



## Johnnie Johnson Housing Trust Limited

Report and Financial Statements for the year ending 2022-2023

> 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











# Living Longer, Living Better





## Content





Executives and Advisors for the year ended 31 March 2023

## **Registered Office**

Eden Point Three Acres Lane Cheadle Hulme Cheshire SK8 6RL

Registered No: 19198R

### **Company Secretary**

Sarah-Jane Gilmore



### Solicitor Trowers and Hamlins LLP 55 Princess Street Manchester M2 4EW

## Banker

National Westminster Bank PLC Royal Bank of Scotland Bankside 2 90-100 Southwark Street London SE1 0SW



## **Auditors**

BDO LLP 3 Hardman Street Manchester M3 3AT

A resolution to re-appoint BDO LLP as auditor was passed at a meeting of the shareholders on 25<sup>th</sup> September 2023





Johnnie Johnson Housing Trust Limited Report and Financial Statements 2022 - 2023



#### Meet Our Board



Sue Lock, Chair of the Board



Brian Benneyworth, JJH Board member, Chair of Nomination and Remuneration committee, Senior Independent Director, Member of Audit and Risk and Board Health and safety Champion



Peter Nourse, Vice Chair of JJH Board, member of JJDL Board and a member of the Audit and Risk Committee



Steve Secker, JJH Board Member and Chair of Johnnie Johnson Developments Limited



Rob Seldon, JJH Board Member and Chair of Audit and Risk Committee



Abdul Ravat, JJH Board Member and member of the Audit and Risk Committee



Andrew Bowden, JJH Board Member and Chair of Astraline



Tabitha Arulampalam, JJH board Member, member of Nomination and Remuneration committee and a member of the Astraline Board



Angela Single, JJH Board member, Astraline Board member and a member of Audit and Risk / Noms and Rems Committees





#### Meet the Executive Team



Yvonne Castle Chief Executive Officer

Please let me introduce you to our Executive Team. We strive to make a difference every day. We've worked hard together as #OneTeam to be high performing leaders, to live our values and to create, within our teams, great leadership. This is something we are all passionate about. We are all proud to be a part of Johnnie Johnson's history, doing best, what matters most for our residents.

I became our Chief Executive in May 2017. I joined JJH in July 2015, originally on an interim basis and then was appointed as our Executive Director, Customer Services, in July 2016. My background is quite varied; public and private sector; finance, service and people focused. I was self-employed for a long while, having the privilege of working with many housing providers, meeting many housing and business leaders. I love the social housing sector. The passion that colleagues have in focusing on how we can help those who are in most need of our support is tremendous. It's a sector that we all should be proud of.

Let me introduce you to our team below:



Kathryn Fox-Rogers Chief Operating Officer



Deborah Noble Group Executive Director, Finance and Corporate Services



Joe McLoughlin Managing Director Astraline



Steve Allcock Director of Customer Experience and Digital Innovation (resigned 3/2/2023)



Lin Powell Director of Development and Growth (resigned 30/4/2023)





## Chair's Statement

#### **Introduction**

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

I am pleased to say that Johnnie Johnson closes the year with robust regulatory ratings, a strong Balance Sheet, a rigorous approach to Internal Control and Risk Management; along with an exciting strategy for the future which is focussed on maximising investment in our homes and services to ensure our teams can focus on doing best what matters most to customers.

The last year has continued to challenge the business, our residents and colleagues, with the ongoing impacts of the recovering UK economy. Nonetheless, we have continued with our Vision of **"Living Longer, Living Better"**, and our passion about enabling people to live and age well in their own homes. Our colleagues have responded to all challenges with their focus on providing residents with a safe and secure environment and flexing our approach, where needed to continue to provide outstanding customer services. We have maximised our money to increase spend on existing homes and have continued with our investment in our 'Fire Strategy' and commitment to 'EPC C' improvements.

The financial climate has been a difficult one with continued rising inflation and the increase in interest rates affecting our costs, coupled with a cap placed on rents set by our current Government. We made the difficult decision in January 2023 to stop our development programme and only take forward the schemes we were contractually obliged to do. We also had to constrict our investment in technology improvements. This was disappointing but necessary to ensure continued investment in our existing homes. This unfortunately also meant that we needed to make some colleague redundancies.

I would like to say thank you to all our teams for their hard work, professionalism, dedication and resilience in maintaining and improving services, ensuring the safety and wellbeing of our residents and driving our strategy forward.

#### Key Strategic Matters

#### Voice of the Customer

Our residents are at the heart of everything we do. The services we provide should be right, first time and if things aren't quite as they should be, we want to listen and take action where we can.

Our ambition is for all customers to feel safe and secure in their home.

During the year we have reviewed our engagement to ensure a wider representation of our customer voice is heard to adhere to the Tenant Satisfaction Measures, Better Social Housing Review and changing Consumer Standards. We worked with the Scrutiny Panel Members to review how we need to do things differently moving forward, this has culminated in the evolution of the Scrutiny Panel, forming a JJH Assurance Panel, which takes a more flexible approach to involvement and reviews, with the goal of engaging more customers within the process. This will help JJH understand areas for improvement which will in turn provide the scope for 'bitesize assessments' of a range of service areas by the JJ Assurance Panel.

This has enhanced opportunities for residents to engage with us. The work of the Panel represents the changes in Consumer Regulation and the Regulatory collation of Tenant Satisfaction Measures from 2023.

Following the lifting of Covid restrictions, as a result of the pandemic, we re-instated our face-to-face Regional Forums in the North East, Yorkshire & Derbyshire, and the North West. These forums are designed by our Resident Chairs. In addition, we continued with our on-line Digital Conferences. We see more residents now through a mix of these approaches than we did pre-pandemic, which is really positive.

We would like to formally record our thanks to the previous Scrutiny Panel Members and Resident Regional Forum Chairs for their support and invaluable contribution to many projects and service improvements throughout the years. We would also like to say a massive thank you to Morris Globe, who stepped down as our North West Regional Chair this year. He is replaced by Alan Chadwick, our longstanding engaged resident, who champions homes and services to our leaseholders.



#### Customer First

Our Customer First Project, co-designed with residents and launched during 2022, helps residents maximise their welfare and wellbeing and ensures our teams can focus on doing best what matters most.

Our investment in digital provides greater security, increased efficiency in process, additional sales opportunities through shopping on-line with Astraline for telecare and increased access for residents through our new website, portal and digital applications.

In our Phase 1 Customer First Project, 2022/23 resulted in a major change in structure, specialisms and skills. These focused on the principles of knowing our customers, being 24/7, digital first, developing experts, and adding value.

Our Customer First Project (Phase 2) for 2023/24 will invest an additional £1.8m in our existing homes, including Building Safety works and Capital Investment from our stock condition programme. This additional investment was the result of our key decision to stop building new homes and use this to invest in our existing homes. We continue our process improvements on key projects to deliver more for our residents.

#### **MyLifestyle**

We further enhanced the MyLifestyle hybrid working solution with the introduction of a 4.5 day working week Pilot for our colleagues. This is a strategic decision which we hope retains our colleagues as well as help us attract great talent in such a competitive employment market. Services for residents remain available through either our out of hours processes or through our enhanced digital offer and Astraline services remain 24/7. Since the pilot began, in line with the communications plans residents have been engaged through various routes; the majority of which were in January 2023. The engagement with residents that attended the drop-in sessions and feedback was that they felt safe and the change in hours wouldn't affect them, and those who need it have the Astraline service and can use it for support in an emergency. Residents are already used to the Community Housing Officer (CHO) providing a service at more than one site, so don't expect them to be on-site all the time.

We continue to encourage the use of the resident portal which enables residents to make a rent payment, log a repair, change their contact details or check their rent balance. They can also use the portal to create an initial contact to log a complaint. To support residents with this, engagement has been through the Customer and Neighbourhood's teams on an ongoing basis, and by the Digital Engagement Lead and Digital Coach with the work they are doing to support the digital development in our schemes through the new Well Connected (warden call) project and implementation of the scheme digital notice boards.

#### <u>Astraline</u>

Astraline saw its first year as a wholly owned subsidiary and continues to provide digital technology enabled care to 100 other Housing organisations across the country. Astraline is a growing digital, technology enabled care service, with multiyear research funding and NHS framework agreements. With 90,000 connections (2,800 are JJ residents), across 100 Housing Providers and with 800 personal customers, we are the largest independent telecare provider in the housing sector and the first to be fully digital.

We also provide and out of ours repairs reporting service supporting over 65,000 properties.

Our research projects create revenue into Astraline. Our work with the Centre for Assistive Technology and Connected Healthcare (CATCH) at Sheffield University has created a "Living Lab" of our residents, including social minority communities, testing new telecare kit in their homes. As well as working with residents to identify their preferences on technology for the future, this will provide an additional income stream.

#### **Regulatory Ratings**

JJH has retained top regulatory rating of G1 and continues to drive improvements in our governance compliance and regulatory standards.

In December 2022 we received a regrade judgement from Viability 1 to Viability 2 from the Regulator. The regulators report stated: *"The Regulator has assurance that 'Johnnie' Johnson Housing Trust (JJHT) continues to comply with the financial viability elements of the Governance and Financial Viability Standard. JJHT has an adequately funded business plan, sufficient security in place and is forecast to continue to meet its financial covenants under a reasonable range of scenarios. JJHT is investing significantly in its existing homes, including a programme to improve fire safety. This investment, coupled with the economic uncertainty in relation to inflation, interest rates and rent increases, reduces JJHT's capacity to respond to adverse events."* 

It is important to stress that JJH remains compliant and that this is a "regrade", not a "downgrade". This regrade is a symbol of the challenging financial environment the Housing Sector is operating in. Over 50 Housing Associations across the sector were regraded from V1 to V2 at the same time

Johnnie Johnson

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#### Our Achievements

Our Corporate strategy is categorised under our four main aspirations, and in 2022-23 we have continued to deliver our objectives in these areas:

- Outstanding Homes ensuring all homes comply with legal, safety and development standards; and have a long-term sustainability plan. This year saw an updated stock condition survey to drive our future investment programme
- Outstanding Services improving customer experience and expectations through delivering our "Customer First" approach and being a listening business. Collaborating with Astraline to add value to the customer offer.
- Outstanding Value being financially ready for any surprises; and investing in our Data and Digital projects to positively contribute to our customer, colleague and property experience.
- Outstanding People ensuring our colleagues have the right tools and skills to deliver our ambitions; and enable them to be agile and flexible, improving performance for our business and our customers.

#### **Board Changes**

During the year Paul Thomas stood down from Astraline Board due to other work commitments. Ralph Middlemore and Alistair How will stand down from Johnnie Johnson Developments Ltd (JJDL) Board at the end of the term of office. I would like to thank them all for their valued contributions to our decision making processes.

I would also like to welcome Angela Single who joined us in July 2022 as a member of the main JJH Board, Astraline Boards and sits on both Audit and Risk and Nomination and Remuneration committee. Lisa Pearson joined us in August 2022 as a non executive observer of the Astraline Boards.

#### The Future

Our key issue remains, to use our resources effectively, ensure investment into our existing homes and finalise the building of new homes, while controlling the risks that we are taking.

I have mentioned the pressures upon all regulated providers. We are in a financial environment giving us pressure from increased inflation and interest rates which add significant costs to our business. At the same time, pressures from Government to not pass all these costs on to our residents, have been placed on us in the form of a Rent Cap. These challenges lead us to the difficult decisions we took around ceasing our development programme and slimming back our technology improvements programme. What that also did was trigger detailed conversations around possible partnerships with others. The Board made the decision at the end of March 2023 to enter into talks with Sanctuary Housing regarding a possible future partnership. We are currently in the process of legal due diligence and should that be successful we will see Johnnie Johnson Housing becoming a subsidiary of Sanctuary later in the calendar year. We see this as a great opportunity for both businesses. They are much larger and have the ability to invest in our JJ homes in terms of completing existing improvements such as our Fire Strategy and our Well Connected Digital (Warden Call) replacement programme to comply with the impending switch over from analogue lines to digital by 2025. They can also invest in the continued planned maintenance of our existing homes, energy efficiency and the zero carbon agenda by 2050. We would struggle to achieve the timeframes if we stayed on our own. We benefit the Sanctuary partnership because, whilst they are recognised at being experts in care and own care homes and retirement living homes, we are the experts in Independent Living and they can learn a lot from us. We look forward to progressing this strong partnership.

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Sue Lock, Chair of the Board 27<sup>th</sup> September 2023



## Report of the Board Year ended 31 March 2023

#### **Principal Activities and Review**

The Board presents its report and the audited financial statements for the year ended 31 March 2023 for Johnnie Johnson Housing Trust Limited and the consolidated accounts of the Group.

Johnnie Johnson Housing Trust Limited (JJH) was created by James Edgar Johnson, nicknamed "Johnnie", an RAF pilot back in 1969. It was originally established to assist veterans but in the last 54 years has evolved to providing quality homes for circa 7121 residents in the North West, North East and Yorkshire and Derbyshire. We have a particular expertise in providing housing and services for older persons with an aim to help our residents "Live Longer, Live Better".

JJH has a technology enabled care services business, Astraline, which over the last 22 years has evolved and expanded. Not tied to any one manufacturer Astraline is able to recommend products and services from the whole market. The growth has enabled Astraline to become the largest independent monitoring service provider in the country. As of the 1<sup>st</sup> April 2022 Astraline became a wholly owned subsidiary of JJH giving it further freedoms to expand and grow. JJH and Astraline maintain a strong cultural connection with the mutual desire to ensure our residents and customers are fully supported.

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). As well as Astraline it has a subsidiary organisation: Johnnie Johnson Developments Limited.

#### 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, focused and very resilient business, dedicated to delivering outstanding services aiming to become the sector leaders, true 'Market Makers' in the delivery of independent living for older people. We truly value our colleagues and our strategy continues to invest in our people through training but also in modern ways of working and ensuring they have the right skills and technological kit to do best what matters most for our residents and customers.



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.

#### In 2022-23 we focused on delivering 4 Strategic objectives:









#### **Outstanding Homes**

Work here helped us to ensure that all homes comply with legal, safety and development standards, all homes have a long term green and digital investment plan and our older homes, and our studio homes, have clear long-term plans for their future.

#### **Outstanding Services**

Here we aimed to improve customer experience and expectations through delivering our "Customer First" approach, continued to develop being known as a listening business - taking action and communicating openly and honestly with customers; and ensuring Astraline's growth strategy and collaboration with partners adds value to the customer offer

#### **Outstanding Value**

Given the continuing challenging economic environment work continued, ensuring we are financially ready for any surprises. Ensuring investment in our Data and Digital projects positively contributes to our customer, colleague and property experience; maximising partnerships to drive proactive Procurement and increase financial and social value for our customers; and ensuring our colleagues can operate in a safe and secure environment.

#### **Outstanding People**

Our focus here has been to ensure that our colleagues have the right tools and skills to deliver our ambitions; and that they are agile, flexible and diverse, improving performance for our business and our customers.





HOUSING

Johnnie Johnson



#### **Our Performance**



Operating social housing margin 15%

Governance rating

G1/V2



Achieved 99.5% occupancy



Voids turnaround at 5 days



13 new homes delivered



£3.7m invested in new homes (Major Repairs incl Fire Safety)



7,121 residents

Achieved Arrears of 1.28%

68 homes in construction on site



Average rent for Independent Living properties £79 per week

4 out of 5 residents

are satisfied with our

service



Average rent for social General Needs of £91 per week

first time'

96% achieving 'right

future drawdown

£18m loans available for







Decreased homes in management to 4,959



95% repairs appointments kept

Interest cover 103% (EBITDA MRI – VfM Metric)





#### **Environment and Future Outlook**

Johnnie Johnson Housing is committed to building environmental sustainability, social responsibility and effective corporate governance into all aspects of our business. This Environmental, Social and Governance (ESG) policy statement reflects our commitment to improving how our business decisions and policies address opportunities for sustainability. We expect this policy statement to be upheld by all colleagues, Executives and Directors of the Company. As we look ahead to the future, we will continue to be transparent and remain focused on expanding our sustainability efforts.



**ENVIRONMENTAL SUSTAINABILITY** – We are committed to operating in an environmentally responsible manner to reduce our impact on climate change, conserve natural resources and operate in compliance with environmental regulations

**SOCIAL RESPONSIBILITY** – We are committed to being a socially responsible employer by fostering an environment of diversity and inclusion across our business, operating ethically and supporting our local communities





**CORPORATE GOVERNANCE** – We are committed to building a culture of ethical business behaviour and responsible corporate activity. We believe strong corporate governance is the foundation to delivering on our commitments

Through our Corporate Vision of Living Longer, Living Better, and our Corporate Strategy key aims we will deliver Outstanding Homes, Services, Value and People; underpinning our strategies with ESG imperatives:

**OUTSTANDING HOMES** - We are committed to delivering a SMART and green investment plan throughout our Asset Management/Compliance and Development Strategies, addressing Carbon Zero targets to create sustainable homes.

**OUTSTANDING SERVICES** – We are committed to delivering services that offer value to our customers, putting our Customers First and doing best what matters most for them.

**OUTSTANDING VALUE** – Through our Financial Management, Data & Digital and Governance Strategies we will deliver SMART procurement that drives down costs for our residents, invest in digital and data to positively contribute to performance and react positively to regulatory changes.

**OUTSTANDING PEOPLE** – Through our People strategy we will be a truly diverse and multi-generational team, mirroring communities we are proud to be part of.



#### **Supporting our Residents**



We launched our Wellbeing Team who are working closely with Equal Arts to create Friends of Groups across our regions as well as continuing to support the University of Sheffield with the Technology-Enabled Living Labs For Ageing Better (TELLAB) by holding focus groups with customers across Independent Living schemes. Our Money Advice team have helped customers receive over £400,000 worth of benefits and run 'Money Saving Mondays' on social media. We've also held several workshops throughout the year with customers to discuss communication, repairs and grounds maintenance.



#### **Supporting Colleagues**





In 2022-2023 our focus for colleagues has been to enhance our approach to MyLifestyle working, commencing a pilot to work a condensed 4.5 day working week; it has been a great success with colleagues keen to make this a permanent change. The challenging economic environment has required us to be creative and consider a package of support for colleagues, including support payments, vouchers, mileage expense allowance and access to a range of salary 'stretching' benefits and discounts. Other benefits, including the buying and selling of holidays. Ongoing engagement and wellbeing initiatives have continued, including inclusivity activities. Investment in colleagues' skills, knowledge and behaviours has been a key priority for training, particular for our customer and neighbourhood colleagues as well as continued leadership development.





#### Internal Control Assurance

The UK Corporate Governance Code (and the derivative NHF Code of Governance 2020) requires that the Board undertakes an annual review of internal control systems. In particular: "The board should, at least annually, conduct a review of the effectiveness of the company's risk management and internal control systems and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls".

The Board is answerable for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that it is being used economically, efficiently and effectively. It is responsible for ensuring the effectiveness of internal and external control and the management of risk. The Board must ensure that appropriate arrangements are in place to ensure that significant risks are identified and assessed, appropriate action to deal with risks is planned and implemented, and risk is kept under review.

The Board is responsible for JJH's compliance with its statutory, legal and regulatory requirements. The Chief Executive is responsible for providing an annual statement of assurance on compliance to the Board.

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

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

#### The key specific forms of internal control assurance are:

#### **Risk Management**

Risk Management is an integral part of business planning and service delivery at JJH. Risk is considered in every report to Executive/Committee and Board, and in all Project Planning. JJH operates a Risk Management and Internal Control Framework that identifies principle risks and uncertainties and provides an approach to manage, monitor and mitigate risks at all levels of the business. 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 longterm financial projections.

Risk is regularly discussed at Board Meetings. A Risk Review Group consisting of Executive and Heads of Service review the full risk Matrix at least every 2 months to ensure it remains appropriate.

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. Risks specific to Committees are reported to each 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.





#### **Performance Management,-Data & Analytics**

- JJH 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 approach to include, our customers, our finances, our colleagues and our processes.
- Pls have a role in generating continuous improvement 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/Management Structures and Colleagues

- 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 JJH, to take responsibility for important business functions
- Our Code of Conduct 'This Is How We Do It' is embedded across the organisation. Our regular checkin meetings between Leaders and colleagues are designed to maintain high standards of performance and ensure that colleagues "do best what matters most".
- The Nominations and Remuneration Committee determine policy on colleagues, Executive and Board remuneration. JJH complies with the government's policy relating to the National Living Wage.

#### **Document Review**

- The JJH Document Management Framework sets out a timetable for the review, update and approval of key documentation used to frame JJH delivery. Strategies and policies are approved by the Board and the Executive Team as appropriate and procedures by the relevant member of the Operational Leaders Team which ensures the 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 colleagues are aware of them.
- JJH Strategies are reviewed and reported to Board in an annual cycle.

Key Internal control documents reviewed in the period are:

- Governance Framework Updated in line with the NHF Code of Governance 2020.
- Risk Management & Internal Controls Framework Reviewed to keep pace with improvements in reporting and the challenging environment in which JJH operates.
- Standing Orders The Standing Orders have been reviewed in their cycle and checked for consistency with the Financial Regulations and Delegated Authorities.
- 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, are practical for the most efficient running of the organisation and provide segregation of duties.

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

• Financial forecasts and budgets are prepared which allow the Board and 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.



#### Financial Management and Value for Money .. continued

- Formal policies and procedures are in place for both financial and operational activities. These include Financial Regulations, Treasury Management Strategy & Policy, Data Protection and Information Security 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.
- JJH 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 JJH's assets (in line with the Regulator for Social Housing (RSH)'s Standard and Code of Practice for Value for Money (VFM).

#### **Treasury Management**

- The Treasury Management Policy follows best practice for the housing sector and complies with the principle documents released in respect of Treasury Management for Registered providers. The policy has been prepared, having had regard to the following:
  - CIPFA Treasury Management in public services, code of practice and cross-sectoral guidance notes.
  - Regulator of Social Housing: Governance and Financial Viability standard.
  - Regulator of Social Housing: NROSH+ Quarterly Survey (QS) Guide.
- 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 aspects of managing and reporting the loans and investments of JJH.
- To ensure the JJH has adequate liquidity, the Group Executive Director, finance and corporate services reviews a 24 month rolling cashflow that is updated on a regular basis. Compliance with loan covenants is reviewed and formally reported to the Board at each meeting.

#### **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 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 Assurance 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.



#### **Principal Risks and Uncertainties**

JJH approach to Risk Management enables the organisation to understand and mitigate/manage known risks (principal risks) and areas where impacts are not yet know (uncertainties).

JJH principal risks relate to 'Financial Planning and Controls (Viability)' which are primarily grouped under our corporate Objective 'Outstanding Value'. This is aligned to the current key issues in the UK including the cost of living and the economy. The ongoing impacts from these areas may be seen in the housing sector in terms of increased demand as homeowners struggle to pay rising mortgages, and adverse impacts on wellbeing as people cut down to bare essentials in shopping and maintaining their homes. Operational risks in this area relate to:

- Increased Arrears due to impacts of the Economy on residents ability to pay their rent and/or service charges; or maintain their tenancy leading to increased vacant homes
- Adverse Economic Effects of Global issues leading to limited access to materials and supplies/reduced business resilience
- Failure to Manage Repairs Costs as a Critical Sensitivity in the Business Plan
- Failure to deliver effective financial management leading to a breach of loan covenants, insufficient liquidity
- Voids Loss Increases

Coupled with known risks, JJH also views the uncertainties in the current environment which can be seen through increasing demands on Social Housing Landlord in relation to property condition (Operational Risk: 'Failure to ensure homes are maintained at a decent standard' and 'Insufficient financial capacity/resource available to deliver critical work'. Changing regulation and the associated pressures this will apply to capacity and viability (Operational Risks: 'Failure to comply with regulatory standards/legislation' and 'Risk of New Government Policies/Changes in Legislation Adversely Affecting JJH'). All of which is underpinned by the changing and challenging political landscape. However, JJH approach to monitoring the external environment ensures that we maintain awareness of all these issues which enables us to ensure robust business management and to support residents.



#### Internal Audit Work

We have continued to carry out our Business Critical control audits quarterly to assess key control areas. The areas covered during 2022-23 are:

- Property Services
- Landlord & Employer 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 Assurance Audits of Communications and Media, Customer Feedback, Strategic HR and Contract Management; alongside assessing the implementation of previous recommendations.

#### **Internal Audit Opinion**

Beever and Struthers state in their report: "In our opinion, based on the work undertaken, the Board can be provided with **reasonable assurance** in respect of the design and operation of internal controls within the scope of work reviewed".

#### **Board Assurance Map**

- The Board Assurance Map is designed to enable Board Members to gain assurance that the controls in place in the organisation ensure clarity of oversight, deliver risk management through the 3 Lines of Defence approach and therefore mitigate risks.
- The map uses 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.
- Assistant Director of Customer Experience, Communications 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.
- A significant part of our Project management methodology emphasises the importance of benefits to residents and securing Value for Money for them and the business.

#### The Voice of the Customer/Customer Insight

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 which include Executive and Non Executive presence and demonstrates our approach to accountability
- Scrutiny Panel (Assurance Panel from Apr-23)



#### The Voice of the Customer/Customer Insight .. continued

- Customer Surveys
- Complaints management
- Voices magazine
- Editorial Panel
- Digital Conferences
- Service specific 'drop ins'
- Scheme meetings

Our face to face engagement through our range of options ensure a golden thread of engagement is achieved.

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 colleagues 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 measures that are scrutinised quarterly. We have reprioritised the Board agenda with Customer items including the Voice of the Customer report and a Case Study.

The Scrutiny Panel has had 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. They have held JJH to account by challenging areas of underperformance across a range of operational measures which support the delivery of outstanding services. They have scrutinised 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. They fed their findings, with recommendations, to the Audit & Risk Committee, following discussion with the appropriate JJH Leader. From April 2023, this vehicle will evolve into the JJH Assurance Panel offering wider and more flexible opportunity for involvement and we thank the Scrutiny Panel for all their hardwork over the last few years.

#### Value for Money

To enable us to fulfil our strategy in today's economic environment we need to ensure that Value for Money is integral in everything we do. We want our residents to age well and live longer in their own homes. This involves delivering a great service, ensuring their homes are safe and secure.

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.
- Deliver 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.



#### Value for Money (Continued)

#### Our VFM as set out within our 4 strategic Objectives

#### 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.

Unfortunately, due to the economic climate we have halted our development programme but we will continue to deliver the contracted properties. During 2022/23 we delivered 13 units with a further 68 within the next 18 months. We will continue to assess our development ambitions.

The Business Plan has been updated and has considered increasing costs for our fire safety strategy and increasing costs within EPCC investment. We are also considering Decent Homes 2 future works and Building Safety aligned to new legislation. The next 5 year investment includes £9.5m for fire safety, £1.4m improvements in our warden call (Well Connected) installations, £1.6m in relation to bringing our homes to Energy Performance Certificate C and £10.1m in major works.

This year we found it necessary to commence the closure of one of our schemes, all residents are currently being relocated and we are reviewing the options for the North West based scheme.

#### VFM within our Outstanding Services objective

The financial environment for JJH and the wider sector is one of limited income and increasing costs considering the rent cap and the current increases on materials and cost of living. Margins are being squeezed and efficiencies are required to include improved procurement and increased digitisation. We will continue to work on our transformation programme but at a much reduced level considering the savings we introduced in January of 2023.

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

Utilising the Rant and Rave transactional satisfaction results alongside the Tenant Satisfaction Measures (TSMs) will help to understand areas for improvement and in turn provide the scope for 'bitesize assessments' of a range of service areas by the new JJ Assurance Panel, following on from the great work of the Scrutiny Panel over the last few years. Linking into governance there will still be an annual report and impact statement as well as updates on the proactive assessments to Executive monthly and Audit and Risk quarterly.

The Astraline team have continued to work closely with the North West Ambulance Service and Research facilities ensuring they continue to both support the NHS but also consider future possibilities for technology. They monitor 90,000 connections across 100 companies, including all of JJH's residents and 800 private customers. Astraline's out of hours repairs reporting provides support to 65,000 properties.

#### VFM within our Outstanding Value objective

We review VFM commitments bi monthly with our leaders team working together to track and support savings where possible. Our targets and achievements are also reported to Board via our Governance update.

We worked closely with our Scrutiny Panel assessing the delivery of the Estates service, addressing any issues as they arose, to ensure continued value for money for our residents. This was vital during the pandemic of previous years in ensuring "deep cleans" of schemes were ongoing.



#### Value for Money (Continued)

#### VFM within our Outstanding Value objective ... continued

Our Welfare Benefits Advisor has supported residents to receive £400,000 of benefits, which in turn helps tenancy sustainment. Investment in our Data and Digital projects positively contributed to our customer and colleague experience optimising use of existing systems; and supporting residents to become more digitally aware and engaged.

Working in partnership with our Repairs provider Fortem, we have addressed our Void Property process to streamline activity where possible and thereby reduce the time that homes are vacant.

The last year has seen an impact upon our costs as can be seen from our reduced surplus this year, this has been driven by increased interest rates on our variable loans and increased costs from materials particularly increases seen within our development programme. We made a decision to cease new development with an aim to control these future costs but that has allowed us to invest more within our existing properties.

#### VFM within our Outstanding People objective

The Board believes that a strong culture of VFM is crucial to deliver efficiencies, and VFM is a clear aspect of our culture. Applying our 'OneTeam' approach ensures clear understanding of service requirements and working together enables improvement of effectiveness and efficiency of delivery.

In 2022/23 we have continued to improve our ability to delivery Value for Money by equipping our colleagues with the necessary skills in their roles, supported by robust recruitment processes to attract and retain the right people to continue to do what matters most for our residents.

We continually review and enhance our communication methods with colleagues and strengthen our internal Joint Engagement Team particularly in view of the upcoming potential partnership with Sanctuary Housing.

We utilise the feedback from our regular colleague Pulse surveys to inform improvement activity.

#### **Regular Self-Assessment**

Our approach to VfM ensures that we meet our business needs and the regulatory 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.

#### Value For Money Metrics

The Regulator's specified metrics shown below.

|   | Johnnie Johnson |        |                 | Global        |        |        |            |
|---|-----------------|--------|-----------------|---------------|--------|--------|------------|
|   |                 |        |                 |               | 2023   | Median |            |
|   | 2020            | 2021   | 2022            | 2023          | Target | 2022   | Peers 2022 |
| Reinvestment %                              | 7%              | 6%     | 5%              | 6%            | 11%    | 7%     | 7%         |
| New Supply %                                | 1%              | 0.4%   | 0.7%            | 0.3%          | 0.8%   | 1.4%   | 1.4%       |
| Gearing (RSH Definition)                    | 44%             | 45%    | 48%             | 51%           | 54%    | 44%    | 48%        |
| EBITDA MRI*                                 | 130%            | 133%   | 140%            | 16 <b>2</b> % | 173%   | 146%   | 230%       |
| Headline cost per unit                      | £4,025          | £4,004 | £4,048          | £4,560        | £4,395 | £4,150 | £4,130     |
| Headline cost per unit (excl service costs) | £2,983          | £2,982 | £ <b>2,</b> 947 | £3,188        | £3,064 | N/A    | N/A        |
| Operating Margin Social Housing Lettings %  | 19%             | 18%    | 14%             | 15%           | 15%    | 23%    | 27%        |
| Operating Margin Overall %                  | 19%             | 17%    | 13%             | 13%           | 15%    | 21%    | 25%        |
| ROCE  | 3.7%            | 3.1%   | 2.5%            | 2.5%          | 2.2%   | 3.2%   | 3.5%       |
| * excludes fire safety spend                |                 |        |                 |               |        |        |            |



#### Value For Money Metrics (continued)

At JJH we pride ourselves on constantly evolving. We are unique in our offering and our benchmarking group remains the same but has dwindled slightly this year. We have made comparisons where this has been possible and will review the group next year, however, it is difficult for us to measure ourselves against some providers due to size and very different operating models.

The figures shown as 'Peers' in the above table relate to the average for the other Registered Providers previously agreed by the Board as an alternative Peer group and are from the Regulator's Value for Money metrics derived from the 2022 Global Accounts. Within the Global accounts there are very few providers with a similar stock profile to us but the 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 Peer group consists of: Connect HA, Futures Housing Group and Red Kite Community Housing.

#### Metric 1 – Reinvestment

Reinvestment has increased from 5% in 2021/22 to 6%, this is lower than our 11% target and slightly behind our Peer Group also of 6.6%. This is predominantly due to a reduction in our expected development programme spend for the year. This reduction has been due to delays caused by material shortages and contractor issues combined with rising prices. These issues have led to JJH ceasing its future development programme. Our fire safety programme continues together with increased investment in our existing properties.

#### Metric 2 – New Supply

The percentage of new supply is at 0.3% for 2023 against a target of 0.8%. This has decreased from 0.7% in the previous year and will increase next year but then drop off as our contracted development is delivered with no new supply planned. We are lower than the peer group in this metric at an average of 1.4%, however, one member of the group recorded a metric of 2.1% here which raises the median calculation for the peer group. We delivered 13 units in 2022/23 with a further 68 units contracted to deliver over the next 18 months.

#### Metric 3 – Gearing (RSH definition)

Gearing was at 51% in 2023 showing a slight increase to the previous year and against an expectation of 54%, this will rise slightly over the next 3 years falling back to 46% in 2027 once we have delivered additional investment for Energy improvements and our Well Connected systems committed to meet the digital switch in 2025. The Board recognises that gearing headroom is not the limiting factor for increasing borrowing. Our Treasury Strategy for funding 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 48%.

#### Metric 4 – EBITDA MRI Interest Cover

EBITDA MRI interest cover which includes major repairs has decreased from prior year of 140% to 103% in 2023 (162% removing our fire safety spend). EBITDA MRI interest cover at 230% for our peer group reflects 1 member at 322% and another at 218%.

We must note that we manage our EBITDA MRI covenant based upon our lenders requirements. Whilst we continue to invest heavily in fire safety and energy efficiency we have agreed with our lenders that we will exclude this spend from the calculation going forward, this enables us to deliver our programme without being restricted by our covenant and still allowing spend on our existing properties. Our EBITDA MRI excluding fire safety on our lenders calculation is 147%.

#### Metric 5 – Headline cost per unit

The headline cost per unit is higher than our Peers average (as shown in the above table) and has increased on the prior year. The increase in 2022/23 can be attributed to increased costs within capitalised major repairs (including fire safety), services (including increases in utility costs) and management costs. When comparing against the Global median the Board is aware, that our costs are also at that level as a result of the additional front-line presence that we continue to provide for our residents.

Although data is unavailable for our peer group on Headline Cost per unit excluding service costs, our figure of £3,188 is higher than last year's figure of £2,947 mainly driven by an increase in major repairs costs (fire safety).



#### Value for Money Metrics (continued)

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

Our operating margins remain similar to prior year at 13% for Overall Operating Margin and 15% Operating Margin Social Housing lettings. The impact of increasing interest rates and increasing costs has contributed to the decision for JJH to look for a potential future partner.

Our Peers average a 25% Operating Margin which is significantly higher than our achievement.

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

Our ROCE (2.5%) is lower than our Peer Group with an average of 3.5% but on par with prior year. It has shown an improvement on expected (2.2%). Our Peer group varies from 2.7% to 3.9% ROCE.

The figures in the table below reflect the costs that are included in the latest Business Plan. The figures show that reinvestment is slightly higher than the Sector in 2024 due to increased investment in our stock guided by the recent Stock Condition Survey and the completion of the contracted new build. As all new units are delivered our reinvestment figure decreases, this is also reflected within the gearing % that also shows a decline.

EBITDA MRI shows a slight downward trend but well within covenant limits with cost per unit increasing, however operating margin shows an increase although still behind the average of our Peers for the current comparator.

|  | Global | Peers  |        | Johr   | nie Joh | nson   |        |
|--|--------|--------|--------|--------|---------|--------|--------|
|  | 2022   | 2022   | 2023   | 2024   | 2025    | 2026   | 2027   |
| Reinvestment %                             | 7%     | 7%     | 6%     | 8%     | 4%      | 3%     | 3%     |
| New Supply %                               | 1%     | 1%     | 0.3%   | 0.9%   | 0.1%    | 0.0%   | 0.0%   |
| Gearing (RSH Definition)                   | 44%    | 48%    | 51%    | 56%    | 55%     | 54%    | 46%    |
| EBITDA MRI (Lenders Definition)*           | n/a    | n/a    | 141%   | 132%   | 138%    | 138%   | 136%   |
| EBITDA MRI (RSH Definition)*               | 146%   | 230%   | 162%   | 128%   | 139%    | 139%   | 137%   |
| Headline cost per unit                     | £4,150 | £4,130 | £4,560 | £4,870 | £4,838  | £5,006 | £5,161 |
| Operating Margin Social Housing Lettings % | 23%    | 27%    | 15%    | 19%    | 20%     | 20%    | 19%    |
| Operating Margin Overall %                 | 21%    | 25%    | 13%    | 19%    | 20%     | 20%    | 19%    |
| ROCE                                       | 3.2%   | 3.5%   | 2.5%   | 3.1%   | 3.4%    | 3.2%   | 3.0%   |
|  |        |        |        |        |         |        |        |

\* excludes fire safety spend



#### Gender Pay Gap Reporting

JJH are below the headcount threshold (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 and women. Based on data at the snapshot date, 5 April 2022, the following table shows our data:

| Mean* | Pay rate<br>difference | Median* | Pay rate<br>difference | Comparison to 2021-22   |
|-------|------------------------|---------|------------------------|---|
| 2.3%  | 39p                    | 13.5%   | £2.01                  | The mean average has reduced compared to 2021-22, which was 4.1%, but the median has increased from 9.0%. |

Our current gap is due to the high number of females and low number of males in the lower quartile of our workforce, as a significant number of women are in roles which, traditionally, are lower paid. This remains the same as in previous years. There continues to be more males' overall in roles which traditionally have been undertaken by men in the ICT and Assets/Compliance teams and are all roles which are currently demanding higher rates of pay within the marketplace and sit in the upper middle or upper quartiles. Despite this, we are pleased to be able to report our gender pay gap decreased on a mean basis, from 4.1% to 2.3%.

#### Ethnicity Data

There is no compulsory reporting for any organisation, of ethnicity pay gaps. We do, however, produce a report of our ethnicity pay gap which compares average salaries for white and ethnic minoritized colleagues. Our total number of ethnic minoritized colleagues across the group is 18. Based on the data at the snapshot date, 5 April 2022, the following tables shows our data:

| Mean*  | Pay rate<br>difference | Median* | Pay rate<br>difference | Comparison to 2021-22  |
|--------|------------------------|---------|------------------------|--|
| 27.96% | £4.70                  | 8.70%   | £1.14                  | The mean average has increased from 19.75%<br>and the median has also increased from 4.08%.<br>The total number of colleagues in this group<br>compared to last year remains the same, 18. |

Our current gap is because nearly all colleagues from minoritized ethnic groups are in the lower quartile of our workforces. There are no ethnic minoritized colleagues in the upper quartile. There is room to improve with encouraging colleagues to report their ethnicity. We utilise the NHF data to draw comparison between colleague, leadership and board groups and we will focus on taking positive action to encourage applications from different minoritized ethnic groups. The size of JJH means, in percentage terms, the change of only a small number of people in a particular group can cause a significant effect on our overall gap data.

#### Qualifying third party indemnity provisions

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





## **Love Where you Live**





## **Strategic Report**



#### **Governance and Compliance**

#### NHF Code of Governance

The National Housing Federation (NHF) 2020 Code of Governance has been adopted by the Board as a formal framework to underpin its governance arrangements. This particular code of governance was selected as it is bespoke to the housing sector and it is a widely recognised example of best practice. Compliance with this code ensures JJH will:

- Adhere to all relevant laws.
- Ensure that its constitutional documents are, and remain, fit for purpose.
- Be accountable to residents and relevant stakeholders.
- Safeguard taxpayers' interests and the reputation of the housing sector.
- Have an effective risk management and internal controls assurance framework.

#### **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. The Rules have been updated in 2022-23 to align to the NHF Code of Governance.

#### Delegation

The Board delegates its responsibility for the day-to-day management and leadership to the Chief Executive, supported by the Executive Directors. The Board has also established committees to oversee specific areas of the Group's work and sets the scope and responsibilities for each in approved terms of reference. There are also separate boards with oversight of Development and Astraline. Delegation from the Board may allow for decisions to be made or request that a committee consider and provide assurance to support the Board on decision making.

#### **Board and Committee Effectiveness**

The Board and Committees have carried out the annual assessment of their performance and an annual appraisal of individual Board and Committee Members. Each Board and Committee Member is appointed for a fixed term of office of up to three years. Reappointment is possible for up to a maximum of two additional terms in line with business need. We have strengthened the approach to effectiveness and recruitment linking Board skills directly with our Corporate Strategy requirements.

#### Compliance with Governance and Financial Viability Standard/All RSH Standards

JJH underwent an In Depth Assessment with the Regulator during July to November 2020 and was judged to retain the G1:V1 grading.

At the Stability Check in December 2022 JJH received a regrade judgement from Viability 1 to Viability 2 from the Regulator. The report states: "The Regulator has assurance that 'Johnnie' Johnson Housing Trust (JJHT) continues to comply with the financial viability elements of the Governance and Financial Viability Standard. JJHT has an adequately funded business plan, sufficient security in place and is forecast to continue to meet its financial covenants under a reasonable range of scenarios. JJHT is investing significantly in its existing homes, including a programme to improve fire safety. This investment, coupled with the economic uncertainty in relation to inflation, interest rates and rent increases, reduces JJHT's capacity to respond to adverse events." It is important to stress that JJH remains compliant.

We anticipate an Autumn 2024 IDA which we will be formally preparing for in 2023/24.

#### Holding the Board to Account

In line with revised regulation and to support the outcomes of the Tenant Satisfaction Measures, we have reviewed our resident engagement structures and worked on how to evolve the previous Scrutiny Panel into an Assurance Panel with a broader focus to continue supporting JJH aim to deliver outstanding services. This aims to also engage with a wider segment of residents across our regions. The reviews undertaken by the Scrutiny Panel in 2022-23 will be completed and reported to the members of the panel alongside the Assurance Panel beginning to review service outcomes. Colleagues and residents continue to hold JJH to account through its Talk to Us (Complaints) and Speak Up (Whistleblowing) policies.



#### Health & Safety

JJH's approach to Health and Safety incorporates our aims, and how these will be achieved:

- Maintain the health, safety and welfare of our colleagues and other people on our premises or who may be affected by our activities.
- Reduce the risk of harm or ill health to our colleagues, residents, visitors and contractors, and reduce the risk of damage to assets or belongings.
- Ensure that the organisation is legally compliant with all property related risks.
- Ensure that we are prepared for and resilient to emergencies by having appropriate contingency arrangements in place.
- Fully embed health and safety into JJH's front line and support operations.
- To promote wellbeing across the organisation .
- Be recognised as an organisation that manages health, safety and fire safety well.
- Deliver a service that the whole organisation can be proud of.
- Reporting provides a current position on the progress that has been made to ensure that JJH meets its legal responsibilities and obligations across all the compliance disciplines.



Shared responsibility sits across Asset Management and People and OD with a strong focus on a culture of Health and Safety.



Integrated approach with Health and safety policy strategy with joint Health & Safety Action Group overview.



Blended strategy of compliance requirements, best practice and cultural aspirations



Key roles are made up of a technically qualified and experienced team to ensure that the delivery of the strategy meets the business plan.

#### Equality, Diversity and Inclusion

Valuing We Are All Different, Johnnie Johnson Housing (JJH) is committed to promoting equality, diversity and inclusion and promoting a culture that actively values difference and recognises that people from different backgrounds and experiences can bring valuable insights to the workplace and enhance the way we work. We aim to be an inclusive organisation, committed to providing equal opportunities throughout the employment cycle and to pro-actively tackle and eliminate discrimination; encouraging and promoting diversity and inclusion and where appropriate we will take positive action to address disproportionate representation amongst our colleagues.

With our Inclusion Partners, Inclusive Employers, we are working towards embedding equality, diversity and inclusion into our company culture and making inclusion an everyday reality and ensuring ongoing compliance with relevant equality legislation, the Equality Act 2010, Codes of Practice, and relevant best practice guidance. Within the housing sector we are involved and take part in relevant local groups focusing on improving the diversity and inclusivity within the sector and contribute and utilise the NHF Equality toolkit.







#### Pensions

The pension actuarial loss for the multi-employer defined benefit scheme is £1.3m.

This defined benefit liability and movement held within the Statement of Financial Position can be seen in the table below:

|  | 2023<br>£'000 | 2022<br>£'000 |
|--|---------------|---------------|
| As at 1 April 2022                                       | 2,711         | 3,401         |
| Defined benefit costs recognised in SoCI                 | 66            | 67            |
| Total amount recognised in other<br>comprehensive income | 1,299         | (52)          |
| Deficit contributions paid                               | (727)         | (705)         |
| As at 31 March 2023                                      | 3,349         | 2,711         |

In addition, JJH invested £8m (2022: £6.6m) in the development of new and existing properties during the year, £0.4m of grant was received (2022: £0.2m).

JJH reviewed its bad debt provisions in the year and wrote off a total of £84k in debts (2022: £41k). In addition, JJH continues to review its debt and calculates a specific provision in line with FRS 102 requirements.



Financial Performance

| Group Highlights for the year ended 31 March                          | 2023    | 2022    | 2021    | 2020     | 2019    |
|---|---------|---------|---------|----------|---------|
|   | £'000   | £'000   | £'000   | £'000    | £'000   |
| Group Income and Expenditure account                                  |         |         |         |          |         |
| Total turnover  | 27,586  | 26,061  | 24,665  | 24,844   | 24,162  |
| Income due from lettings (excluding voids)                            | 26,266  | 23,874  | 23,382  | 23,133   | 23,073  |
| Operating surplus   | 3,584   | 3,461   | 4,312   | 4,863    | 5,949   |
| Surplus/(Deficit) for the year  |         |         |         |          |         |
| Surplus for the year before tax/pension adj                           | 175     | 382     | 1,322   | 1,728    | 2,795   |
| transferred to reserves   | (1,124) | 434     | (591)   | 3,671    | 1,515   |
| Group Balance Sheet   |         |         |         |          |         |
| Housing properties  | 140,766 | 136,073 | 132,684 | 127,612  | 122,231 |
| Other fixed assets  | 3,500   | 4,197   | 3,865   | 3,874    | 4,205   |
| Intangible Assets   | 1,105   | 791     | 862     | 280      | 316     |
| Fixed assets  | 145,371 | 141,061 | 137,411 | 131,766  | 126,752 |
| Net current (liabilities)/assets                                      | (3,654) | (3,841) | (1,852) | (327)    | 106     |
| Total assets less current liabilities                                 | 141,717 | 137,220 | 135,559 | 131,439  | 126,858 |
| Creditors (due over one year)   | 78,842  | 73,858  | 71,940  | 68,495   | 65,074  |
| Provisions for liabilities  | 3,349   | 2,711   | 3,401   | 2,136    | 4,647   |
| Reserves : Non equity share capital                                   |         |         |         |          |         |
| : revenue   | 33,207  | 34,012  | 33,258  | 33,529   | 28,123  |
| : revaluation   | 26,319  | 26,639  | 26,959  | 27,279   | 29,014  |
| : total   | 59,526  | 60,651  | 60,217  | 60,808   | 57,137  |
|   | 141,717 | 137,220 | 135,558 | 131,439  | 126,858 |
| Accommodation figures   |         |         |         |          |         |
| Total housing stock owned & managed at year end<br>Statistics (Group) | 5,008   | 5,040   | 5,007   | 4,956    | 4,921   |
| Surplus for the year as % of turnover                                 | 0.6%    | 1.5%    | 5.4%    | 7.0%     | 11.6%   |
| Surplus for the year as % of income from lettings                     | 0.0%    | 1.6%    | 5.7%    | 7.5%     | 12.1%   |
| Rent losses as % of rent and service charge receivable                | 2.2%    | 2.3%    | 2.0%    | 2.2%     | 1.9%    |
| Interest cover  | 2.270   | 2.370   | 2.070   | 2.270    | 1.570   |
| (Defined as - per lenders covenants)                                  | 1.88    | 1.99    | 2.33    | 2.44     | 2.73    |
| Liquidity   | 1.00    | 1.55    | 2.55    | <u> </u> | 2.75    |
| (Defined as - current assets divided by current liabilities)          | 0.67    | 0.61    | 0.86    | 0.97     | 1.01    |
| <u>Gearing</u><br>(Defined as - per lenders covenants)                | 45%     | 42%     | 41%     | 39%      | 39%     |
| permea us per ienders coveriants,                                     | -570    | 72/0    | 71/0    | 5570     | 5570    |

The group generated a surplus, before actuarial gains/losses in respect of pensions, of  $\pm 0.2m$  (JJH  $\pm 0.4m$ ) compared to the equivalent of  $\pm 0.4m$  (JJH  $\pm 0.5m$ ) for 2022/23. The pension adjustment of  $\pm 1.3m$  has created a loss in comprehensive Income of  $\pm 1.1m$  (JJH  $\pm 0.92m$ ).

Signed

Sue Lock Chair of the Board

Date: 27<sup>th</sup> September 2023

Signed

Rob Seldon Board member

Date: 27<sup>th</sup> September 2023

Signed

Q

Sarah-Jane Gilmore Company Secretary

Date: 27<sup>th</sup> September 2023



#### **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.

#### 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 £145.7k per unit. The cost of land is estimated at £29.2k 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 2022/23.

#### Accounting Policies

The Group's principal accounting policies are set out on pages 44 to 51 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.

We have introduced a new policy to capitalise and depreciate the cost of perimeter structure (eg Fencing) over a period of 10 years.

#### **Housing Properties**

At 31 March 2023 the Group owned and/or managed 5,008 housing properties (2022: 5,040), the movement consists of 13 new units, the reduction of 44 units for a scheme currently held for sale and 1 unit reduction in managed units.

Our investment in housing properties this year was funded through internally generated cash and a £7m drawdown from our secured loan facilities.

#### **Pension Costs**

Although JJH does not participate in the Defined Benefit Social Housing Pension Scheme it still holds liabilities.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus. Details can be found within Note 23.



#### Reserves

The Revenue Reserves of the Group have decreased by £0.805m to £33.2m within the period. The Reserve reconciliation can be seen on page 40.

#### Payment of Creditors

Our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with suppliers.

#### Liquidity

The Group is reporting net current liabilities of £3,654k (2022: net current liabilities £3,841k) in its consolidated balance sheet. JJH had deposits of £4.1m, of which £1.5m cash and £0.15m in fixed investments together with £2.4m ring fenced monies in relation to our residents Long Terms maintenance fund. At the year end there was £18m 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.

The Group repaid loans of £2.42m (2022 £3.048m) during the year. By the year end borrowings amounted to £76.4m (2022: £71.8m) of which £2.4m falls due to be paid within the next year as shown below.

|   | Loc        | cal Authority |       |       |
|---|------------|---------------|-------|-------|
|   | Bank loans | Loans         | Total | Total |
|   | 2023       | 2023          | 2023  | 2022  |
|   | £m         | £m            | £m    | £m    |
|   |            |               |       |       |
|   |            |               |       |       |
| In one year or less, or on demand             | 2.4        | -             | 2.4   | 2.3   |
| In more than one year but not more than two   |            |               |       |       |
| years   | 2.4        | -             | 2.4   | 2.4   |
| In more than two years but not more than five |            |               |       |       |
| years   | 16.9       | -             | 16.9  | 7.1   |
| In more than 5 years                          | 42.7       | 12.0          | 54.7  | 59.9  |
|   |            |               |       |       |
| Total   | 64.4       | 12.0          | 76.4  | 71.7  |
|   |            |               |       |       |

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 yearend, 77% per cent of the Group's borrowings were at fixed rates.

The fixed rates interest average cost of borrowing was 4.81% with the variable average at the year end being 4.64%. The variable rates have seen a constant increase with levels still expected to rise. 2,903 of JJH's properties are currently charged as security for the loans. We have fully drawn our £10m RCF with Danske, this has left £18m available to draw from our Warrington Borough Council facility (Local authority), from a £30m facility.

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



#### **Treasury Management**

The Treasury Management Policy (TMP) was updated during the year and presented to 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 current Policy was prepared, having had regard to the following:

- CIPFA Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes. 2021 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+. Version 1.0 June 2020.

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 currently have undrawn facilities of £15.5m (July 2023), our investment in Fire Safety and investment in existing properties continues.

#### Grants

Pre FRS102 grants are used as part of covenant calculations. Below shows the pre FRS102 position for grant as at 31<sup>st</sup> March 2023. In addition to the below we have a balance of £5.6m of grants within the statement of financial position which is in relation to grants received and amortised since FRS102.

| Grant Pre FRS102                       | 2023    | 2022    |
|--|---------|---------|
|  | £'000   | £'000   |
| Total Grant at 1st April               | 111,620 | 111,559 |
| RCGF Staircasing (note 20)             | -       | (22)    |
| RCGF Recycled (note 20)                | 27      | 83      |
| Total Grant at 31st March (pre FRS102) | 111,647 | 111,620 |

#### **Cash flows**

Group cash inflows and outflows during the year are shown in the consolidated cash flow statement (page 43). The cash inflow arising from operating activities was £7.6m (2022: £3.9m).

Interest payments totalled £3.3m (2022: £3.1m). JJH invested £8.0m (2022: £6.7m) in new and existing housing properties during the year, £459k of grant was received during this period. £18m of secured funding remains having drawn £7m during the year and repaid £2.4m loans.

#### **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 2 years will be rental income; the length of time our properties are empty, inflation and costs, particularly in relation to our investment programme. The current inflation situation does cause concerns both across the sector and nationwide particularly the impact upon interest rates. We are committed to constantly reviewing our costs, our supply chain and our business plan to give us early notification of any significant changes. Our major repairs programme has been appropriately phased so as not to put excessive pressure on the forecast covenants and we maintain our levels within our risk appetite.



#### Going Concern continued

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, we have agreed with our lenders to carve out our fire safety spend from our covenant calculations. This enables us to continue with our programme without risk of breaching our agreements. We update our business plan regularly to ensure changes within the market are reflected and our mitigations adjusted as required.

Our budgeted level for 2023/24 is 127%, this is including additional major repairs spend on our existing properties. 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 committed spend over the next 24 months.

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.

The JJH Group announced in June 2023 that they are in the early stages of partnership discussions with Sanctuary Housing Group. Both organisations are in the process of completing detailed due diligence and any agreement to proceed will be subject to the approval of both Boards. At the time of preparing the financial statements the final decision has not been approved. The JJH Board has considered going concern for the group on a business as usual basis, however, the partnership will enable JJH to invest sooner which is a positive for residents.



#### Statement of the Responsibilities of the Board for the Report and Financial Statements

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period

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

• Select suitable accounting policies and apply them consistently.

• Make judgements and estimates that are reasonable and prudent.

• State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP). Accounting by Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.

• Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website.

#### **Statement of Compliance**

A key element of the Regulator for Social Housing's (RSH's) Governance and Financial Viability Standard is the requirement to comply with all relevant laws. Consequently, the Board has taken reasonable steps to seek necessary assurance and confirms that the group has complied with all relevant laws.

The Board confirms that the group complies with the requirements of the RSH Governance and Financial Viability Standard.

#### Statement of Disclosure to Auditors

So far as each member of the Board is aware, there is no relevant audit information of which the group's auditors are unaware and each member has taken all the steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.



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

#### **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 2023 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 2022.

We have audited the financial statements of Johnnie Johnson Housing Trust ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.



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

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

We have nothing to report in respect of the following matters where we are required by the Cooperative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

## **Responsibilities of the board**

As explained more fully in the responsibilities statement of the board, 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:

#### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the applicable accounting framework, FRS102 and the Accounting Direction for Private Registered Providers of Social Housing.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law and the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of noncompliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.



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

#### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and the Audit Committee of any known or suspected instances of fraud;
  - Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the posting of inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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: <u>www.frc.org.uk/auditorsresponsibilities</u>. This description forms part of our auditor's report.

#### Use of our report

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

DocuSigned by:

BDO LLP 6C315CA33A8C4C6... BDO LLP Statutory Auditor Manchester

27 September 2023

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





# Statement of comprehensive Income for the year ended 31 March 2023

| Consolidated   |      | 2023     | 2022     |  |
|--|------|----------|----------|--|
|  | Note | £'000    | £'000    |  |
| Turnover   | 3    | 27,586   | 26,061   |  |
| Cost of Sales  | 3    | -        | (553)    |  |
| Operating Costs                                      | 3    | (24,007) | (22,060) |  |
| Surplus on disposal of assets                        | 7    | 4        | 13       |  |
| Operating surplus                                    |      | 3,583    | 3,461    |  |
| Interest receivable and other income                 | 8    | 19       | 1        |  |
| Interest payable and similar charges                 | 9    | (3,428)  | (3,080)  |  |
| Surplus before tax                                   |      | 174      | 382      |  |
| Tax on surplus on ordinary activities                | 11   | -        | -        |  |
| Surplus for the year after tax                       |      | 174      | 382      |  |
| Actuarial (loss) (rain in respect of pension schemes | 22   | (4, 200) |          |  |
| Actuarial (loss)/gain in respect of pension schemes  | 23   | (1,299)  | 52       |  |
| Total comprehensive (loss)/income for the year       |      | (1,125)  | 434      |  |
|  |      |          |          |  |
| Ш  | Note | 2023     | 2022     |  |
|  | Note | £'000    | £'000    |  |
| Turnover   | 3    | 25,929   | 26,191   |  |
| Cost of Sales  | 3    | -        | (553)    |  |
| Operating Costs                                      | 3    | (22,151) | (22,068) |  |
| Suplus/(Loss) on disposal of assets                  | 7    | 4        | (11)     |  |
| Operating surplus                                    | -    | 3,782    | 3,559    |  |
| Interest receivable and other income                 | 8    | 19       | 1        |  |
| Interest payable and similar charges                 | 9    | (3,428)  | (3,080)  |  |
| Surplus before tax                                   | -    | 373      | 480      |  |
| Tax on surplus on ordinary activities                | 11   | -        | -        |  |
| Surplus for the year after tax                       | -    | 373      | 480      |  |
| Actuarial (loss)/gain in respect of pension schemes  | 23   | (1,299)  | 52       |  |
| Total comprehensive (loss)/income for the year       | -    | (926)    | 532      |  |
|  |      |          |          |  |

The notes on pages 44 to 70 form part of these financial statements All amounts relate to continuing operations





# Statement for Changes in Reserves for the year ended 31 March 2023

| Group  | Income and<br>expenditure<br>reserve | Revaluation<br>reserve -<br>Housing<br>Properties | Revaluation<br>reserve -<br>Other fixed<br>assets | Total    |
|--|--------------------------------------|---|---|----------|
|  | £000                                 | £000  | £000  | £000     |
| -<br>Balance as at 31 March 2021             | 33,258                               | 26,354  | 605   | 60,217   |
| Surplus for the year                         | 382                                  |   | -   | 382      |
| Transfer to revenue reserve                  | 320                                  | (320)   | -   | -        |
| Actuarial gain in respect of pension schemes | 52                                   |   | -   | 52       |
| Balance as at 31 March 2022                  | 34,012                               | 26,034  | 605   | 60,651   |
| Surplus for the year                         | 174                                  | -   | _   | -<br>174 |
| Transfer to revenue reserve                  | 320                                  | (320)   | -   | -        |
| Actuarial loss in respect of pension schemes | (1,299)                              | -   | -   | (1,299)  |
| Balance as at 31 March 2023                  | 33,207                               | 25,714  | 605   | 59,526   |

|  | Income and expenditure | Revaluation<br>reserve - | Revaluation<br>reserve - | Total   |
|--|------------------------|--------------------------|--------------------------|---------|
|  | reserve                | Housing                  | Other fixed              |         |
| Ш  |                        | Properties               | assets                   |         |
|  | £000                   | £000                     | £000                     | £000    |
| _  |                        |                          |                          |         |
| Balance as at 31 March 2021                  | 33,288                 | 26,354                   | 605                      | 60,247  |
|  |                        |                          |                          | -       |
| Surplus for the year                         | 480                    | -                        | -                        | 480     |
| Transfer to revenue reserve                  | 320                    | (320)                    | -                        | -       |
| Actuarial gain in respect of pension schemes | 52                     | -                        | -                        | 52      |
|  |                        |                          |                          |         |
| Balance as at 31 March 2022                  | 34,140                 | 26,034                   | 605                      | 60,779  |
| -  |                        |                          |                          |         |
| Surplus for the year                         | 373                    | -                        | -                        | 373     |
| Transfer to revenue reserve                  | 320                    | (320)                    | -                        | -       |
| Actuarial loss in respect of pension schemes | (1,299)                | -                        | -                        | (1,299) |
|  |                        |                          |                          |         |
| Balance as at 31 March 2023                  | 33,534                 | 25,714                   | 605                      | 59,853  |

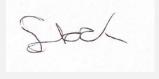




# Consolidated Statement of Financial Position as at 31 March 2023

|  |      | Group    |         |
|--|------|----------|---------|
|  |      | 2023     | 2022    |
|  | Note | £'000    | £'000   |
| Fixed Assets                                   |      |          |         |
| Housing Properties                             | 12   | 140,766  | 136,073 |
| Other fixed Assets                             | 13   | 3,500    | 4,197   |
| Investment in Subsidiary                       |      | -        | -       |
| Intangible Assets                              | 13a  | 1,105    | 791     |
|  |      | 145,371  | 141,061 |
| Current Assets                                 |      |          |         |
| Debtors receivable within one year             | 15   | 1,911    | 1,562   |
| Properties held for sale                       | 16   | 1,187    | 236     |
| Investments                                    | 30   | 148      | 155     |
| Cash and cash equivalents                      |      | 4,107    | 3,955   |
|  |      | 7,353    | 5,908   |
| Creditors: amounts falling due within one year | 17   | (11,007) | (9,749) |
| Net current liabilities                        |      | (3,654)  | (3,841) |
| Total assets less current liabilities          |      | 141,717  | 137,220 |
| Creditors: amounts falling due after one year  | 18   | 78,842   | 73,858  |
| Provisions for liabilities                     |      |          |         |
| Pension – defined benefit liability            | 23   | (3,349)  | (2,711) |
| Total net assets                               |      | 59,526   | 60,651  |
| Reserves                                       |      |          |         |
| Income and expenditure reserve                 |      | 33,207   | 34,012  |
| Revaluation reserve for Housing Properties     |      | 25,714   | 26,034  |
| Revaluation reserve for other fixed assets     |      | 605      | 605     |
| Total reserves                                 |      | 59,526   | 60,651  |

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2023.



Sue Lock Chair

27<sup>th</sup> September 2023

Jelon

Rob Seldon Chair of Audit and Risk

27<sup>th</sup> September 2023

Sil

Sarah-Jane Gilmore Company Secretary

27<sup>th</sup> September 2023





# Association Statement of Financial Position as at 31 March 2023

|  |      | ΠH       |         |
|--|------|----------|---------|
|  |      | 2023     | 2022    |
|  | Note | £'000    | £'000   |
| Fixed Assets                                   |      |          |         |
| Housing Properties                             | 12   | 141,002  | 136,239 |
| Other fixed Assets                             | 13   | 3,340    | 4,197   |
| Investment in Subsidiary                       | 14   | 500      | -       |
| Intangible Assets                              | 13a  | 1,077    | 791     |
|  |      | 145,919  | 141,227 |
| Current Assets                                 |      |          |         |
| Debtors receivable within one year             | 15   | 1,442    | 1,539   |
| Properties held for sale                       | 16   | 1,204    | 243     |
| Investments                                    | 30   | 148      | 155     |
| Cash and cash equivalents                      |      | 3,987    | 3,955   |
|  |      | 6,781    | 5,892   |
| Creditors: amounts falling due within one year | 17   | (10,656) | (9,771) |
| Net current liabilities                        |      | (3,875)  | (3,879) |
| Total assets less current liabilities          |      | 142,044  | 137,348 |
| Creditors: amounts falling due after one year  | 18   | 78,842   | 73,858  |
| Provisions for liabilities                     |      |          |         |
| Pension – defined benefit liability            | 23   | (3,349)  | (2,711) |
| Total net assets                               |      | 59,853   | 60,779  |
| Reserves                                       |      |          |         |
| Income and expenditure reserve                 |      | 33,534   | 34,140  |
| Revaluation reserve for Housing Properties     |      | 25,714   | 26,034  |
| Revaluation reserve for other fixed assets     |      | 605      | 605     |
| Total reserves                                 |      | 59,853   | 60,779  |
|  |      | 23,000   |         |

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2023.



Sue Lock Chair

27<sup>th</sup> September 2023

ldon

Rob Seldon Chair of Audit and Risk

27<sup>th</sup> September 2023

al

Sarah-Jane Gilmore Company Secretary

| 27 <sup>th</sup> Septer | nber 2023 |
|-------------------------|-----------|
|-------------------------|-----------|



# Consolidated statement of Cash Flows for the year ended 31 March 2023

|   | Note | 2023    | 2022            |
|---|------|---------|-----------------|
|   | Note | £'000   | £'000           |
| Operating Surplus for the financial year                |      | 174     | 382             |
| Adjustments for:  |      |         |                 |
| Depreciation of fixed assets - housing properties       | 12   | 2,824   | 2,656           |
| First Tranche Sales - Cost of Sales                     | 12   | -       | 553             |
| Depreciation of fixed assets - other                    | 13   | 1,017   | 87              |
| Amortisation of Goodwill                                | 13a  | 99      | 21              |
| Difference between net pension expense and cash         | 22   | (664)   | (620            |
| contribution  | 23   | (661)   | (638            |
| Increase in trade and other debtors                     | 15   | (350)   | (227            |
| Increase / (decrease) in trade and other creditors      | 17   | 1,145   | (3,073          |
| Movement in assets held for sale                        | 16   | -       | 129             |
| Amortised grant   | 19   | (46)    | (40             |
| Surplus on sale of fixed assets                         | 7    | (4)     | (13             |
| Movement in recycled Grant                              | 20   | 28      | 53              |
| Cash from operations                                    |      | 4,226   | 86              |
| Interest payable & Receivable                           |      | 3,343   | 3,079           |
| Net cash generated from operating activities            |      | 7,569   | 3,94            |
| Cash flows from investing activities                    |      |         |                 |
| Proceeds from sale of fixed assets – housing properties | 7    | 21      | 10              |
| Purchase of fixed assets – housing properties           | 12   | (7,856) | (6,669          |
| Purchases of fixed assets - other                       | 13   | (668)   | (1,207          |
| Acquisition of intangible assets                        | 13a  | (555)   | (140            |
| Receipt of grant  | 19   | 459     | 229             |
| Movement on investments                                 | 30   | -       | 1,97            |
| Net cash used in investing activities                   |      | (8,599) | (5,706          |
| Cash flows from financing activities                    |      |         |                 |
| Interest paid and finance costs                         | 9    | (3,411) | (3 <i>,</i> 056 |
| Interest received                                       | 8    | 13      |                 |
| Debt issue costs incurred                               | 22   | -       | (1              |
| Repayment of loans - bank                               | 22   | (2,420) | (3,049          |
| Loan drawdown   | 22   | 7,000   | 4,00            |
| Net cash used from/in financing activities              |      | 1,182   | (2,105          |
| Net decrease in cash and cash equivalents               |      | 152     | (3,864          |
| Cash and cash equivalents at beginning of year          |      | 3,955   | 7,819           |
| Cash and cash equivalents at end of year                |      | 4,107   | 3,95            |

| Net debt reconciliation  | 01-Apr-22 | Non-cash | Cash flows | 31-Mar-23 |
|--------------------------|-----------|----------|------------|-----------|
|                          |           | Movement |            |           |
|                          | £'000     | £'000    | £'000      | £'000     |
| Cash at bank and in hand | 3,955     | -        | 152        | 4,107     |
| Bank loans               | (71,753)  | (66)     | (4,580)    | (76,399)  |
| Net debt                 | (67,798)  | (66)     | (4,428)    | (72,292)  |

The notes on pages 44 to 70 form part of these financial statement





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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 income from rental and service charge income, property sales, revenue grants and sale of land and property, and sundry income. These income streams are recognised as follows:

- rental and service charge income is recognised from the point when properties under development reach practical completion or when available for letting (after deducting any voids);
- income from property sales is recognised at the legal completion of sale;
- revenue grants are recognised when the conditions for receipt of agreed grant funding have been met;
- proceeds from the sale of land and property are recognised at the legal completion of sale; and
- sundry income from housing and non-housing services is recognised at practical completion of works from external contracts

## 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 residents.

## Service charges

The Group adopts the fixed method for calculating and charging service charges to its residents 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.

## 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, where this is recoverable. 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 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028. 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.

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

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

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time, however, an indicative figure of £1,155k has been given. No adjustment has been made in these financial statements in respect of this potential issue.

## 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. The amount of holiday carry over for colleagues has been capped at 5 days, the figure accrued is £43k (2022: £54k).





## 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 are 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<br>Heating systems<br>Electrical<br>Kitchens and Bathrooms<br>Dispursed Warden Call units<br>Windows and Doors<br>Compartmentation (Fire Safety)<br>Boundary fencing<br>Roof coverings | 15 years<br>40 years<br>20 years<br>10 years<br>30 years<br>30 years<br>10 years<br>45 – 60 years |

## 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.





## Shared ownership properties and staircasing

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)     |

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 were required to be retained in a ring fenced fund that could 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". As at the year end this fund no longer exists.

#### 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.

#### **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 was created at the point of transition to FRS 102 from surpluses on historical asset revaluation. The revaluation reserve is released to the income statement in line with the group's depreciation policy applicable to these assets.

## 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;
- Whilst the potential partnership with Sanctuary was considered the going concern was reviewed on a business as usual basis
- The stress testing performed on the business plan took the relevant risks into account and were reviewed, including the consideration of reasonable downside scenarios
- that banking covenants and funders' requirements have been met and are forecast to continue to be met; and
- 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.

## 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.



# Notes forming part of the financial statements for the year ended 31 March 2023 - continued



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

| GROUP – continuing activities          |                    |                        | 2023                        |  |  | 2022   |
|--|--------------------|------------------------|-----------------------------|--|--|--|
|  | Turnover(<br>£'000 | Cost of Sales<br>£'000 | Operating<br>costs<br>£'000 | Surplus on<br>disposal of<br>assets<br>£'000 | Operating<br>surplus /<br>(deficit)<br>£'000 | Operating<br>surplus /<br>(deficit)<br>£'000 |
|  | £ 000              | £ 000                  | £ 000                       | £ 000  | £ 000  | E 000  |
| Social housing lettings (note 4)       | 25,677             | -                      | (21,902)                    | -  | 3,775  | 3,164  |
| Other social housing activities        |                    |                        |                             |  |  |  |
| Development services                   | -                  | -                      | (130)                       | -  | (130)  | (19)   |
| First Tranche shared ownership sales   | -                  | -                      | -                           | -  | -  | 216  |
| Surplus on disposal of assets (note 7) | -                  | -                      | -                           | 4  | 4  | 13   |
| Other                                  | 1,909              | -                      | (1,974)                     | -  | (65)   | 231  |
| Development                            | -                  | -                      | -                           | -  | -  | -  |
|  | 1,909              | -                      | (2,104)                     | 4  | (191)  | 441  |
| Non social housing activities          |                    |                        |                             |  |  |  |
| Support services                       | -                  | -                      | -                           | -  | -  | (144)  |
| Total                                  | 27,586             | -                      | (24,006)                    | 4  | 3,584  | 3,461  |

## JJH - continuing activities

2023 2022 Surplus on Operating Operating disposal of Cost of Operating surplus / surplus / Turnover Sales costs assets (deficit) (deficit) £'000 £'000 £'000 £'000 £'000 £'000 Social housing lettings (note 4) 25,677 \_ (22,019) 3,658 3,154 \_ Other social housing activities **Development services** 97 59 (131) (34) First Tranche shared ownership sales 216 Surplus on disposal of assets (Note 7) 4 4 (11) Other 155 (1) 154 285 Development \_ \_ 252 (132) 4 124 549 -Non social housing activities Support services (144) \_ \_ 3<u>,</u>559 Total 25,929 0 (22,151) 4 3,782



# Notes forming part of the financial statements for the year ended 31 March 2023 - continued



# 4 Income and expenditure from social housing lettings

|  |          | Supported    |           |        |        |
|--|----------|--------------|-----------|--------|--------|
|  | General  | housing and  | Low cost  |        |        |
|  | needs    | housing for  | home      |        |        |
| GROUP – continuing activities                          | housing  | older people | ownership | 2023   | 2022   |
|  |          |              |           |        | 1      |
|  | £'000    | £'000        | £'000     | Total  | Total  |
| Rent receivable net of identifiable service charges    | 7,800    | 10,290       | 970       | 19,060 | 18,187 |
| Service income   | 418      | 5,417        | 737       | 6,572  | 5,103  |
| Net rental income                                      | 8,218    | 15,707       | 1,707     | 25,632 | 23,290 |
|  | ,        | ,            | ,         | ,      | · · ·  |
| Amortisation of SHG                                    | 18       | 3            | 24        | 45     | 40     |
|  |          |              |           |        |        |
| Turnover from social housing lettings                  | 8,236    | 15,710       | 1,731     | 25,677 | 23,330 |
| Management   | 1,445    | 5,447        | 513       | 7,405  | 6,816  |
| Services   | 702      | 5,493        | 674       | 6,869  | 5,463  |
| Routine maintenance                                    | 839      | 1,875        | 153       | 2,867  | 2,778  |
| Planned maintenance                                    | 566      | 1,240        | 18        | 1,824  | 2,356  |
| Bad debts  | 55       | 61           | (3)       | 113    | 30     |
| Depreciation of housing properties                     | 586      | 2,062        | 176       | 2,824  | 2,658  |
| Operating costs on social housing lettings             | 4,193    | 16,178       | 1,531     | 21,902 | 20,101 |
|  |          |              |           |        |        |
| Operating surplus/(deficit) on social housing lettings | 4,043    | (468)        | 200       | 3,775  | 3,229  |
|  | (4 = - ) | (46.5)       |           | (=00)  |        |
| Void losses  | (152)    | (438)        | 1         | (589)  | (544)  |

| JJH - continuing activities                            | General<br>needs<br>housing<br>£'000 | Supported<br>housing and<br>housing for<br>older people<br>£'000 | Low cost<br>home<br>ownership<br>£'000 | 2023<br>Total | 2022<br>Total |
|--|--------------------------------------|--|--|---------------|---------------|
| Rent receivable net of identifiable service charges    | 7,800                                | 10,290   | 970                                    | 19,060        | 18,187        |
| Service income   | 418                                  | 5,417  | 737                                    | 6,572         | 5,103         |
| Net rental income                                      | 8,218                                | 15,707   | 1,707                                  | 25,632        | 23,290        |
| Amortisation of SHG                                    | 18                                   | 3.00   | 24                                     | 45            | 40            |
| Turnover from social housing lettings                  | 8,236                                | 15,710   | 1,731                                  | 25,677        | 23,330        |
| Management   | 1,464                                | 5,519  | 520                                    | 7,503         | 6,892         |
| Services   | 702                                  | 5,512  | 674                                    | 6,888         | 5,463         |
| Routine maintenance                                    | 839                                  | 1,875  | 153                                    | 2,867         | 2,778         |
| Planned maintenance                                    | 566                                  | 1,240  | 18                                     | 1,824         | 2,356         |
| Bad debts  | 55                                   | 61   | (3)                                    | 113           | 30            |
| Depreciation of housing properties                     | 586                                  | 2,062  | 176                                    | 2,824         | 2,658         |
| Operating costs on social housing lettings             | 4,212                                | 16,269   | 1,538                                  | 22,019        | 20,177        |
| Operating surplus/(deficit) on social housing lettings | 4,024                                | (559)  | 193                                    | 3,658         | 3,153         |
| Void losses  | (152)                                | (438)  | 1                                      | (589)         | (544)         |





# 5 Units of Housing Stock

|  | Owned not<br>managed | Managed<br>not owned | Owned<br>and<br>Managed | 2023<br>Total<br>Owned<br>and<br>Managed | 2022<br>Total<br>Owned<br>and<br>Managed |
|--|----------------------|----------------------|-------------------------|--|--|
| General Needs - social rent                            | -                    | -                    | 1,553                   | 1,553                                    | 1,553                                    |
| General Needs - affordable rent                        | -                    | -                    | 107                     | 107                                      | 94                                       |
| Low Cost Homes Ownership                               | -                    | -                    | 663                     | 663                                      | 663                                      |
| Supported Housing                                      | -                    | -                    | -                       | -  | -  |
| Supported - Housing for older people                   | 28                   | 21                   | 2,501                   | 2,550                                    | 2,595                                    |
| Supported - Housing for older people - affordable rent | t -                  | -                    | 14                      | 14                                       | 14                                       |
| Intermediate Rent                                      | -                    | -                    | 42                      | 42                                       | 42                                       |
| Non Social Rented                                      | -                    | -                    | -                       | -  | -  |
| Social Leasehold                                       | -                    | -                    | 79                      | 79                                       | 79                                       |
| Non Social Leased                                      | -                    | -                    | -                       | -  | -  |
| Total  | 28                   | 21                   | 4,959                   | 5,008                                    | 5,040                                    |
|  |                      |                      |                         |  |  |

Accommodation in development at year end

|                                 |             |               |           |           | Supported  |              |                   |
|---------------------------------|-------------|---------------|-----------|-----------|------------|--------------|-------------------|
|                                 | General     | General Needs | Low Cost  |           | housing -  |              | Social            |
|                                 | Needs -     | - affordable  | Home      | Supported | affordable | Intermediate | leasehold         |
|                                 | social rent | rent          | Ownership | housing   | rent       | rent         | units owned Total |
| Reconciliation of unit numbers: |             |               |           |           |            |              |                   |

| Opening unit numbers       | 1,553 | 94  | 663 | 2,595 | 14 | 42 | 79 | 5,040 |
|----------------------------|-------|-----|-----|-------|----|----|----|-------|
| New starl, easy in d       |       | 12  |     |       |    |    |    | 10    |
| New stock acquired         | -     | 13  | -   | -     | -  | -  | -  | 13    |
| New stock into management  | -     | -   | -   | -     | -  | -  | -  | -     |
| Other gains                | -     | -   | -   | -     | -  | -  | -  | -     |
| Sales to Local Authorities | -     | -   | -   | -     | -  | -  | -  |       |
| Sales to another RP        | -     | -   | -   | -     | -  | -  | -  | -     |
| Sales to open market       | -     | -   | -   | -     | -  | -  | -  | -     |
| Sales to tenants leasehold | -     | -   | -   | -     | -  | -  | -  | -     |
| Other losses               | -     | -   | -   | (45)  | -  | -  | -  | (45)  |
| Movement within categories | -     | -   | -   | -     | -  | -  | -  | -     |
| Net change in stock        | -     | 13  | -   | (45)  | -  | -  | -  | (32)  |
| Closing unit numbers       | 1,553 | 107 | 663 | 2,550 | 14 | 42 | 79 | 5,008 |

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# 6 Operating Surplus

| This is arrived at after charging:                 | Group |       | ΠH    |       |  |
|--|-------|-------|-------|-------|--|
|  | 2023  | 2022  | 2023  | 2022  |  |
|  | £'000 | £'000 | £'000 | £'000 |  |
| Depreciation of housing properties                 |       |       |       |       |  |
| - annual charge                                    | 2,824 | 2,657 | 2,824 | 2,657 |  |
| Depreciation of other tangible fixed assets        | 875   | 875   | 843   | 875   |  |
| Amortisation of intangible fixed assets            | 241   | 211   | 157   | 211   |  |
| Impairment of housing properties                   | -     | -     | -     | -     |  |
| Surplus on disposal of other tangible fixed assets | -     | -     | -     | -     |  |
| Rent and service charge losses from bad debts      | 118   | 30    | 118   | 30    |  |
| Operating lease rentals                            |       |       |       |       |  |
| <ul> <li>office equipment and computers</li> </ul> | 23    | 23    | 23    | 23    |  |
| - vehicles   | -     | 14    | -     | 14    |  |
| Auditors' remuneration                             |       |       |       |       |  |
| - for audit services                               | 51    | 41    | 38    | 36    |  |
| - for non-audit services:                          | 24    | 36    | 24    | 36    |  |
| - tax compliance                                   | -     | -     | -     | -     |  |

# 7 Surplus/(deficit) on sale of fixed assets – housing properties

|                      | Gro   | Group     |       | Н     |
|----------------------|-------|-----------|-------|-------|
|                      | 2023  | 2023 2022 |       | 2022  |
|                      | £'000 | £'000     | £'000 | £'000 |
| Proceeds of sales    | 21    | 107       | 21    | 83    |
| Less: Costs of sales | (17)  | (94)      | (17)  | (94)  |
|                      | 4     | 13        | 4     | (11)  |

# 8 Interest receivable and other income

|  | Group | Group |       |       |  |
|--|-------|-------|-------|-------|--|
|  | 2023  | 2022  | 2023  | 2022  |  |
|  | £'000 | £'000 | £'000 | £'000 |  |
| Interest receivable and similar income | 19    | 1     | 19    | 1     |  |
|  | 19    | 1     | 19    | 1     |  |

# 9 Interest Payable and similar charges

|  | Group |       | ΠH    |       |
|--|-------|-------|-------|-------|
|  | 2023  | 2022  | 2023  | 2022  |
|  | £'000 | £'000 | £'000 | £'000 |
| Bank loans and overdrafts  | 3,506 | 3,128 | 3,506 | 3,128 |
| Net interest on net defined benefit liability (Interest expense) | 66    | 67    | 66    | 67    |
|  | 3,572 | 3,195 | 3,572 | 3,195 |
| Interest capitalised on construction of housing properties at 4% | (144) | (115) | (144) | (115) |
|  | 3,428 | 3,080 | 3,428 | 3,080 |



# Notes forming part of the financial statements for the year ended 31 March 2023 - continued



# 10 Employees, Directors remuneration and Board Costs

| Employee costs  |       |       |       |       |
|---|-------|-------|-------|-------|
|   | Group |       | ΠI    |       |
|   | 2023  | 2022  | 2023  | 2022  |
|   | £'000 | £'000 | £'000 | £'000 |
| Staff costs (including Executive Management Team) consist of: |       |       |       |       |
| Wages and salaries  | 5,482 | 5,044 | 4,135 | 5,044 |
| Social security costs   | 510   | 461   | 395   | 461   |
| Cost of defined contribution scheme                           | 233   | 211   | 179   | 211   |
|   | 6,226 | 5,716 | 4,709 | 5,716 |

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

|                           | Group |      | ١٢٢  | 4    |
|---------------------------|-------|------|------|------|
|                           | 2023  | 2022 | 2023 | 2022 |
|                           |       |      |      |      |
| Administration            | 45    | 37   | 43   | 37   |
| Development               | 5     | 2    | 5    | 2    |
| Assets                    | 13    | 11   | 13   | 11   |
| Housing, Support and Care | 114   | 125  | 63   | 125  |
|                           |       |      |      |      |
|                           | 177   | 175  | 124  | 175  |

## **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.

|                                | Grou  | 0     | ΠH    |       |  |
|--------------------------------|-------|-------|-------|-------|--|
|                                | 2023  | 2022  | 2023  | 2022  |  |
|                                | £'000 | £'000 | £'000 | £'000 |  |
| Executive Directors Emoluments | 706   | 596   | 620   | 596   |  |

The total amount payable to the Chief Executive, who was also the highest paid director, was £148,893 (2022: £140,723). 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  $\pm$ 7,045.



# Notes forming part of the financial statements for the year ended 31 March 2023 - continued



# 10 Employees, Director's remuneration and Board Costs (continued)

|                     | Group |       | ΠH    |       |
|---------------------|-------|-------|-------|-------|
|                     | 2023  | 2022  | 2023  | 2022  |
| Range               | £'000 | £'000 | £'000 | £'000 |
|                     |       |       |       |       |
| £60,000 - £69,999   | 8     | -     | 5     | -     |
| £70,000 - £79,999   | -     | 1     | -     | 1     |
| £80,000 - £89,999   | 1     | 1     | -     | 1     |
| £90,000 - £99,999   | 1     | -     | 1     | -     |
| £100,000 - £109,999 | 1     | 2     | 1     | 2     |
| £110,000 - £119,999 | 2     | -     | 2     | -     |
| £130,000 - £139,999 | -     | -     | -     | -     |
| £140,000 - £149,999 | 1     | 1     | 1     | 1     |
|                     |       |       |       |       |

| Board Member         | Remuneration | JJH Board    | JJDL Board   | A&R          | N&R          | Astraline Board |
|----------------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| John Sandford (left) | 5,627        | Chair        |              |              |              |                 |
| Brian Benneyworth    | 7,140        | $\checkmark$ |              | $\checkmark$ | Chair        |                 |
| Andrew Bowden        | 7,140        | $\checkmark$ |              |              |              | Chair           |
| Steve Secker         | 7,140        | $\checkmark$ | Chair        |              |              |                 |
| Ralph Middlemore     | 4,448        |              | $\checkmark$ |              |              |                 |
| Sue Lock             | 9,601        | Chair        |              |              |              |                 |
| Tabitha Arulampalam  | 5,069        | $\checkmark$ |              |              | $\checkmark$ | $\checkmark$    |
| Abdul Ravat          | 5,069        | $\checkmark$ | $\checkmark$ |              |              |                 |
| Alistair How         | 4,448        |              | $\checkmark$ |              |              |                 |
| Peter Nourse         | 6,128        |              | $\checkmark$ |              |              |                 |
| Robert Seldon        | 7,140        | $\checkmark$ |              | Chair        |              |                 |
| Paul Thomas          | 4,448        |              |              |              |              | $\checkmark$    |
| Steve Bell           | 4,448        |              |              |              |              | $\checkmark$    |
| Angela Single        | 3,420        |              |              | $\checkmark$ |              |                 |
| Lisa Pearson         | 1,103        |              |              |              |              | $\checkmark$    |
|                      | 82,369       |              |              |              |              |                 |
|                      |              |              |              |              |              |                 |

# In addition, the Board members received £2,754 in expenses (2021/22: £1,697)

## 11 Tax on surplus on ordinary activities

|  | Group     |       | ΠH    |       |
|--|-----------|-------|-------|-------|
|  | 2023 2022 |       | 2023  | 2022  |
|  | £'000     | £'000 | £'000 | £'000 |
| Current tax reconciliation                                 |           |       |       |       |
| Surplus on ordinary activities before tax                  | 175       | 382   | 373   | 480   |
| Theoretical tax at UK corporation tax rate 19% (2022: 19%) | 33        | 73    | 71    | 91    |
| - surplus attributable to charitable activities            | (33)      | (73)  | (71)  | (91)  |
| Current tax charge   | -         | _     | -     | _     |



# Notes forming part of the financial statements for the year ended 31 March 2023 -continued



# 12 Tangible Fixed Assets – housing properties

|   |                  |                | Completed  | Shared       |          |
|---|------------------|----------------|------------|--------------|----------|
|   |                  | Social Housing | shared     | ownership    |          |
|   | Social Housing   | properties     | ownership  | properties   |          |
|   | properties       | under          | housing    | under        |          |
| Group   | held for letting | construction   | properties | construction | Total    |
|   | £'000            | £'000          | £'000      | £'000        | £'000    |
| Cost  |                  |                |            |              |          |
| At 1 April 2022                                 | 130,497          | 1,939          | 24,016     | 346          | 156,798  |
| Transfer To Completed                           | 1,281            | (1,281)        | -          | -            | -        |
| Construction - Additions                        | -                | 3,575          | -          | 686          | 4,261    |
| Property Disposals In The Year                  | -                | -              | (17)       | -            | (17)     |
| Tranferred to assets held for sale              | (775)            | -              | -          | -            | (775)    |
| Transferred to stock under construction         | -                | -              | -          | (489)        | (489)    |
| Property reclassification from OFA              | -                | -              | -          | 486          | 486      |
| Component Additions                             | 3,739            | -              | -          | -            | 3,739    |
| At 31 March 2023                                | 134,742          | 4,233          | 23,999     | 1,029        | 164,003  |
| Depreciation and impairment                     |                  |                |            |              |          |
| At 1 April 2022                                 | (19,335)         | -              | (1,390)    | -            | (20,725) |
| Depreciation charged in the year                | (831)            | -              | (177)      | -            | (1,008)  |
| Component depreciation charged                  | (1,816)          | -              | -          | -            | (1,816)  |
| Depreciation tranferred to assets held for sale | 312              | -              | -          | -            | 312      |
| At 31 March 2023                                | (21,670)         | -              | (1,567)    | -            | (23,237) |

# Net Book Value

| At 31 March 2023 | 113,072 | 4,233 | 22,432 | 1,029 | 140,766 |
|------------------|---------|-------|--------|-------|---------|
|                  |         |       |        |       |         |
| At 31 March 2022 | 111,162 | 1,939 | 22,626 | 346   | 136,073 |

|   |                  |                | Completed  | Shared       |          |
|---|------------------|----------------|------------|--------------|----------|
|   |                  | Social Housing | shared     | ownership    |          |
|   | Social Housing   | properties     | ownership  | properties   |          |
|   | properties       | under          | housing    | under        |          |
| ΠH  | held for letting | construction   | properties | construction | Total    |
|   | £'000            | £'000          | £'000      | £'000        | £'000    |
| Cost  |                  |                |            |              |          |
| At 1 April 2022                                 | 130,497          | 2,105          | 24,016     | 346          | 156,964  |
| Transfer To Completed                           | 1,281            | (1,281)        | -          | -            | -        |
| Construction - Additions                        | -                | 3,643          | -          | 698          | 4,341    |
| Property Disposals In The Year                  | -                | -              | (17)       | -            | (17)     |
| Tranferred to assets held for sale              | (775)            | -              | -          | -            | (775)    |
| Transferred to stock under construction         | -                | -              | -          | (499)        | (499)    |
| Property reclassificaiton from OFA              | -                | -              | -          | 486          | 486      |
| Component Additions                             | 3,739            | -              | -          | -            | 3,739    |
| At 31 March 2023                                | 134,742          | 4,467          | 23,999     | 1,031        | 164,239  |
|   |                  |                |            |              |          |
| Depreciation and impairment                     | (                |                | (          |              | ()       |
| At 1 April 2022                                 | (19,335)         | -              | (1,390)    | -            | (20,725) |
| Depreciation charged in the year                | (831)            | -              | (177)      | -            | (1,008)  |
| Component Depreciation charged                  | (1,816)          | -              | -          | -            | (1,816)  |
| Depreciation tranferred to assets held for sale | 312              | -              | -          | -            | 312      |
| At 31 March 2023                                | (21,670)         | -              | (1,567)    | -            | (23,237) |
| Net Book Value                                  |                  |                |            |              |          |
| At 31 March 2023                                | 113,072          | 4,467          | 22,432     | 1,031        | 141,002  |
| At 31 March 2022                                | 111,162          | 2,105          | 22,626     | 346          | 136,239  |



# Notes forming part of the financial statements for the year ended 31 March 2023 - continued



# 12 Tangible Fixed Assets – housing properties (continued)

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

|                | Group   |         | ΠI      |         |
|----------------|---------|---------|---------|---------|
|                | 2023    | 2022    | 2023    | 2022    |
|                | £'000   | £'000   | £'000   | £'000   |
| Freehold       | 122,673 | 117,846 | 122,887 | 117,990 |
| Long leasehold | 18,115  | 18,227  | 18,115  | 18,248  |
|                | 140,788 | 136,073 | 141,002 | 136,238 |

# Expenditure on works to existing properties

|   | Group |       | ΠH    |       |  |
|---|-------|-------|-------|-------|--|
|   | 2023  | 2022  | 2023  | 2022  |  |
|   | £'000 | £'000 | £'000 | £'000 |  |
| Amounts capitalised                       | 3,739 | 2,622 | 3,739 | 2,622 |  |
| Amounts charged to income and expenditure |       |       |       |       |  |
| account                                   |       |       |       |       |  |
| - Routine Maintenance                     | 2,867 | 2,778 | 2,867 | 2,778 |  |
| - Planned Maintenance                     | 1,824 | 2,356 | 1,824 | 2,356 |  |
| Total                                     | 8,430 | 7,756 | 8,430 | 7,756 |  |

# **Interest Capitalisation**

|                                  | Group |       | ΠH    |       |
|----------------------------------|-------|-------|-------|-------|
|                                  | 2023  | 2022  | 2023  | 2022  |
|                                  | £'000 | £'000 | £'000 | £'000 |
| Interest capitalised in the year | 144   | 115   | 144   | 115   |
| Cumulative interest capitalised  | 2,762 | 2,618 | 2,762 | 2,618 |
| Rate used for capitalisation     | 5%    | 4%    | 5%    | 4%    |



# Notes forming part of the financial statements for the year ended 31 March 2023 - continued



# 13 Tangible Fixed Assets – other

| Group                         |           | Furniture          | Computers and |          |
|-------------------------------|-----------|--------------------|---------------|----------|
|                               | Office    | <b>Fixings and</b> | Office        |          |
|                               | buildings | Fittings           | Equipment     | Total    |
|                               | £'000     | £'000              | £'000         | £'000    |
| Cost                          |           |                    |               |          |
| As at 1 April 2022            | 1,100     | 11,777             | 4,067         | 16,944   |
| Additions                     | -         | 373                | 295           | 668      |
| Disposals                     | -         | -                  | -             | -        |
| Reclassification to Housing   | (022)     |                    |               | (022)    |
| Properties under construction | (923)     | -                  | -             | (923)    |
| As at 31 March 2023           | 177       | 12,150             | 4,362         | 16,689   |
| Depreciation                  |           |                    |               |          |
| As at 1 April 2022            | (461)     | (9 <i>,</i> 817)   | (2,469)       | (12,747) |
| Charge for year               | (28)      | (351)              | (496)         | (875)    |
| Disposals                     | 433       | -                  | -             | 433      |
| As at 31 March 2023           | (56)      | (10,168)           | (2,965)       | (13,189) |

| As at 31 March 2023 | 121 | 1,982 | 1,397 | 3,500 |
|---------------------|-----|-------|-------|-------|
|                     |     |       |       |       |
|                     |     |       |       |       |
| As at 1 April 2022  | 639 | 1,960 | 1,598 | 4,197 |

| Η  | Office<br>buildings<br>£'000 | Furniture<br>Fixings and<br>Fittings<br>£'000 | Computers and<br>Office<br>Equipment<br>£'000 | Total<br>£'000 |
|--|------------------------------|---|---|----------------|
| Cost   |                              |   |   |                |
| Balance as at 1 April 2022                                   | 1,100                        | 11,777  | 4,067   | 16,944         |
| Additions  | -                            | 373   | 186   | 559            |
| Disposals to subsidiary                                      | -                            | -   | (437)   | (437)          |
| Reclassification to Housing<br>Properties under construction | (923)                        | -   | -   | (923)          |
| Balance as at 31 March 2023                                  | 177                          | 12,150  | 3,816   | 16,143         |
| Depreciation   |                              |   |   |                |
| Balance as at 1 April 2022                                   | (461)                        | (9 <i>,</i> 817)                              | (2,469)                                       | (12,747)       |
| Charge for year  | (28)                         | (346)   | (469)   | (843)          |
| Disposals to subsidiary                                      | -                            | -   | 354   | 354            |
| Reclassification to Housing                                  | 433                          |   |   | 433            |
| Properties under construction                                | 455                          | -   | -   | 455            |
| Balance as at 31 March 2023                                  | (56)                         | (10,163)                                      | (2,584)                                       | (12,803)       |
| Net book value   |                              |   |   |                |
| Balance as at 31 March 2023                                  | 121                          | 1,987   | 1,232   | 3,340          |
|  |                              |   |   |                |
| Balance as at 1 April 2022                                   | 639                          | 1,960   | 1,598   | 4,197          |





# 13a Intangible Fixed Assets

| Group<br>Cost  | Goodwill<br>£'000      | Software<br>£'000       | Total<br>£'000          |
|--|------------------------|-------------------------|-------------------------|
| As at 1 April 2022   | 383                    | 827                     | 1,210                   |
| Additions  | -                      | 555                     | 555                     |
| As at 31 March 2023  | 383                    | 1,382                   | 1,765                   |
| Amortisation<br>As at 1 April 2022<br>Charge for year<br>As at 31 March 2023 | (271)<br>(84)<br>(355) | (148)<br>(157)<br>(305) | (419)<br>(241)<br>(660) |
| Net book value   |                        |                         |                         |
| As at 31 March 2023  | 28                     | 1,077                   | 1,105                   |
|  |                        |                         |                         |
| As at 1 April 2022   | 112                    | 679                     | 791                     |

| JJH<br>Cost                 | Goodwill<br>£'000 | Software<br>£'000 | Total<br>£'000 |
|-----------------------------|-------------------|-------------------|----------------|
| COST                        | £ 000             | 1000              | £ 000          |
| Balance as at 1 April 2022  | 383               | 827               | 1,210          |
| Additions                   | -                 | 555               | 555            |
| Disposals to subsidiary     | (383)             | -                 | (383)          |
| Balance as at 31 March 2023 | 0                 | 1,382             | 1,382          |
|                             |                   |                   |                |
| Amortisation                |                   |                   |                |
| Balance as at 1 April 2022  | (271)             | (148)             | (419)          |
| Charge for year             | -                 | (157)             | (157)          |
| Disposals to subsidiary     | 271               | -                 | 271            |
| Balance as at 31 March 2023 | -                 | (305)             | (305)          |
|                             |                   |                   |                |
| Net book value              |                   |                   |                |
| Balance as at 31 March 2023 | 0                 | 1,077             | 1,077          |
|                             |                   |                   |                |
| Balance as at 1 April 2022  | 112               | 679               | 791            |





# 14 Investment in subsidiaries

| нп                     | Subsidiaries<br>£'000s | Total<br>£'000s |
|------------------------|------------------------|-----------------|
| Cost                   |                        |                 |
| at 1 April             | -                      | -               |
| Addtions               | 500                    | 500             |
| Movement in fair value | -                      | -               |
|                        | 500                    | 500             |

The additions in the year represent investments in Astraline (TEC) Limited.

#### Details of subsidiary undertakings

The principal undertakings in which the Association has an interest in are as follows:

| Name                                     | Country of<br>incorporation | Ordinary share<br>capital held | Nature of business                    | Nature of entity     |
|--|-----------------------------|--------------------------------|---------------------------------------|----------------------|
| Johnnie Johnsons Developments<br>Limited | England                     | 100%                           | Construction of domestic buildings    | Incorporated Company |
| Astraline (TEC) Limited                  | England                     | 100%                           | Telecare and out of hours<br>services | Incorporated Company |
| Astraline JJ Limited                     | England                     | 100%                           | Telecare and out of hours services    | Incorporated Company |

## 15 Debtors

|  | Group           |            | ΠH          |            |  |
|--|-----------------|------------|-------------|------------|--|
|  | 2023            | 2022       | 2023        | 2022       |  |
|  | £'000           | £'000      | £'000       | £'000      |  |
| Due within one year                                  |                 |            |             |            |  |
| Rent and service charge arrears                      | 596             | 518        | 596         | 518        |  |
| Less: Provision for doubtful debts                   | (185)           | (187)      | (185)       | (187)      |  |
|  | 411             | 331        | 411         | 331        |  |
| Amounts owed by group undertakings<br>Trade debtors  | -<br>410<br>755 | -<br>-     | -<br>-<br>- | -          |  |
| Other debtors<br>Prepayments and accrued income      | 755<br>335      | 945<br>286 | 726<br>305  | 922<br>286 |  |
| -  | 1,911           | 1,562      | 1,442       | 1,539      |  |
| Due after one year<br>Prepayments and accrued income | -               | -          | -           |            |  |
| Total  | 1,911           | 1,562      | 1,442       | 1,539      |  |

## 16 Properties for Sale

|                                     | Group         |               | ΠH            |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| Shared ownership under construction | 725           | 236           | 742           | 243           |
| Properties held for sale            | 462           | -             | 462           | -             |
| Total                               | 1,187         | 236           | 1,204         | 243           |



# 17 Creditors: amounts falling due within one year

|  | Group  |       | ΠH     |       |  |
|--|--------|-------|--------|-------|--|
|  | 2023   | 2022  | 2023   | 2022  |  |
|  | £'000  | £'000 | £'000  | £'000 |  |
| Loans and borrowings (note 22)               | 2,392  | 2,345 | 2,392  | 2,345 |  |
| Trade creditors                              | 908    | 30    | 887    | 30    |  |
| Rent and service charges received in advance | 747    | 714   | 747    | 714   |  |
| Amounts owed to group undertakings           | -      | -     | 205    | 241   |  |
| Taxation and social security                 | 205    | 137   | 110    | 137   |  |
| Other creditors                              | 250    | 276   | 249    | 276   |  |
| Deferred capital grant (Note 19)             | 52     | 46    | 52     | 46    |  |
| Recycled capital grant fund (Note 20)        | 56     | 28    | 56     | 28    |  |
| Accruals and deferred income                 | 3,594  | 3,561 | 3,155  | 3,342 |  |
| Accrued interest                             | 264    | 235   | 264    | 235   |  |
| Funds Held on Behalf of Residents            | 2,539  | 2,377 | 2,539  | 2,377 |  |
|  | 11,007 | 9,749 | 10,656 | 9,771 |  |

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

|                                  | Grou   | Group     |        |        |  |
|----------------------------------|--------|-----------|--------|--------|--|
|                                  | 2023   | 2023 2022 |        | 2022   |  |
|                                  | £'000  | £'000     | £'000  | £'000  |  |
| Loans and borrowings (Note 22)   | 74,007 | 69,409    | 74,007 | 69,409 |  |
| Less Loan issue costs            | (705)  | (744)     | (705)  | (744)  |  |
| Deferred capital grant (Note 19) | 5,540  | 5,134     | 5,540  | 5,134  |  |
| Disposal proceeds fund (Note 21) | -      | 59        | -      | 59     |  |
|                                  | 78,842 | 73,858    | 78,842 | 73,858 |  |

# 19 Deferred Capital Grant

|   | Grou  | р     | III            | 4     |
|---|-------|-------|----------------|-------|
|   | 2023  | 2022  | 2023           | 2022  |
|   | £'000 | £'000 | £'000          | £'000 |
| As at 1 April 2022                        | 5,180 | 4,908 | 5,180          | 4,908 |
| Grants received during the year           | 459   | 229   | 459            | 229   |
| Grants recycled from the recycled capital |       |       |                |       |
| grant fund                                | -     | 83    | -              | 83    |
| Released to income during the year        | (46)  | (40)  | (46)           | (40)  |
|   |       |       |                |       |
| As at 31 March 2023                       | 5,593 | 5,180 | 5 <i>,</i> 593 | 5,180 |

# 20 Recycled Capital Grant Fund

|   | Grou          | р             | ΠH            |               |
|---|---------------|---------------|---------------|---------------|
| Funds pertaining to activities within areas covered by: | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| As at 01 April 2022                                     | 28            | 88            | 28            | 88            |
| Inputs to fund:   |               |               |               |               |
| grants recycled   | -             | 22            | -             | 22            |
| <ul> <li>grants recycled from SOCI</li> </ul>           | 26            | -             | 26            | -             |
| interest accrued  | 1             | 1             | 1             | 1             |
| Recycling of grant:                                     |               |               |               |               |
| - new build   | -             | (83)          | -             | (83)          |
| As at 31 March 2023                                     | 55            | 28            | 55            | 28            |

# 21 Disposals Proceeds Fund

|                                       | Group     |       | ΠH    |       |
|---------------------------------------|-----------|-------|-------|-------|
|                                       | 2023 2022 |       | 2023  | 2022  |
|                                       | £'000     | £'000 | £'000 | £'000 |
| As at 01 April 2022 and 31 March 2023 |           | 59    | -     | 59    |

# 22 Group Loans and Borrowings

|   | Lo         | cal Authority |        |                |
|---|------------|---------------|--------|----------------|
|   | Bank loans | Loans         | Total  | Total          |
|   | 2023       | 2023          | 2023   | 2022           |
|   | £'000      | £'000         | £'000  | £'000          |
|   |            |               |        |                |
| In one year or less, or on demand                   | 2,392      | -             | 2,392  | 2,345          |
| In more than one year but not more than two years   | 2,429      | -             | 2,429  | 2,386          |
| In more than two years but not more than five years | 16,867     | -             | 16,867 | 7 <i>,</i> 083 |
| In more than 5 years                                | 42,711     | 12,000        | 54,711 | 59,939         |
| Total   | 64,399     | 12,000        | 76,399 | 71,753         |

Loans are shown net of financing costs of £705k (2022: £744k) which will be repaid over the period of the loans.

The RBS loan is repayable annually over the terms of 30 years at fixed and variable rates of interest ranging from 4.05% to 5.74%. The Co-op loans are repayable quarterly over the terms of 25 years at fixed rates of interest ranging 2.63% to 4.0%. The Nationwide loan is repayable in monthly instalments over the terms of 25 years at variable (SONIA) rates of interest 3.47%. 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 terms of the loans at fixed rates of interest-only basis during the terms of 2.27%, 3.01% and 4.8%. The remaining principal sum falls to be repaid in 2042. The Danske loan is now fully drawn at a variable interest rate currently of 3.93%. The interest rates quoted are exclusive of margin.

2,903 of JJH's properties are currently charged as security for the loans.





## 23 Pensions

JJH is a member of the SHPS Pension Scheme.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. The latest accounting valuation was carried out with an effective date of 30 September 2022.

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

| Group and JJH  |          |          |
|--|----------|----------|
|  | 2023     | 2022     |
|  | £'000    | £'000    |
| As at 1 April 2022                                       | 2,711    | 3,401    |
| Defined benefit costs recognised in SoCI                 | 66       | 67       |
| Total amount recognised in other<br>comprehensive income | 1,299    | (52)     |
| Deficit contributions paid                               | (727)    | (705)    |
| As at 31 March 2023                                      | 3,349    | 2,711    |
|  |          |          |
|  | 2023     | 2022     |
|  | £'000    | £'000    |
| Fair value of plan assets                                | 15,231   | 22,141   |
| Present value of plan liabilities                        | (18,580) | (24,852) |
|  |          |          |
| Net pension scheme liability                             | (3,349)  | (2,711)  |
|  |          |          |

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.





# 23 Pensions (continued)

The following FRS 102, section 28, accounting disclosures are specific to Johnnie Johnson Housing for the period ending 31 March 2023

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

|   | 31 March 2023 | 31 March 2022 |  |
|---|---------------|---------------|--|
|   | (£000s)       | (£000s)       |  |
| Fair value of plan assets                   | 15,231        | 22,141        |  |
| Present value of defined benefit obligation | 18,580        | 24,852        |  |
| Deficit in plan                             | (3,349)       | (2,711)       |  |
| Unrecognised surplus                        | -             | -             |  |
| Defined liability to be recognised          | (3,349)       | (2,711)       |  |

# RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

|  | Period from      | Period from                       |  |
|--|------------------|-----------------------------------|--|
|  | 31 March 2022 to | 31 March 2021 to<br>31 March 2022 |  |
|  | 31 March 2023    |                                   |  |
|  | (£000s)          | (£000s)                           |  |
| Defined benefit obligation at start of period                      | 24,852           | 25,901                            |  |
| Current service cost   | -                | -                                 |  |
| Expenses   | 21               | 22                                |  |
| Interest expense   | 684              | 559                               |  |
| Member contributions   | -                | -                                 |  |
| Actuarial losses (gains) due to scheme experience                  | 515              | 1,095                             |  |
| Actuarial losses (gains) due to changes in demographic assumptions | (50)             | (428)                             |  |
| Actuarial losses (gains) due to changes in financial assumptions   | (6,570)          | (1,317)                           |  |
| Benefits paid and expenses   | (872)            | (980)                             |  |
| Defined benefit obligation at end of period                        | 18,580           | 24,852                            |  |

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

|   | Period from      | Period from      |  |
|---|------------------|------------------|--|
|   | 31 March 2022 to | 31 March 2021 to |  |
|   | 31 March 2023    | 31 March 2022    |  |
|   | (£000s)          | (£000s)          |  |
| Fair value of plan assets at start of period  | 22,141           | 22,500           |  |
| Interest income   | 618              | 492              |  |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | (7,404)          | (598)            |  |
| Employer contributions  | 748              | 727              |  |
| Benefits paid and expenses  | (872)            | (980)            |  |
| Fair value of plan assets at end of period  | 15,231           | 22,141           |  |

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£6,786,000).



# 23 Pensions (continued)

# DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE

|  | Period from      | Period from      |
|--|------------------|------------------|
|  | 31 March 2022 to | 31 March 2021 to |
|  | 31 March 2023    | 31 March 2022    |
|  | (£000s)          | (£000s)          |
| Current service cost   | -                | -                |
| Expenses   | 21               | 22               |
| Net interest expense   | 66               | 67               |
| Defined benefit costs recognised in Statement of Comprehensive Income (SoCI) | 87               | 89               |

# DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (SOCI)

|  | Period from      | Period from      |
|--|------------------|------------------|
|  | 31 March 2022 to | 31 March 2021 to |
|  | 31 March 2023    | 31 March 2022    |
|  | (£000s)          | (£000s)          |
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)                                      | (7,404)          | (598)            |
| Experience gains and losses arising on the plan liabilities - gain (loss)  | (515)            | (1,095)          |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss) | 50               | 428              |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)   | 6,570            | 1,317            |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)          | (1,299)          | 52               |
| Total amount recognised in Other Comprehensive Income - gain (loss)  | (1,299)          | 52               |

# ASSETS

|                               | 31 March 2023 | 31 March 2022 |
|-------------------------------|---------------|---------------|
|                               | (£000s)       | (£000s)       |
| Global Equity                 | 284           | 4,249         |
| Absolute Return               | 165           | 888           |
| Distressed Opportunities      | 461           | 792           |
| Credit Relative Value         | 575           | 736           |
| Alternative Risk Premia       | 28            | 730           |
| Emerging Markets Debt         | 82            | 644           |
| Risk Sharing                  | 1,121         | 729           |
| Insurance-Linked Securities   | 384           | 516           |
| Property                      | 656           | 598           |
| Infrastructure                | 1,740         | 1,577         |
| Private Debt                  | 678           | 568           |
| Opportunistic Illiquid Credit | 652           | 744           |
| High Yield                    | 53            | 191           |
| Opportunistic Credit          | 1             | 79            |
| Cash                          | 110           | 75            |
| Corporate Bond Fund           | -             | 1,477         |
| Long Lease Property           | 460           | 570           |
| Secured Income                | 699           | 825           |
| Liability Driven Investment   | 7,014         | 6,179         |
| Currency Hedging              | 29            | (87)          |
| Net Current Assets            | 39            | 61            |
| Total assets                  | 15,231        | 22,141        |

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.





# 23 Pensions (continued)

# **KEY ASSUMPTIONS**

|   | 31 March 2023            | 31 March 2022            |
|---|--------------------------|--------------------------|
|   | % per annum              | % per annum              |
| Discount Rate   | 4.88%                    | 2.80%                    |
| Inflation (RPI)   | 3.20%                    | 3.60%                    |
| Inflation (CPI)   | 2.74%                    | 3.00%                    |
| Salary Growth   | 3.50%                    | 3.65%                    |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance | 75% of maximum allowance |

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

|                         | 2023<br>Life expectancy at<br>age 65<br>(Years) | 2022<br>Life expectancy at<br>age 65<br>(Years) |
|-------------------------|---|---|
| Male retiring in 2023   | 21.0  | 20.9  |
| Female retiring in 2023 | 23.4  | 23.5  |
| Male retiring in 2043   | 22.2  | 22.2  |
| Female retiring in 2043 | 24.9  | 25.0  |

## 24 Non-equity share capital

| Group and JJH   | 2023<br>£      | 2022<br>£      |
|---|----------------|----------------|
| As at 01 April<br>Shares issued in the year<br>Shares cancelled in the year | 19<br>2<br>(3) | 20<br>3<br>(4) |
| As at 31 March  | 18             | 19             |

The share capital of the Group consist of shares with a nominal value of  $\pm 1$  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

The group had no contingent liabilities as at 31 March 2023 (2022: nil)

The group received grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties the group is required to recycle this grant by crediting the Recycled Capital Grant Fund.

At 31 March 2023, the value of grant received in respect of these properties that had not been disposed of was £111,647k, this is in relation to grant received pre FRS102. Grant received post FRS102 is detailed in note 19.

As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.





## 26 Financial Instruments

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

|   | Group  |        | IJΗ    |        |
|---|--------|--------|--------|--------|
|   | 2023   | 2022   | 2023   | 2022   |
|   | £'000  | £'000  | £'000  | £'000  |
|   |        |        |        |        |
| Financial assets                                  |        |        |        |        |
| Financial assets measured at historical cost      |        |        |        |        |
| - Trade receivables                               | 1,166  | 1,276  | 1,137  | 1,253  |
| <ul> <li>Cash and cash equivalents</li> </ul>     | 4,107  | 3,956  | 3,987  | 3,956  |
| Total financial assets                            | 5,273  | 5,232  | 5,124  | 5,209  |
|   |        |        |        |        |
| Financial liabilities                             |        |        |        |        |
| Financial liabilities measured at amortised cost  |        |        |        |        |
| - Loans payable                                   | 76,399 | 71,753 | 76,399 | 71,753 |
| Financial liabilities measured at historical cost |        |        |        |        |
| - Trade creditors                                 | 908    | 30     | 887    | 30     |
| - Other creditors                                 | 7,450  | 7,250  | 7,010  | 7,031  |
| - Deferred capital grant                          | 5,592  | 5,180  | 5,592  | 5,180  |
| Total financial liabilities                       | 90,349 | 84,213 | 89,888 | 83,994 |

## 27 Operating Leases

|                         | Group and JJH |       |  |
|-------------------------|---------------|-------|--|
|                         | 2023 2022     |       |  |
|                         | £'000         | £'000 |  |
| Not later than one year | 133 14        |       |  |
| one to five years       | 206           | 258   |  |
|                         |               |       |  |
| Total                   | 339           | 402   |  |

## 28 Capital Commitments

The group had no capital commitments at the 31 March 2023 except for £8,620k (2022: £11,417k) 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 are £Nil as at 31 March 2023 (2022: £6,480k).

# 29 Related Party Disclosures

During the year the following transactions took place between the group's entities.

|   | 2023<br>£'000 | 2022<br>£'000 |
|---|---------------|---------------|
| Development services                                    | 2,731         | 1,681         |
| Telecare services                                       | 309           | -             |
|   | 3,040         | 1,681         |
| The following Intercompany balances were as at 31 March |               |               |
| Johnnie Johnson Developments Limited                    | (362)         | (241)         |
| Astraline JJ Limited                                    | (27)          | -             |
| Astraline Tec Limited                                   | (54)          | -             |

The table below shows the related party transactions in respect of Board Members and Executive Management Team who have made declarations of interest.

|                             | Transaction | Transaction values 2023 |  |  |
|-----------------------------|-------------|-------------------------|--|--|
| Organisation                | Sales       | Purchases               |  |  |
|                             | £'000       | £'000                   |  |  |
| Northern Housing Consortium | -           | 8                       |  |  |
| Accent Housing              | -           | 2                       |  |  |
| Cartrefi Conwy              | -           | -                       |  |  |
| Edward Mayes Trust Ltd      | -           | -                       |  |  |
| Yorkshire Housing           | -           | -                       |  |  |
| Karbon Homes                | -           | -                       |  |  |
| Equans                      | _           | 713                     |  |  |
|                             | -           | 723                     |  |  |

# 30 Current Asset Investments

|                       | Group |       | ΠH    |       |
|-----------------------|-------|-------|-------|-------|
|                       | 2023  | 2022  | 2023  | 2022  |
|                       | £'000 | £'000 | £'000 | £'000 |
| COIF Investment Funds | 148   | 155   | 148   | 155   |
|                       | 148   | 155   | 148   | 155   |

# 31 Post Balance Sheet Event

The JJH Group announced in June 2023 that they are in the early stages of partnership discussions with Sanctuary Housing Group. Both organisations are in the process of completing detailed due diligence and any agreement to proceed will be subject to the approval of both Boards.