnson Housing Trust Limited

## Report of the Board of Management for the year ended 31 March 2021 – continued

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- Compliance reports issued by the Regulator of Social Housing and other regulatory bodies are assessed to ensure JJH practices are compliant
- 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 is controlled in accordance with our Code of Conduct
- Annually Board Members and colleagues complete Declarations of Interest to ensure probity is maintained
- Speak Up and Anti-fraud policies, and a register of all actual or potential fraud identified which is reported to the Audit & Risk 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 reasonable assurance in respect of internal controls in operation within the scope of the work they reviewed during the year to March 2021.

### Value for Money

Value for Money (VfM) looks at the 'efficiency, economy and effectiveness' of how we deliver our services. 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 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 VfM Code of Practice). This includes an analysis of the costs and the expected outputs from decisions.

*The Regulator's VfM Standard states that Registered Provider'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 in all operational areas. With both the resident and the business in mind, the operational teams set and commit to appropriate targets annually. We have operational bi monthly meetings to discuss and update against those targets. This is reported to Board within our governance update at each Board meeting. The Board is confident that it complies with the Standard and the Code and has systems to ensure compliance with them.

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

The March approved Business Plan includes delivery of 34 units during 21/22 and a total of 51 on site during the year. Together with what has been delivered already our aspirational developments are a further 947 properties over the next 12 years. The individual scheme viabilities are assessed by JDDL 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.

# Johnnie Johnson Housing Trust Limited

## Report of the Board of Management for the year ended 31 March 2021 – continued

*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 include a section on VfM that details the resource implications of any decision, all new projects have a section within the initiation document to look at benefits and VfM 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.

*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 2021 Strategy Day we had a thorough debate on whether our capacity matches our ambitions for the long term. During 2020-21 we have regularly reviewed aims and capacity under the lockdown restrictions. This will continue in the current business year to ensure we deliver the best possible services within both financial and operational capacity.

*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 target committed for 20/21 was £356k with £683k achieved compared to a prior year commitment of £95k with £86k achieved. During 2020-21 we have worked on colleague awareness of VfM to ensure that we capture all VfM achieved both financial and efficiency.

The Regulator's specified metrics shown below. When comparing the 2021 outturn with previous years and both the global median and our Peers we would bring attention to the fact that metrics have been adversely affected by the Covid-19 Pandemic. This is explained in more detail in the following sections.

	2019	2020	2021	2021 Target	Global Median 2020	Peers 2020
Reinvestment %	4%	7%	6%	9%	6%	8%
New Supply %	0%	1%	0.4%	0.2%	1.4%	1.4%
Gearing (RSH Definition)	43%	44%	47%	46%	43%	30%
EBITDA MRI	166%	130%	133%	133%	184%	205%
Headline cost per unit	£ 3,742	£ 4,025	£ 4,004	£ 3,999	£ 3,690	£ 3,904
Headline cost per unit (excl service costs)	£ 2,696	£ 2,983	£ 2,982	£ 2,956	N/A	N/A
Operating Margin Social Housing Lettings %	21%	19%	18%	18%	29%	19%
Operating Margin Overall %	20%	19%	17%	17%	26%	19%
ROCE	4.7%	3.7%	3.2%	3%	3.8%	4.6%

At JJH we measure ourselves on continuous improvement using the Lean philosophy. We have revised our Peer Group this year with assistance from Altair to identify registered providers that are more closely aligned to JJH. JJH is unique in its offering to residents and 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.

# Johnnie Johnson Housing Trust Limited

## Report of the Board of Management for the year ended 31 March 2021 – continued

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The figures shown as 'Peers' in the above table relate to the average for the other Registered Providers agreed by the Board as an alternative Peer group and are from the Regulator's Value for Money metrics derived from the 2020 Global Accounts. Within the Global accounts there are very few providers with a similar stock profile to us but the new Peer group consists of Providers of a similar, medium size and with a significant proportion of their activity made up of care and support and Sheltered/Housing for Older Persons (HfOP). The average of our Peer Group is 37% of HfOP compared to JJH at 50%.

The revised Peer group consists of: Connect HA, Futures Housing Group, Trafford Housing Trust, Red Kite Community Housing, The Abbeyfield Society and Central and Cecil Housing Trust.

### Metric 1 – Reinvestment

Reinvestment has decreased from 7% in 19/20 to 6%, this is also lower than our 9% target and behind our Peer Group of 8%. This is predominantly due to a reduction in our expected development spend where we have revised our development program with units moved into 2021/22 and 2022/23. Covid-19 caused delays on site, in some cases up to 3 months but Brexit is a factor, bringing uncertainty throughout the industry and has resulted in bulk buying from national developers, reducing supply for smaller contractors and driving up prices and uncertainty. Our fire door programme has continued despite the Pandemic together with the continuation of our Studio project. The programme continues into 2021/22 along with increased development to include 39 delivered units and a further 92 start of site.

### Metric 2 – New Supply

The percentage of new supply is at 0.4% for 2021 against a target of 0.2% and will gradually increase as the development programme gains momentum. We are lower than our Peer group with 1.4%, however the Peer group percentage is likely to reduce where development has been affected by the Pandemic. We expected to deliver 11 units in 2021 but have delivered 19. Our revised Business plan shows 39 units to be delivered 2022 and a further 92 Start on Site.

### Metric 3 – Gearing

Gearing was at 44% in 2020 showing a slight increase to 47% in 2021 against an expectation of 46%, this will increase over the next few years in line with our development programme as our funding requirement increases. 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 has a lower gearing of 30%.

### Metric 4 – EBITDA MRI Interest Cover

EBITDA MRI interest cover which includes major repairs has increased from prior year 130% to 133% in 2021 in line with expectations. Our major repairs investment, which has decreased from circa £4.1m in 2019/20 to £3.5m in 2020/21, has been dominated by our fire door replacement program. Future years show a gradual increase as our ICT capital investment reduces and the delivery of our fire door program is completed. The Peers EBITDA MRI interest cover at 205% reflects 4 members of the group at over 205% including 1 member at 330%.

### Metric 5 – Headline cost per unit

The headline cost per unit is slightly greater than our Peers average (as shown in the above table) and lower than prior year. Our Management costs have increased this year predominantly due to depreciation associated with our ICT investment and Covid Costs impacted to include Personal Protective Equipment and Covid Cleans within our properties. 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.

Although data is unavailable for our peer group on Headline Cost per unit excluding service costs, our figure of £2,982 is a very slight drop from last years figure of £2,983 mainly driven by a reduction in planned maintenance and major repairs together with an increase in units.

# Johnnie Johnson Housing Trust Limited

## Report of the Board of Management for the year ended 31 March 2021 – continued

### Metric 6 / 7 - Operating Margin Social Housing Lettings (SHL) / Operating Margin

Our operating margins have declined this year from 19% in 2020 for both Operating Margins to 18% for Operating Margin SHL and 17% for Overall Operating Margin both on target. Our actual surplus is greater than expected despite Covid impacted costs, increased repairs costs and a reduction in capitalised interest due to the reduction in our Development programme. JJH continued with our repairs service during the Pandemic. Our Peers average at 19% Operating Margin.

### Metric 8 – Return on Capital Employed (ROCE)

Our ROCE (3.2%) is lower than our Peer Group with an average of 4.6% but slightly higher than expected (2.9%). This has been affected by our operating surplus reduction as mentioned above and an increase in our net asset position. Our Peer group varies from negative 0.3% to 27.3% ROCE with JJH being above 3 of our Peer group.

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. Whilst we have seen a positive overall some indicators have seen a downwards trend which is what we would expect in response to how residents are feeling in relation to the global Pandemic. The details behind the reductions do not highlight any areas of concern.

	2018/19	2019/20	2020/21
Getting things right first time	80%	79%	75%
Keep our residents safe	88%	87%	83%
Engage well with residents	73%	70%	70%
Deliver Value for Money	77%	77%	79%
Offer high quality services	65%	63%	63%
Would recommend	74%	75%	74%
Aggregated Satisfaction Metric	N/A	82%	83%

The figures in the table below reflect the costs that are included in the latest Business Plan. The plan does contain some continued expected costs in relation to the Pandemic for 2021/22. The figures show that reinvestment will be higher than the Sector and peer group averages with new supply not exceeding those averages until 2024. The lower than average figures for Interest cover reflect the investment programme we have over the next few years to include the continuation of our Fire Door investment, improvements to our Studio apartments to ensure sustainable for the future and a programme of enhancement for communal spaces.

	Global	Peers					
	2020	2020	2022	2023	2024	2025	2026
Reinvestment %	6.2%	8.0%	11.3%	23.3%	23.9%	12.5%	8.4%
New Supply %	1.4%	1.4%	0.8%	1.1%	5.3%	2.8%	1.8%
Gearing (RSH Definition)	43.4%	30.0%	45.4%	51.5%	53.3%	51.2%	49.9%
EBITDA MRI (Lenders Definition)	NA	NA	120%	121%	122%	125%	132%
EBITDA MRI (RSH Definition)	184%	205%	135%	139%	141%	141%	148%
Headline cost per unit	£3,690	£3,904	£4,053	£4,186	£4,251	£4,356	£4,371
Operating Margin Social Housing Lettings %	29.2%	19.0%	17.4%	16.4%	15.3%	17.6%	18.9%
Operating Margin Overall %	25.8%	19.0%	15.7%	14.9%	14.6%	16.9%	18.4%
ROCE	3.8%	4.6%	2.6%	2.3%	2.4%	2.8%	2.8%

# Johnnie Johnson Housing Trust Limited

## Report of the Board of Management for the year ended 31 March 2021 – continued

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### **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 Homes
- Outstanding Services
- Outstanding Value and
- Outstanding People

### ***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.

The Business Plan has been updated to include future spend including an £8.1m investment in our Studio's and a £6.4m investment in Fire Doors and compartmentation across our stock. The plan also includes £6.6m of communal improvements in our Independent Living Schemes.

The Option Appraisal report carried out during the year identified:

- 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 schemes 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.
- Lancaster House, our Independent Living Scheme in the North East, has been subject to a major repairs review. Further repairs have been identified and following a meeting of the Board a decision was made in March 2021 to close the scheme.

### ***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' views on whether they consider their rent to be value for money in particular. 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. Resident survey results are monitored closely to ensure that they believe the cost of the services we deliver are considered to be value for money for them. A programme of Scrutiny Service Spotlight is scheduled for 2021-22, through which the Scrutiny Panel will review costs associated with services and provide an element of challenge. Any VfM opportunities identified through this process will be fed into the overall tracker for the year.

## **Johnnie Johnson Housing Trust Limited**

### **Report of the Board of Management for the year ended 31 March 2021 – continued**

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In addition to the above, and whilst not directly linking to efficiencies for JJH, our way of supporting the public purse as well as making sure our residents receive a high quality service we provide apartments for use by the NHS as 'Step up, Step down' beds in order that they can free up hospital beds. This is how we support the NHS to save money and the annual savings continue with circa £300k, it is more cost effective for the NHS to release a patient as an interim measure to a 'Step up, Step down' accommodation whilst they are awaiting their permanent residence to be adapted. We also estimate that our Astraline Team have saved £130k by diverting calls from the ambulance service. Additionally our Astraline TEC team have saved ambulance call outs by visiting people who have fallen, but not been seriously injured.

#### ***VfM within our Outstanding Value objective***

The Board's drive to reduce costs further and increase income continues as 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. Our Lean Methodology ethos delivers continuous improvement and has engineered a cultural shift at every level of the organisation. It identifies, measures and eliminates 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, with Leaders meeting regularly to discuss our VfM targets and achievements.

Efficiencies have been realised in Management and Service Costs in the last few years. When the Covid-19 crisis emerged we relooked at our budgets, reviewed our Business Plan and put measures in place to monitor Income and costs. Our Business Continuity Team ensured our residents were supported during those uncertain times, particularly providing support for those now in receipt of Universal credit. As our front line staff were seconded to home working we increased our outbound calls to 2000 per day to ensure that our residents were safe and secure. We continued with our repairs and maintenance services including compliance checks.

*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.

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

- Strong financial management
- Two monthly VfM reviews with Leaders to ensure all VfM activity is captured, to flag up risks and report opportunities to the Executive Team
- Robust performance management structure, with VfM progress routinely reported to the Executive and Board through Governance Updates
- Benchmarking with peer groups
- Resident involvement in setting priorities through continual engagement and feedback; and monitoring performance through digital conferences, the Scrutiny Panel and focus groups
- Scrutiny Panel involvement in assessing the VfM Statement annually

VfM is monitored and reviewed by:

- Using the RSH defined metrics with benchmarking to identify the reasons behind differences in 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
- Regular review of VfM commitments and progress by Leaders, Executive and Board

**Johnnie Johnson Housing Trust Limited**  
**Report of the Board of Management for the year ended 31 March 2021 – continued**

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***VfM within our Outstanding People objective***

The Board believes that a strong culture of VfM is crucial to deliver efficiencies. We have worked hard this year building on our VfM culture and improving its visibility across the business. 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. Including awareness of Financial Regulations and Value for Money approaches in induction
- Having a staffing structure which promotes accountability and empowerment, by placing responsibility at the point where it is required
- Using appropriate project management methodology, and maximising the use of available technology, 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 through our Code of Conduct 'This is How We Do It'.

**Regular self-assessment**

The adoption of our approved VFM Strategy and the continuation of the approach to VfM will ensure that our VfM plans satisfy both our business needs and the Value for Money Standard. The delivery of effective scrutiny through our governance arrangements, through bi-monthly meetings and reports to Executive and Board, are vital elements in supporting our approach to VfM.

VfM commitments will be delivered by the Operational Teams and monitored by both Executive and 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 organization's for each measure.

# Johnnie Johnson Housing Trust Limited

## Strategic Report for the year ended 31 March 2021

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### Governance

#### Holding the Board to Account

The Scrutiny Panel of residents hold JJH to account by challenging areas of underperformance across a range of operational measures which support the delivery of outstanding services. They scrutinise the services provided by JJH as a driver for service improvement, utilising a range of vehicles to include, Internal Audits, Succinct 'Deep Dives' and longer term reviews as appropriate, e.g. Fire Door inspections would be a succinct deep dive, whereas a review of Fire Safety covers all aspects. They feed in their findings, with recommendations, to the Audit & Risk Committee, following discussion with the appropriate JJH Leader.

The staff and residents also hold JJH to account through its Talk to Us (Complaints) and Speak Up (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 in their cycle and checked for consistency with the Financial Regulations and Delegated Authorities.

#### NHF Code of Governance

The Board of Management has undertaken the annual self-assessment against the NHF Code of Governance (2015). The exercise established that JJH is compliant with the Code. From 1<sup>st</sup> April 2021 JJH has adopted the revised NHF Code of Governance.

#### 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; and to feed into the Board Succession Plan.

#### Board Recruitment

We undertook a recruitment exercise for JJH and JJDL Boards in 2020, appointing 3 new members to JJH Board and 2 co-optees to JJDL. The recruitment process was skills based directly linked to our succession plan and enabled diverse appointments to support the JJH Corporate Strategy.

### Risk Management

The risk focus previously developed has been continued in 2020/21. Use of the Pentana system for recording risks and mitigating actions has been maintained to enable more effective and efficient reporting on the full risk matrix or the Top Ten risks.

The quarterly review of the Risk Matrix by the Operational Leaders Group delivers operational input to ensure all mitigating actions are identified and categorised as Business as Usual, Watching Briefs, Actions Plans and Third Party Assurance. Recovery plans for the Top Ten Risks have been reviewed and updated where required.

# Johnnie Johnson Housing Trust Limited

## Strategic Report for the year ended 31 March 2021 - continued

The full Risk Matrix is reported to each meeting of the Executive Team and the Audit and Risk Committee; and the Top Ten Risks to each Board Meeting. The Risk Matrix is clearly linked to the JJH Performance Dashboard and the Corporate Strategy to ensure that assurance is triangulated. In line with the Board Assurance Map which utilises the three lines of defence model linked to corporate objectives and key risks.

Key risks are closely monitored by the Executive team to ensure mitigating actions are adequate and robust; and are effectively delivered.

1 <sup>st</sup> 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 <sup>nd</sup> 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 <sup>rd</sup> 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.

The effects of Covid-19 continue into the new financial year and we still have Brexit implications high on the agenda. The Board has considered and reviewed all our key risks including Covid-19 and we have continued to apply specific stress testing scenarios in our 30 year business plan. Our budget process for the next financial year 2021/22 holds continued costs in relation to the Pandemic. Our stress testing shows that although some scenarios may be challenging, tight control and identified mitigating actions mean that JJH can withstand and manage severe cash impacts and remain within our loan covenants.

### 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. 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:-

# Johnnie Johnson Housing Trust Limited

## Strategic Report for the year ended 31 March 2021 - continued

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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

Regulator of Social Housing: Governance and Financial Viability Standard. April 2015

Regulator of Social Housing. 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.

We have recently (June 2021) finalised a revolving credit facility for £10m, along with the remaining £19m of undrawn funds this makes sure that JJH has sufficient cash to fulfil our development aspirations and Fire Door Programme in the short to medium term. A further exercise will be carried out later in 2021/22.

### Business Plan

The Business Plan has been approved by Board, having been produced using the Brixx 30 year Model. The plan is used as an ongoing decision making tool and is fully updated along with associated stress testing and mitigation plans for each scenario at least twice a year. The testing is also linked to the JJH Risk Matrix.

### 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 has been reviewed quarterly in accordance with the Assets and Liability Register Policy. The policy ensures clarity of JJH's 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

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 and 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. The Pandemic has been a great test of how effective our Business Continuity team operates and

# **Johnnie Johnson Housing Trust Limited**

## **Strategic Report for the year ended 31 March 2021 - continued**

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how risk and decisions are constantly captured. Revised documentation has built on the lessons learned throughout the 2020-21 Pandemic and has been approved by the Audit and Risk Committee.

### **Governance Review**

Following an original external review by Altair in December 2018 into our Governance arrangements, in June 2020 they undertook a follow up review and noted 'Based on the evidence provided, interviews and observation, it is our view that JJH has made significant changes to further strengthen its governance arrangements and that progress having been made'.

### **In Depth Assessment**

JJH underwent an In Depth Assessment with the Regulator during July to November 2020 and were judged to retain the G1:V1 grading. Feedback provided by the Regulator has been assessed and activity is ongoing to further strengthen governance and viability.

### **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 as 'Outstanding'; and by engaging and involving residents to ensure that satisfaction is high for the services delivered. This is generally achieved by a variety of means including:

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

In 2020/21, face to face contact was restricted due to the lockdown restrictions, however JJH continued to maintain thorough and regular engagement with residents utilising on line platforms.

### **Internal Audit**

During 2020/21, all internal audit and assurance work was undertaken by Beever and Struthers (B&S). Given the lockdown restrictions JJH worked with B&S to provide continuous auditing of key control areas (Business Critical Controls) to ensure robust operation while officers worked from home. This covered key areas such as:

- Property Services & Landlord Health and Safety.
- Human Resources
- I.T.
- Finance
- Housing Management
- Responsive Repairs
- Planned Maintenance
- Business Assurance
- Fraud

This type of audit provides a Red/Amber/Green rating which leads to an outcome for each area at the end of the year. In the year this was supported by Deep Dive audits into Network Availability, Data Management and Active Asset Management alongside assessing the implementation of previous recommendations.

# Johnnie Johnson Housing Trust Limited

## Strategic Report for the year ended 31 March 2021 - continued

Beever and Struthers advised that in their opinion, based on the work undertaken, *‘the Board and Audit & Risk Committee can be provided with **Reasonable 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’.*

### 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 a surplus, before actuarial losses in respect of pensions, of £1.3m compared to the equivalent of £1.7m for 2019/20. The pension adjustment of £1.9m has reduced the comprehensive Income to a loss of £0.6m.

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

#### Group and JJH

	2021 £'000	2020 £'000
As at 01 April 2020	2,136	4,647
Loss (gain) on initial recognition of SHPS net actuarial liability		
Sub total	2,136	4,647
Defined benefit costs recognised in SoCI	43	104
Total amount recognised in other comprehensive income	1,913	(1,943)
Deficit contributions paid	(691)	(672)
As at 31 March 2021	3,401	2,136

In addition, JJH invested £9.4m (2020: £10.2m) in the development of new and existing properties during the year, £0.4m of grant was received (2020: £0.8m).

JJH reviewed its bad debt provisions in the year and wrote off a total of £61k in debts (2020: £60k). In addition, JJH continues to review its debt and calculates this specific provision in line with FRS 102 requirements.

### Impairment

JJH continues to perform an impairment review annually in line with best practice.

In accordance with paragraphs 14.24 to 14.30 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 £129k 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 2020/21.

## **Johnnie Johnson Housing Trust Limited**

### **Strategic Report for the year ended 31 March 2021 - continued**

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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 £129k 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 2020/21.

In March 2021 a board decision was made to close one of our schemes, Lancaster House, due to heightened repair costs. This impairment assessment, as per Housing SORP 14.10, relates to a standalone scheme but affects all assets within the unit, the level of impairment has therefore been assessed at scheme level. A decision has been made to decant the scheme over the next circa 6 months and hold it void whilst development option appraisal is finalised. This decision has clearly diminished the value in use and so the fair value less cost to sell has been considered. This asset is current held at £425k and with the resulting fair values less costs to sell equating to £475k no impairment has been accounted for in the current year.

#### **Accounting policies**

The Group's principal accounting policies are set out on pages 39 to 46 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 2021 the Group owned 5,007 housing properties (2020: 4,956), the movement consists of 57 new units and 6 disposals.

Our investment in housing properties this year was funded through internally generated cash and a £6m drawdown from our secured loan facility.

#### **Pension costs**

For financial years ending on or before 28 February 2019, it was not possible for the JJH to obtain sufficient information to enable it to account for the SHPS pension scheme as a defined benefit scheme, therefore JJH 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 JJH 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 31 March 2021. Details can be found within Note 23.

#### **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. Based on data as at April 2020, JJH has a mean pay gap of 11.69% and a median pay gap of 14.46% (2019 it was 8.6% and 7.62% respectively). Across the UK the gender pay gap among all employees was 15.5% in 2020, down from 17.4% in 2019 (data from ONS); JJH is currently below UK pay gap overall.

At JJH the data for this period shows we employ a workforce which is made up of approximately 74% of women (157 women and 55 men), a significant number of women are in roles which, traditionally, are lower paid. However, our Executive Team consists of 4 females and 2 males. In addition the increase is attributed to the number of new roles which traditionally have been undertaken by men in the ICT, Assets/Compliance and Development (building) teams; and are all roles which are currently demanding higher rates of pay within the marketplace. The job evaluation and pay benchmarking exercise in 2021-22, postponed from 2020-21 due to Covid, will also assist to redress the gap.

# Johnnie Johnson Housing Trust Limited

## Strategic Report for the year ended 31 March 2021 - continued

### Reserves

The Revenue Reserves of the Group have decreased by £0.271m to £33.2m within the period. The Reserve reconciliation can be seen on page 34.

### 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. Our normal policy has now been resumed.

### Liquidity

The Group is reporting net current liabilities of £1,852k (2020: net current liabilities £327k) in its consolidated balance sheet. JJH had deposits of £9.9m, of which £7.74m cash, including £2m in a 95 day notice account, £0.16m in fixed investments together with £2.1m ring fenced monies in relation to our residents Long Term maintenance fund. At the date of signing of these accounts there was £19m 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 21.

The Group repaid loans of £2.8m (2020 £2.7m) during the year and withdrew £6m from existing loan facility. By the year end borrowings amounted to £70.7m (2020: £67.5m) of which £3m falls due to be paid within the next year as shown below.

	Local Authority			
	Bank loans	Loans	Total	Total
	2021	2021	2021	2020
	£m	£m	£m	£m
In one year or less, or on demand	3.0		3.0	2.8
In more than one year but not more than two years	2.3		2.3	3.0
In more than two years but not more than five years	7.3		7.3	7.2
In more than 5 years	47.1	11.0	58.1	54.5
Total	59.7	11.0	70.7	67.5

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, 86% per cent of the Group's borrowings were at fixed rates.

The fixed rates interest average cost of borrowing was 3.78%. 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. 2,816 of JJH's properties are currently charged as security for the loans. We have secured £10m of additional funding but as at the 31<sup>st</sup> March 2021 the documentation had not yet been finalised, we have drawn £6m from the £30m existing loan facility with Warrington Borough Council, leaving £19m still available to draw.

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

**Johnnie Johnson Housing Trust Limited**  
**Strategic Report for the year ended 31 March 2021 - continued**

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## Grants

Pre FRS102 grants were used as part of covenant calculations. Below shows the pre FRS102 position for grant as at 31<sup>st</sup> March 2021.

	2021	2020
	£'000	£'000
Total Grant at 1st April	113,071	111,886
Grants received (note 19)	421	821
RCGF Staircasing (note 20)	0	0
RCGF Recycled (note 20)	65	364
Total Grant at 31st March (pre FRS102)	113,557	113,071

## Cash flows

Group cash inflows and outflows during the year are shown in the consolidated cash flow statement (page 37).

The cash inflow arising from operating activities was £8m (2020: £7.3m).

Interest payments totalled £3m (2020: £3m). JJH invested £9.4m (2020: £10.2m) in new and existing housing properties during the year, £421k of grant was received during this period. £19m of secured funding remains having drawn £6m during the year and repaid £2.8m 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 group'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 group'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. 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, particularly in relation to our investment programme. 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 continued to budget for Covid-19 costs in relation to Covid cleaning at schemes and necessary Personal Protective Equipment for our colleagues. Our major repairs programme has been appropriately phased so as not to put excessive pressure on the forecast covenants and a comfortable headroom has been maintained. We have strenuously tested our 30 year Business plan paying particular attention to the next 5 years. Mitigation plans have been developed where our stress tests breached covenant. The tightest covenant over the next 24 months is EBITDA-MRI, our budgeted level is 120% which represents a 20% headroom (£596k) above funders requirement. The business plan also demonstrates sufficient headroom in the 22/23 performance with a 21% (£666k) headroom above lenders requirements. We have robust financial monitoring and hence any risks to covenants would be identified with sufficient time to implement our mitigation plans. Our liquid cash and undrawn loans are sufficient to cover our ambitions over the next 24 months.

# Johnnie Johnson Housing Trust Limited

## Strategic Report for the year ended 31 March 2021 - continued

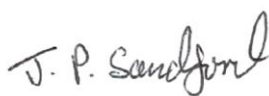
In preparing this report, the Board has followed the principles set out in the Housing SORP: 2018 Statement of Recommended Practice for registered social housing providers.

Group Highlights for the year ended 31 March	2021	2020	2019	2018	2017
	£'000	Restated £'000	£'000	£'000	£'000
<b>Group Income and Expenditure account</b>					
Total turnover	24,665	24,844	24,162	25,054	25,317
Income due from lettings (excluding voids)	23,382	23,133	23,073	23,340	23,677
Operating surplus	4,312	4,863	5,949	6,418	6,059
<u>(Deficit)/surplus for the year</u>					
Surplus for the year	1,322	1,728	2,795	3,219	2,461
transferred to reserves	- 591	3,671	1,515	3,219	2,461
<b>Group Balance Sheet</b>					
Housing properties	132,684	127,612	122,231	119,826	119,741
Other fixed assets	3,865	3,874	4,205	3,912	4,380
Intangible Assets	862	280	316	-	-
Fixed assets	137,411	131,766	126,742	123,738	124,121
Net current (liabilities)/assets	(1,852)	(327)	106	2,255	2,258
Total assets less current liabilities	135,559	131,439	126,848	125,993	126,379
Creditors (due over one year)	71,940	68,495	65,074	70,371	73,971
Provisions for liabilities	3,401	2,136	4,647	-	-
Reserves : Non equity share capital					
: revenue	33,258	33,529	28,123	26,486	23,136
: revaluation	26,959	27,279	29,014	29,136	29,272
: total	60,217	60,808	57,137	55,622	52,408
	135,558	131,439	126,858	125,993	126,379
<b>Accommodation figures</b>					
Total housing stock owned & managed at year end	5,007	4,956	4,921	4,988	5,031
<b>Statistics</b>					
Surplus/(deficit) for the year as % of turnover	5.4%	7.0%	11.6%	12.8%	9.7%
Surplus/(deficit) for the year as % of income from letting	5.7%	7.5%	12.1%	13.8%	10.4%
Rent losses as % of rent and service charge receivable	2.0%	2.2%	1.9%	1.5%	1.4%
<u>Interest cover</u>					
(Defined as - per lenders covenants)	2.33	2.44	2.73	2.82	2.41
<u>Liquidity</u>					
(Defined as - current assets divided by current liabilities)	0.86	0.97	1.01	1.19	1.22
<u>Gearing</u>					
(Defined as - per lenders covenants)	41%	39%	39%	42%	45%

A resolution to re-appoint BDO LLP will be proposed at the AGM on the 28<sup>th</sup> July 2021

### Approval

This Strategic Report was approved by order of the Board on 18<sup>th</sup> August 2021.



John Sandford  
Chair  
Date: 18<sup>th</sup> August 2021



Rob Seldon  
Chair of Audit and Risk



Sarah-Jane Gilmore  
Company Secretary

## **Johnnie Johnson Housing Trust Limited**

### **Statement of Board's Responsibilities**

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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

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### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's 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.

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 2021 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).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain 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.

### Conclusions relating to going concern

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

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

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

### Other information

The board are responsible for the other information. The 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. 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.

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

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We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where 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 responsibilities, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group, and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group financial statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our audit procedures in response to the risks identified above included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the following:

## Johnnie Johnson Housing Trust Limited

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

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- whether there are indicators of impairment of the group's tangible and intangible assets
- appropriate allocation of costs between tenure types and between first and subsequent shared ownership tranches
- the useful economic lives of tangible fixed assets
- recoverability of balances outstanding at the year end
- assumptions used to calculate the pension provision
- discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- review of relevant registers such as those associated with risk and fraud;
- identifying and testing journal entries identified as potentially unusual, in particular considering whether there are any journal entries posted by staff members with privileged access rights or key management;
- a review of minutes of meetings of those charged with governance both during the period, and post year end;
- considering internal audit findings; and
- considering whether there is any correspondence with HMRC and the Regulator of Social Housing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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](http://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 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.

DocuSigned by:

HELEN KNOWLES

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BDO LLP

Statutory Auditor

Manchester, UK

Date: 18 August 2021

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 2021**

	Note	2021 £'000	2020 £'000
Turnover	3	24,665	24,844
Cost of Sales	3	-	(427)
Operating Costs	3	(20,535)	(19,683)
Surplus (loss) on disposal of assets	7	182	129
<b>Operating surplus</b>		<b>4,312</b>	<b>4,863</b>
Interest receivable and other income	8	14	48
Interest payable and similar charges	9	(3,004)	(3,183)
<b>Surplus before tax</b>		<b>1,322</b>	<b>1,728</b>
Tax on surplus on ordinary activities	11	-	-
<b>Surplus for the year after tax</b>		<b>1,322</b>	<b>1,728</b>
Actuarial (loss)/gain in respect of pension schemes	23	(1,913)	1,943
<b>Total comprehensive Income (loss) for the year</b>		<b>(591)</b>	<b>3,671</b>

The notes on pages 39 to 70 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 2021**

		2021	2020
	Note	£'000	£'000
Turnover	3	24,690	25,029
Cost of Sales	3	-	(427)
Operating Costs	3	(20,589)	(19,800)
Surplus (loss) on disposal of assets	7	182	120
<b>Operating surplus</b>		<b>4,283</b>	<b>4,922</b>
Interest receivable and other income	8	14	48
Interest payable and similar charges	9	(3,004)	(3,183)
Gift Aid		-	-
<b>Surplus before tax</b>		<b>1,293</b>	<b>1,787</b>
Tax on surplus on ordinary activities	11	-	-
<b>Surplus for the year after tax</b>		<b>1,293</b>	<b>1,787</b>
Actuarial (loss)/gain in respect of pension schemes	23	(1,913)	1,943
<b>Total comprehensive (loss) / Income for the year</b>		<b>(620)</b>	<b>3,730</b>

The notes on pages 39 to 70 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 2021**

**Group**

	Income and expenditure reserve £000	Revaluation reserve - Housing Properties £000	Revaluation reserve - Other fixed assets £000	Total £000
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)	-	-
Actuarial gain in respect of pension schemes	1,943	-	-	1,943
Balance as at 31 March 2020	31,930	28,273	605	60,808
Transfer to revenue reserve (Prior year adjustment) Note 31	1,599	(1,599)	-	-
Balance as at 31 March 2020 (Restated)	33,529	26,674	605	60,808
Surplus for the year	1,322	-	-	1,322
Transfer to revenue reserve	320	(320)	-	-
Actuarial loss in respect of pension schemes	(1,913)	-	-	(1,913)
Balance as at 31 March 2021	33,258	26,354	605	60,217

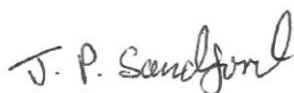
**JJH**

	Income and expenditure reserve £000	Revaluation reserve - Housing Properties £000	Revaluation reserve - Other fixed assets £000	Total £000
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)	-	-
Initial recognition of DB scheme	1,943	-	-	1,943
Balance as at 31 March 2020	31,989	28,273	605	60,867
Transfer to revenue reserve (Prior year adjustment) Note 31	1,599	(1,599)	-	-
Balance as at 31 March 2020 (Restated)	33,588	26,674	605	60,867
Surplus for the year	1,293	-	-	1,293
Transfer to revenue reserve	320	(320)	-	-
Actuarial loss in respect of pension schemes	(1,913)	-	-	(1,913)
Balance as at 31 March 2021	33,288	26,354	605	60,247

**Johnnie Johnson Housing Trust Limited**  
**Consolidated Statement of Financial Position as at 31 March 2021**

		2021	2020
	Note	£'000	Restated £'000
<b>Fixed Assets</b>			
Housing Properties	12	132,684	127,612
Other fixed Assets	13	3,865	3,874
Intangible Assets	13a	862	280
		<u>137,411</u>	<u>131,766</u>
<b>Current Assets</b>			
Debtors receivable within one year	15	1,335	1,173
Debtors receivable after one year	15	-	50
Properties held for sale	16	365	122
Investments	30	2,129	1,141
Cash and cash equivalents		<u>7,819</u>	<u>9,320</u>
		11,648	11,806
<b>Creditors: amounts falling due within one year</b>	17	<u>(13,500)</u>	<u>(12,133)</u>
Net current liabilities		(1,852)	(327)
<b>Total assets less current liabilities</b>		<u>135,559</u>	<u>131,439</u>
<b>Creditors: amounts falling due after one year</b>	18	71,940	68,495
<b>Provisions for liabilities</b>			
Pension – defined benefit liability	23	3,401	2,136
<b>Total net assets</b>		<u>60,217</u>	<u>60,808</u>
<b>Reserves</b>			
Income and expenditure reserve		33,258	33,529
Revaluation reserve for Housing Properties		26,354	26,674
Revaluation reserve for other fixed assets		605	605
<b>Total reserves</b>		<u>60,217</u>	<u>60,808</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18<sup>th</sup> August 2021.



John Sandford  
Chair



Sarah-Jane Gilmore  
Company Secretary

Date: 18<sup>th</sup> August 2021

The notes on pages 39 to 70 form part of these financial statements.

**Johnnie Johnson Housing Trust Limited**  
**JJH Statement of Financial Position as at 31 March 2021**

		2021	2020
		£'000	Restated £'000
<b>Fixed Assets</b>	<b>Note</b>		
Housing Properties	12	132,806	127,689
Other fixed Assets	13	3,865	3,874
Intangible Assets	13a	862	280
		<u>137,533</u>	<u>131,843</u>
<b>Current Assets</b>			
Debtors receivable within one year	15	1,288	1,167
Debtors receivable after one year	15	-	50
Properties held for sale	16	389	126
Investments	30	2,129	1,141
Cash and cash equivalents		7,819	9,320
		<u>11,625</u>	<u>11,804</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(13,570)</u>	<u>(12,149)</u>
Net current liabilities		(1,945)	(345)
<b>Total assets less current liabilities</b>		<u>135,588</u>	<u>131,498</u>
<b>Creditors: amounts falling due after one year</b>	18	71,940	68,495
<b>Provisions for liabilities</b>			
Pension – defined benefit liability	23	3,401	2,136
<b>Total net assets</b>		<u>60,247</u>	<u>60,867</u>
<b>Reserves</b>			
Income and expenditure reserve		33,288	33,588
Revaluation reserve for Housing Properties		26,354	26,674
Revaluation reserve for other fixed assets		605	605
<b>Total reserves</b>		<u>60,247</u>	<u>60,867</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28<sup>th</sup> July 2021.



John Sandford  
Chair



Sarah-Jane Gilmore  
Company Secretary

Date: 29<sup>th</sup> July 2021

The notes on pages 39 to 70 form part of these financial statements

**Johnnie Johnson Housing Trust Limited**  
**Consolidated statement of cash flows for the year ended 31 March 2021**

	Note	2021 £'000	2020 Restated £'000
<b>Cash flow surplus before tax</b>		1,322	1,728
<b>Operating Surplus for the financial year</b>		1,322	1,728
Adjustments for:			
Depreciation of fixed assets - housing properties	12	2,650	2,797
Depreciation of fixed assets - other	13	794	785
Amortisation of Goodwill	13a	105	74
Difference between net pension expense and cash contribution	23	(648)	(558)
Decrease / (increase) in trade and other debtors	15	(112)	(253)
(Decrease) / increase in trade and other creditors	17	1,293	(862)
Movement in assets held for sale	16	(243)	231
Amortised grant	19	(36)	(33)
Surplus on sale of fixed assets	7	(182)	(129)
Movement in recycled Grant	20	55	362
<b>Cash from operations</b>		4,997	4,142
Interest payable		2,990	3,135
<b>Net cash generated from operating activities</b>		7,987	7,277
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets – housing properties	7	346	223
Purchase of fixed assets – housing properties	12	(7,878)	(8,283)
Purchases of fixed assets - other	13	(784)	(454)
Acquisition of intangible assets	13a	(687)	(38)
Receipt of grant	19	421	821
Movement on investments	30	(988)	1,991
<b>Net cash from investing activities</b>		(9,570)	(5,740)
<b>Cash flows from financing activities</b>			
Interest paid and finance costs	9	(3,141)	(2,994)
Interest received	8	14	48
Debt issue costs incurred	22	(22)	43
Repayment of loans - bank	22	(2,769)	(2,734)
Loan drawdown	22	6,000	5,000
<b>Net cash used in financing activities</b>		82	(637)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(1,501)	900
Cash and cash equivalents at beginning of year		9,320	8,420
<b>Cash and cash equivalents at end of year</b>		7,819	9,320

**Net debt reconciliation**

	01-Apr-20 £'000	Cash flows £'000	31-Mar-21 £'000
Cash at bank and in hand	9,320	(1,501)	7,819
Bank loans	(67,505)	(3,231)	(70,736)
Net debt	(58,185)	(4,732)	(62,917)

The notes on page 39 to 70 form part of these financial statements.

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021**

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# Johnnie Johnson Housing Trust Limited

## Notes forming part of the financial statements for the year ended 31 March 2021 - 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 2021 - continued**

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**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 2018/19 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 31 March 2021 inclusive.

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021 - continued**

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**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. Due to the Pandemic JJH has extended the amount of holiday carry over for colleagues which has increased the year end liability for 2021, the figure accrued is £114k (2020: £46k).

*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 2021 - continued**

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**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 (tangible software)	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 2021 - continued**

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**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 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. Other intangible assets such as website design are amortised over the same period.

*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 (1<sup>st</sup> 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 2021 - continued**

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**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 2021 - 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 of 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 the group has sufficient liquid resources and suitable mitigating actions in the short, medium and long term to manage 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 2021 - continued**

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**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 or the fair value less costs to sell.
- 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 pension provision have been reviewed and amended by independent third party actuaries to ensure they are 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 2021 - continued

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

GROUP – continuing activities	2021			2020		
	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)	22,907	-	(18,767)	-	4,140	4,479
<u>Other social housing activities</u>						
Development services	-	-	(56)	-	(56)	(2)
First Tranche shared ownership sales	-	-	-	-	-	102
Surplus on disposal of assets (note 7)	-	-	-	182	182	129
Other	109	-	6	-	115	42
	109	-	(50)	182	241	271
<u>Non social housing activities</u>						
Support services	1,649	-	(1,718)	-	(69)	113
Total	24,665	-	(20,535)	182	4,312	4,863

JJH - continuing activities	2021			2020		
	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)	22,907	-	(18,825)	-	4,082	4,358
<u>Other social housing activities</u>						
Development services	58	-	(52)	-	6	123
First Tranche shared ownership sales	-	-	-	-	-	102
Surplus on disposal of assets (Note 7)	-	-	-	182	182	120
Other	76	-	6	-	82	106
	134	-	(46)	182	270	451
<u>Non social housing activities</u>						
Support services	1,649	-	(1,718)	-	(69)	113
Total	24,690	-	(20,589)	182	4,283	4,922

**Johnnie Johnson Housing Trust Limited**  
Notes forming part of the financial statements for the year ended 31 March 2021 - 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	2021	2020
	£'000	£'000	£'000	Total	Total
Rent receivable net of identifiable service charges	7,020	9,899	884	17,803	17,376
Service income	272	4,241	556	5,069	5,207
Net rental income	7,292	14,140	1,440	22,872	22,583
Amortisation of SHG	11	-	24	35	33
Turnover from social housing lettings	7,303	14,140	1,464	22,907	22,616
Management	1,443	4,867	515	6,825	5,832
Services	263	4,300	473	5,036	5,083
Routine maintenance	850	1,719	153	2,722	2,411
Planned maintenance	537	994	18	1,549	1,955
Bad debts	(3)	(12)	-	(15)	60
Depreciation of housing properties	850	1,617	183	2,650	2,796
Operating costs on social housing lettings	3,940	13,485	1,342	18,767	18,137
Operating surplus on social housing lettings	3,363	655	122	4,140	4,479
Void losses	(64)	(409)	(2)	(475)	(517)

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021 - 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	2021	2020
	£'000	£'000	£'000	Total	Total
Rent receivable net of identifiable service charges	7,020	9,899	884	17,803	17,376
Service income	272	4,241	556	5,069	5,207
Net rental income	7,292	14,140	1,440	22,872	22,583
Amortisation of SHG	11	-	24	35	33
Turnover from social housing lettings	7,303	14,140	1,464	22,907	22,616
Management	1,455	4,909	519	6,883	5,953
Services	263	4,300	473	5,036	5,083
Routine maintenance	850	1,719	153	2,722	2,411
Planned maintenance	537	994	18	1,549	1,955
Bad debts	(3)	(12)	-	(15)	60
Depreciation of housing properties	850	1,617	183	2,650	2,796
Operating costs on social housing lettings	3,952	13,527	1,346	18,825	18,258
Operating surplus on social housing lettings	3,351	613	118	4,082	4,358
Void losses	(64)	(409)	(2)	(475)	(517)

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

## 5 Units of housing stock

				2021	2020
	Owned not managed	Managed not owned	Owned and Managed	Total Owned and Managed	Total Owned and Managed
General Needs - social rent	-	-	1553	1553	1525
General Needs - affordable rent	-	-	63	63	39
Low Cost Homes Ownership	-	-	661	661	664
Supported Housing	-	-	-	-	-
Supported - Housing for older people	28	22	2545	2595	2594
Supported - Housing for older people - affordable rent	-	-	14	14	14
Intermediate Rent	-	-	42	42	42
Non Social Rented	-	-	-	-	-
Social Leasehold	-	-	79	79	78
Non Social Leased	-	-	-	-	-
Total	28	22	4957	5007	4956

Accommodation in development at year end 48

	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	1525	39	664	2594	14	42	78	4956
New stock acquired	13	10	4	30	-	-	-	57
New stock into management	-	-	-	-	-	-	-	-
Other gains	-	-	-	-	-	-	-	-
Sales to Local Authorities	-	-	-	-	-	-	-	-
Sales to another RP	-	-	-	-	-	-	-	-
Sales to open market	-	-	-	-	-	-	-	-
Sales to tenants leasehold	-	-	(6)	-	-	-	-	(6)
Other losses	-	-	-	-	-	-	-	-
Movement within categories	15	14	(1)	(29)	-	-	1	-
Net change in stock	28	24	-3	1	0	0	1	51
Closing unit numbers	1553	63	661	2595	14	42	79	5007

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

## 6 Operating Surplus

This is arrived at after charging/(crediting):

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Depreciation of housing properties				
- annual charge	2,650	2,795	2,650	2,795
Depreciation of other tangible fixed assets	817	784	817	784
Impairment of housing properties	-	-	-	-
Surplus/(loss) on disposal of other tangible fixed assets	-	-	-	-
Rent and service charge losses from bad debts	(16)	60	(16)	60
Operating lease rentals				
- office equipment and computers	-	-	-	-
- vehicles	13	15	13	15
Auditors' remuneration				
- for audit services	32	32	28	28
- for non-audit services:	12	12	12	12
- tax compliance	-	-	-	-

## 7 Surplus on sale of fixed assets – housing properties

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Proceeds of sales	346	223	346	223
Less: Costs of sales	(164)	(94)	(164)	(103)
	182	129	182	120

## 8 Interest receivable and other income

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest receivable and similar income	14	48	14	48
	14	48	14	48

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

## 9 Interest payable and similar charges

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	3,037	3,099	3,037	3,099
Net interest on net defined benefit liability (Interest expense)	43	104	43	104
	<u>3,080</u>	<u>3,203</u>	<u>3,080</u>	<u>3,203</u>
Interest capitalised on construction of housing properties at 4%	(76)	(20)	(76)	(20)
	<u>3,004</u>	<u>3,183</u>	<u>3,004</u>	<u>3,183</u>

## 10 Employees, Directors remuneration and Board costs

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	5,253	5,081	5,253	5,081
Social security costs	450	420	450	420
Cost of defined contribution scheme	237	164	237	164
	<u>5,940</u>	<u>5,665</u>	<u>5,940</u>	<u>5,665</u>

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

	Group		JJH	
	2021	2020	2021	2020
Administration	35	29	35	29
Development	3	3	3	3
Assets	10	9	10	9
Housing, Support and Care	133	130	133	130
	<u>181</u>	<u>171</u>	<u>181</u>	<u>171</u>

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - 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 2021 £'000	2020 £'000	JJH 2021 £'000	2020 £'000
Executive Directors Emoluments	671	659	671	659

The total amount payable to the Chief Executive, who was also the highest paid director, was £152,933 including a £13k equal pay payment (2020: £136,651). 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 £7,142.

## Employees, Directors remuneration and Board costs

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

	Group 2021 £'000	2020 £'000	JJH 2021 £'000	2020 £'000
£60,000 - £69,999	-	1	-	1
£70,000 - £79,999	3	2	3	2
£80,000 - £89,999	2	-	2	-
£90,000 - £99,999	-	2	-	2
£100,000 - £109,999	2	-	2	-
£110,000 - £119,999	-	1	-	1
£130,000 - £139,999	-	1	-	1
£160,000 - £169,999	1	-	1	-

Board Member	Remuneration	JJH Board	JJDL Board	A&R	N&R
Frances Street (leaver 29.07.20)	3,621	Chair			✓
John Sandford	9,473	Chair			
Tom Miskell	6,597	✓			
Brian Benneyworth	6,597	✓		✓	Chair
Andrew Bowden	6,597	✓			
Simon Brooksbank	5,141	✓		✓	
Steve Secker	6,597	✓	Chair		
Ralph Middlemore	2,254		✓		
Sue Lock	5,905	Vice Chair	✓		✓
Naseer Patel (leaver 29.07.20)	503			✓	
Richard Shenton (leaver 13.11.20)	2,595	✓			
Tabitha Arulampalam	3,014	✓			✓
Abdul Ravat	3,014	✓		✓	
Alistair How	1,763		✓		
Peter Nourse	1,763		✓		
Robert Seldon	2,859	✓		Chair	
	<u>68,293</u>				

In addition, the Board members received £519 in expenses (£8,022 in the previous year).

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

## 11 Tax on surplus on ordinary activities

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Current tax reconciliation</b>				
Surplus on ordinary activities before tax	1,322	1,728	1,293	1,787
Theoretical tax at UK corporation tax rate 19% (2020: 19%)	251	328	246	340
- surplus attributable to charitable activities	(251)	(328)	(246)	(340)
Current tax charge	-	-	-	-

## 12 Tangible Fixed Assets – housing properties

### 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
<b>Cost</b>					
At 1 April 2020	117,956	1,692	23,696	189	143,533
Prior Year Adjustment	(502)				(502)
At 1 April 2020 (restated)	117,454	1,692	23,696	189	143,031
Transfer To Completed	762	(762)	12	(12)	-
Construction - Additions	-	1,774	-	10	1,784
Works to existing properties	1,330	-	20	-	1,350
Potential Scheme Expenditure	(58)	58	-	-	-
Adjustment - Tenure Change	-	7	-	(7)	-
Property Acquisitions In The Year	2,092	75	380	-	2,547
Property Disposals In The Year	-	-	(157)	-	(157)
Component Additions	2,197	-	-	-	2,197
At 31 March 2021	123,777	2,844	23,952	180	150,752
<b>Depreciation and impairment</b>					
At 1 April 2020	(14,887)	-	(1,034)	-	(15,921)
Prior Year Adjustment	502				502
At 1 April 2020 (restated)	(14,385)	-	(1,034)	-	(15,419)
Depreciation charged in the year	(561)	-	(177)	-	(738)
Component depreciation charged in the year	(1,912)	-	-	-	(1,912)
At 31 March 2021	(16,858)	-	(1,211)	-	(18,069)
<b>Net Book Value</b>					
At 31 March 2021	106,919	2,844	22,741	180	132,684
At 31 March 2020	103,069	1,692	22,663	189	127,612

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 – continued

## 12 Tangible Fixed Assets – housing properties *continued*

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
<b>Cost</b>					
At 1 April 2020	117,956	1,769	23,696	189	143,610
Prior Year Adjustment	(502)				(502)
At 1 April 2020 (restated)	117,454	1,769	23,696	189	143,108
Transfer To Completed	762	(762)	12	(12)	-
Construction - Additions	-	1,820	-	10	1,830
Works to existing properties	1,330	-	20	-	1,350
Potential Scheme Expenditure	(58)	58	-	-	-
Adjustment - Tenure Change	-	7	-	(7)	-
Property Acquisitions In The Year	2,092	75	380	-	2,547
Property Disposals In The Year	-	-	(157)	-	(157)
Component Additions	2,197	-	-	-	2,197
At 31 March 2021	123,777	2,967	23,952	180	150,875
<b>Depreciation and impairment</b>					
At 1 April 2020	(14,887)	-	(1,034)	-	(15,921)
Prior Year Adjustment	502				502
At 1 April 2020 (restated)	(14,385)	-	(1,034)	-	(15,419)
Depreciation charged in the year	(561)	-	(177)	-	(738)
Component Depreciation charged in the year	(1,912)	-	-	-	(1,912)
At 31 March 2020	(16,858)	-	(1,211)	-	(18,069)
<b>Net Book Value</b>					
At 31 March 2021	106,919	2,967	22,741	180	132,806
At 31 March 2020	103,069	1,769	22,662	189	127,689

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

## 12 Tangible Fixed Assets – housing properties *continued*

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

	Group 2021 £'000	2020 £'000	JJH 2021 £'000	2020 £'000
Freehold	114,279	109,691	114,381	109,769
Long leasehold	18,405	17,921	18,425	17,920
	<b>132,684</b>	<b>127,612</b>	<b>132,806</b>	<b>127,689</b>

## Expenditure on works to existing properties

	Group 2021 £'000	2020 £'000	JJH 2021 £'000	2020 £'000
Amounts capitalised	3,547	4,198	3,547	4,198
Amounts charges to income and expenditure account				
- Routine Maintenance	2,722	2,411	2,722	2,411
- Planned Maintenance	1,549	1,955	1,549	1,955
Total	<b>7,818</b>	<b>8,564</b>	<b>7,818</b>	<b>8,564</b>

## Interest Capitalisation

	Group 2020 £'000	2019 £'000	JJH 2020 £'000	2019 £'000
Interest capitalised in the year	76	20	76	20
Cumulative interest capitalised	76	20	76	20
Rate used for capitalisation	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

## 13 Tangible Fixed Assets – other

Group and JJH	Office buildings £'000	Furniture Fixings and Fittings £'000	Computers and Office Equipment £'000	Total £'000
<b>Cost</b>				
As at 01 April 2020	924	12,531	2,864	16,319
Additions	132	81	571	784
Disposals	-	-	-	-
As at 31 March 2021	1,056	12,612	3,435	17,103
<b>Depreciation</b>				
As at 01 April 2020	(334)	(10,170)	(1,941)	(12,445)
Charge for year	(54)	(446)	(294)	(794)
Disposals	-	-	-	-
As at 31 March 2021	(388)	(10,615)	(2,235)	(13,238)
<b>Net book value</b>				
As at 31 March 2021	668	1,997	1,200	3,865
As at 01 April 2020	590	2,361	923	3,874

## 13a Intangible Assets

Group and JJH	Goodwill £'000	Software £'000	Total £'000
<b>Cost</b>			
As at 01 April 2020	383	-	383
Additions	-	687	687
As at 31 March 2021	383	687	1,070
<b>Amortisation</b>			
As at 01 April 2020	(103)	-	(103)
Charge for year	(84)	(21)	(105)
As at 31 March 2021	(187)	(21)	(208)
<b>Net book value</b>			
As at 31 March 2021	196	666	862
As at 01 April 2020	280	-	280

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - 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 of £54k (2020: net assets £21k). For the period ended 31st March 2021 the company had turnover of £1,960k (2020: £862k) and made a profit of £53k (2020: profit £21k). 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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Due within one year</b>				
Rent and service charge arrears	431	431	431	431
Less: Provision for doubtful debts	(219)	(282)	(219)	(282)
	212	149	212	149
Amounts owed by group undertakings	-	-	-	-
Other debtors	969	841	922	835
Prepayments and accrued income	154	183	154	183
	1,335	1,173	1,288	1,167
<b>Due after one year</b>				
Prepayments and accrued income	-	50	-	50

## 16 Properties for Sale

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Shared ownership	365	122	389	126

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

## 17 Creditors: amounts falling due within one year

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans and borrowings (note 22)	2,981	2,770	2,981	2,770
Trade creditors	135	17	135	17
Social housing grant in advance	70	70	70	70
Rent and service charges received in advance	713	842	713	842
Amounts owed to group undertakings	-	-	254	153
Taxation and social security	148	146	148	146
Other creditors	519	614	519	614
Deferred capital grant (Note 19)	38	35	38	35
Recycled capital grant fund (Note 20)	88	144	88	144
Accruals and deferred income	6,409	5,176	6,225	5,039
Accrued interest	277	414	277	414
Funds Held on Behalf of Residents	2,122	1,905	2,122	1,905
	13,500	12,133	13,570	12,149

## 18 Creditors: amounts falling due after more than one year

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans and borrowings (Note 22)	67,754	64,735	67,754	64,735
Less Loan issue costs	(743)	(721)	(743)	(721)
Deferred capital grant (Note 19)	4,870	4,422	4,870	4,422
Disposal proceeds fund (Note 21)	59	59	59	59
	71,940	68,495	71,940	68,495

# Johnnie Johnson Housing Trust Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

## 19 Deferred Capital Grant

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
As at 01 April 2020	4,458	3,306	4,458	3,306
Grants received during the year	421	821	421	821
Grants recycled from the recycled capital grant fund	65	364	65	364
Released to income during the year	(36)	(33)	(36)	(33)
As at 31 March 2021	4,908	4,458	4,908	4,458

## 20 Recycled Capital Grant Fund

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Funds pertaining to activities within areas covered by:				
As at 01 April 2020	144	506	144	506
Inputs to fund:				
grants recycled	7	-	7	-
interest accrued	2	2	2	2
Recycling of grant:				
- new build	(65)	(364)	(65)	(364)
As at 31 March 2021	88	144	88	144

Amounts 3 years or older where repayment may be required

- - - -

## 21 Disposal Proceeds Fund

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
As at 01 April 2020 and 31 March 2021	59	59	59	59

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021 - continued**

**22 Group Loans and Borrowings**

	Local Authority			
	Bank loans	Loans	Total	Total
	2021	2021	2021	2020
	£'000	£'000	£'000	£'000
In one year or less, or on demand	2,981	-	2,981	2,770
In more than one year but not more than two years	2,345	-	2,345	2,979
In more than two years but not more than five years	7,278	-	7,278	7,160
In more than 5 years	47,132	11,000	58,132	54,596
Total	59,736	11,000	70,736	67,505

Loans are shown net of financing costs of £676k (2020: £720k) which will be repaid over the period of the loans.

The RBS and Bank of Scotland loans are repayable annually over the terms of 30 years and 25 years respectively at fixed and variable rates of interest ranging from 0.4% to 5.74% (RBS) and 0.88% (BOS).

The Co-op loans are repayable quarterly over the terms of 25 years at fixed rates of interest ranging 1.53% to 5.5%.

The Nationwide loan is repayable in monthly instalments over the terms of 25 years at fixed rates of interest 4.38%.

The loans from The Housing Finance Corporation (THFC) are secured by fixed charges on individual properties and are repayable on an interest-only basis during the terms of the loans at fixed rates of interest of 5.13% and 5.20%. The remaining principal sum falls to be repaid in 2035 and 2043.

The loans from Warrington Borough Council are secured by fixed charges on individual properties and are repayable on an interest-only basis during the terms of the loans at fixed rates of interest of 3.42% and 4.16%. The remaining principal sum falls to be repaid in 2042.

2,816 of JJH's properties are currently charged as security for the loans.

There was no new funding for 20/21 but we have drawn £6m from the £30m existing facility with Warrington BC.

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021 - continued**

**23 Pensions**

JJH is a member of the SHPS Pension 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 31 March 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 an increase in liability during this financial year and is recognised in other comprehensive income. The breakdown can be seen below:

<b>Group and JJH</b>	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
As at 01 April 2020	2,136	4,647
Sub total	2,136	4,647
Defined benefit costs recognised in SoCI	43	104
Total amount recognised in other comprehensive income	1,913	(1,943)
Deficit contributions paid	(691)	(672)
As at 31 March 2021	3,401	2,136
Less than one Year	706	692
Greater than one Year	2,695	1,444
	<b>2021</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Fair value of plan assets	22,500	20,480
Present value of plan liabilities	(25,901)	(22,616)
<b>Net pension scheme liability</b>	<b>(3,401)</b>	<b>(2,136)</b>
<b>&lt; 1 year</b>	(706)	(692)
<b>&gt; 1 year</b>	(2,695)	(1,444)
	(3,401)	(2,136)

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021 - continued**

**23 Pensions – continued**

The following FRS 102 – section 28 accounting disclosures are specific to Johnnie Johnson Housing for the period ending 31 March 2021

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

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	22,500	20,480
Present value of defined benefit obligation	25,901	22,616
Surplus (deficit) in plan	(3,401)	(2,136)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(3,401)	(2,136)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period from 31 March 2020 to 31 March 2021 (£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	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2020 to 31 March 2021 (£000s)
Defined benefit obligation at start of period	22,616
Current service cost	-
Expenses	22
Interest expense	533
Member contributions	-
Actuarial losses (gains) due to scheme experience	(447)
Actuarial losses (gains) due to changes in demographic assumptions	100
Actuarial losses (gains) due to changes in financial assumptions	3,874
Benefits paid and expenses	(797)
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	25,901

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021 - continued**

**23 Pensions – continued**

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

	Period from 31 March 2020 to 31 March 2021 (£000s)
Fair value of plan assets at start of period	20,480
Interest income	490
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,614
Employer contributions	713
Member contributions	-
Benefits paid and expenses	(797)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	22,500

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

	Period from 31 March 2020 to 31 March 2021 (£000s)
Current service cost	-
Expenses	22
Net interest expense	43
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)	65

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2020 to 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	1,614
Experience gains and losses arising on the plan liabilities - gain (loss)	447
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(100)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(3,874)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(1,913)
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)	(1,913)

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021 - continued**

**23 Pensions – continued**

**ASSETS**

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Global Equity	3,586	2,995
Absolute Return	1,242	1,068
Distressed Opportunities	650	394
Credit Relative Value	708	562
Alternative Risk Premia	847	1,432
Fund of Hedge Funds	3	12
Emerging Markets Debt	908	620
Risk Sharing	819	692
Insurance-Linked Securities	540	629
Property	467	451
Infrastructure	1,500	1,524
Private Debt	537	413
Opportunistic Illiquid Credit	572	496
High Yield	674	-
Opportunistic Credit	617	-
Cash	-	-
Corporate Bond Fund	1,329	1,168
Liquid Credit	269	8
Long Lease Property	441	354
Secured Income	936	777
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	5,718	6,797
Net Current Assets	137	88
<b>Total assets</b>	<b>22,500</b>	<b>20,480</b>

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 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.20%	2.40%
Inflation (RPI)	3.20%	2.65%
Inflation (CPI)	2.60%	1.65%
Salary Growth	3.10%	2.65%
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 2021 - continued**

**23 Pensions – continued**

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

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.4
Female retiring in 2021	23.3
Male retiring in 2041	22.7
Female retiring in 2041	24.9

**24 Non-equity share capital**

Group and JJH	2021 £	2020 £
As at 01 April	27	24
Shares issued in the year	-	3
Shares cancelled in the year	(7)	-
As at 31 March	20	27

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 2021, the value of grant received in respect of these properties that had not been disposed of was £4,908k net of amortised grant released to the I&E of £36k (2020: £33k). 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 2021 - continued**

## 26 Financial Instruments

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

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Financial assets measured at historical cost				
- Trade receivables	1,181	990	1,134	984
- Cash and cash equivalents	7,819	10,461	7,819	10,461
<b>Total financial assets</b>	<b>9,000</b>	<b>11,451</b>	<b>8,953</b>	<b>11,445</b>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost				
- Loans payable	70,736	67,505	70,736	67,505
Financial liabilities measured at historical cost				
- Trade creditors	135	17	135	17
- Other creditors	10,257	9,224	10,073	9,087
- Deferred capital grant	4,908	4,457	4,908	4,457
<b>Total financial liabilities</b>	<b>86,036</b>	<b>81,203</b>	<b>85,852</b>	<b>81,066</b>

## 27 Operating Leases

	Group and JJH	
	2021	2020
	£'000	£'000
Not later than one year	127	7
one to five years	243	-
<b>Total</b>	<b>370</b>	<b>7</b>

The operating leases held are for the rent, service charge and furniture at Eden Point plus four vans utilised by Astraline.

## 28 Capital Commitments

The group had no capital commitments at the 31 March 2021 except for £10,829k (2020: £3,276k) contracted but not provided for. This is the remaining spend on the current developments and will be funded from cash reserves and secured funding. Non contracted commitments were zero.

**Johnnie Johnson Housing Trust Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021 - continued**

**29 Related Party Disclosures**

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

	2021	2020
	£'000	£'000
Development services	1,960	862
	<u>1,960</u>	<u>862</u>

The following Intercompany balances were as at 31 March

Johnnie Johnson Developments Limited	(254)	(153)
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Johnnie Johnson Housing Trust owns 29% of the share capital of Invisible Creations Limited. Yvonne Castle, Chief Executive Officer of Johnnie Johnson Housing Trust is a director of Invisible Creations Limited. During the year, Johnnie Johnson Housing Trust had transactions totalling £8.6k with Invisible Creations Limited. Johnnie Johnson made a loan to the value of £83k which was revenue in the year however there is an 8% return due on the loan.

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 2021	
	Sales £'000	Purchases £'000
Northern Housing Consortium	-	3
Accent Housing	88	353
Cartrefi Conwy	2	-
Edward Mayes Trust Ltd	2	-
Yorkshire Housing	45	-
Karbon Homes	5	-
	<u>142</u>	<u>356</u>

**30 Current Asset Investments**

	Group		JJH	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
COIF Investment Funds	129	141	129	141
Current Asset Investments	2,000	1,000	2,000	1,000
	<u>2,129</u>	<u>1,141</u>	<u>2,129</u>	<u>1,141</u>

### **31 Prior Year Adjustments**

#### **Statement of Financial Position**

##### **Revaluation Reserve**

JJH used to hold its Housing Properties at valuation and hence holds a revaluation reserve. Each year an adjustment is calculated to adjust the depreciation as if the Housing Properties were held at historical cost and this adjustment is moved from Revaluation to Revenue reserve by scheme. There is a very old historical opening balance that is not scheme specific which requires depreciating. This adjustment of £1.599m will be a prior year adjustment movement from revaluation reserve to revenue reserve. The remaining balance will continue to be depreciated over the average remaining life of housing properties, which is 88 years, in line with our existing housing property depreciation policy.

#### **Cashflow Statement**

##### **Reclass of current asset investment**

JJH holds current asset investments totalling £2.129m. These have been reclassified in this financial year from cash to current asset investments and comprise of £2m held in a 95-day Nationwide deposit account and £129k in a COIF charities deposit fund.

The cashflow statement includes restated figures for 2020, for cash and cash equivalents and movement on investments to show the restated position for that year. It should be noted that these investments are not accounted for as available cash within JJH's day to day operation.

#### **Housing Properties Note 12**

A JJH scheme that was sold and had been written down in full had not been removed fully from our Housing properties note. This required a prior year adjustment of £502k to the opening balances within the note and is reflected in cost and depreciation.