

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022
FOR
TRINITY HOUSING ASSOCIATION LIMITED**

Company registration No: 05780467

Regulator of Social Housing No: 4645

TRINITY HOUSING ASSOCIATION LIMITED
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FOR THE YEAR ENDED 30 JUNE 2022

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TRINITY HOUSING ASSOCIATION LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2022

DIRECTORS: A Arcari
A Mir
I Hughes
P Mullins
D Shuker
J Rix
A Bennett
M Henry

SECRETARY: P Mullins

REGISTERED OFFICE: Jensen House
Shaftesbury Street
West Bromwich
West Midlands
B70 9QD

COMPANY REGISTERED NUMBER: 05780467 (England and Wales), Company limited by guarantee

**REGULATOR OF SOCIAL HOUSING
NUMBER:** 4645

AUDITOR: RSM UK Audit LLP
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SOLICITORS: Anthony Collins Solicitors
134 Edmund Street
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TRINITY HOUSING ASSOCIATION LIMITED
CHAIR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

Welcome to the 2021/22 Annual Report for Trinity Housing Association. "Trinity, the Association, or "Trinity." The purpose of this report is to share Trinity's performance over the last financial year in comparison to previous years and to provide an update on the significant decisions that have been taken during the 2021/22 financial year that relate to the future operating model of the association.

Trinity continues to work towards becoming fully compliant with the standards of the regulator of social housing (RSH).

During the year, significant progress has been made in exiting our supported exempt accommodation (SEA) portfolio; there are now only 4 properties under our management, and our target is to get these handed back by the end of 2023. We have also handed back a number of specialist supported housing (SSH) schemes that were onerous for us to operate effectively.

These decisions continue to be taken to support the Board's commitment to Trinity eventually becoming a viable and compliant organisation in the view of the regulator and one that can stand on its own merits without our partner's support.

Trinity has made a profit this year of c£501k for 2021–2022, compared to a loss of c£406k for the previous year. This is a reflection of the success that Trinity has had in recovering housing benefits that had previously been provided as bad debt. With the success of the recovery, a bad debt provision reversal of c£528k has been made in this year's financial statements. The success of these recoveries was due to the ability of Trinity to provide evidence that the service we provided our tenants met the expectations of the local authorities for whom we were asking to pay housing benefits.

Regrettably, Trinity is still subject to a G3/V3 Regulatory Judgement Notice issued in November 2018 as well as a further judgement relating to a lack of assurance RSH had that Trinity was compliant with the rent standard. Trinity is confident that this judgement can be challenged in 2023 or 2024 with the evidence gathered for our SSH stock and it is expected that we will have fully exited the support-exempt sector.

Since November 2018, the Board has been working tirelessly with all our stakeholders to address the issues relating to the governance and viability judgement. This has allowed Trinity to achieve its short-term aims of ensuring that we have robust governance practises embedded in the organisation and that we remain a going concern to provide the much-needed, secure homes to our vulnerable tenants.

The larger issues around viability, risk sharing, and the regulators' concerns about the lease-based model that Trinity operates remain and are not likely to go away unless significant progress can be made with the lease negotiations we are undertaking with our funders.

The Trinity Board has taken the decision to adopt the 2020 NHF Code of Governance, and as a result, we are no longer able to report that we are fully compliant with the code, as we could have, had we stayed operating under the 2015 code.

The Board took the decision to adopt the 2020 code because, as an organisation, we actively seek to continue to make progress towards being compliant with the most relevant code and standards required by the RSH and the NHF.

Over the last year, the corporate strategy has been embedded, and collectively, we have continued to stabilise the business by working closely with our partners, local authorities, and care providers.

TRINITY HOUSING ASSOCIATION LIMITED
CHAIR'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

The long-term target is still to become a model provider of high-quality supported housing that enables our tenants to live independently and comfortably in the long term. The Board is aware it will not be able to achieve this without strong partnerships that need to continue to develop, but the short-term focus remains on Trinity's viability.

While significant progress has been made in regards to governance, Trinity still faces the same underlying issues regarding financial viability. The key tasks around viability remain the review of the lease agreements and risk sharing with the landlords, an agreement on capital works, and the distribution of historical arrears collected. These negotiations will influence the future of Trinity and whether the lease-based model can work financially within the regulatory framework.

Trinity's Board continues to believe that it does have a viable business plan, but it can only be achieved with the full support of our partners. The Board is ensuring that every effort is made to protect our business and our tenants.

The lease-based model of our housing provision obviously carries risks, but as a Board, we are looking to minimise and manage these risks where possible.

I would like to personally thank my fellow Board members, who have worked tirelessly this year. I would also like to thank the executive team and the rest of the staff who have ensured that Trinity has been able to provide the services and support that our tenants deserve through what have been very trying times.

I would also like to express my thanks to our partners and care providers for their support and commitment shown during this period, and I look forward to working with them into the future.



Anthony Arcari
date: 29/06/2023

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2022

Administrative Details

Directors

The Directors set out below have held office during the whole year from 1 July 2021 to the date of this report unless otherwise stated.

Name	Position	Date of Appointment	Date of Resignation	Remuneration 202-22 £	Remuneration 2020-21 £
Peter Mullins	Executive Member Company Secretary	30/08/2018	Active	Paid as executive (note 4)	Paid as executive (note 4)
Anthony Attilio Arcari	Non-Executive Chair of the Board	24/05/2018	Active	8,596	8,147
Ian Malcom Hughes	Non-Executive Chair (Remuneration & Governance Committee)	11/10/2018	Active	4,916	4,814
Julie Rix	Non-Executive Chair (Audit & Risk Committee)	08/11/2019	Active	4,916	3,331
Azmat Mir	Non-Executive	27/09/2018	Active	2,887	2,827
Denise Shuker	Executive	27/09/19	Active	Paid as executive (note 4)	Paid as executive (note 4)
Ann-Marie Bennett	Non-Executive	01/07/2020	Active	2,920	2,827
Marie Frances Henry	Non-Executive	01/07/2020	Active	2,899	2,827

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Principal Activities

Trinity Housing Association is a registered provider of social housing regulated by the Regulator of Social Housing. It is a not-for-profit organisation, a public-benefit entity. The Association is not a charity.

Trinity is a national provider of non-government grant-funded supported housing designed to meet a range of housing needs for adults with learning disabilities, mental illness, acquired brain injuries, and physical and sensory disabilities. With 528 units under our management, located across 39 local authority areas, we work in partnership with other organisations to meet the specific care and support needs of client groups with specialist requirements.

In addition, Trinity was the landlord for 102 units (2021: 311 units) of support-exempt housing in Birmingham, managed on our behalf by a managing agent. This element of the business is now in the process of being decommissioned and as at the end of February 2023 there were only 27 units under management.

Strategic Vision and Priorities

The Board of Trinity has continued to build on the stabilisation that the support from our partners has allowed it to achieve over the last four years.

The corporate strategy focus going into 2023/24 remains the stabilisation of Trinity, the consolidation of its portfolio of SSH, and the decommissioning of the SEA stock. This stabilisation is still facing numerous complex challenges to determine whether Trinity can become a viable organisation in the medium- to long-term.

Trinity now has a truer understanding of the properties it manages and its contractual obligations relating to property repairs and maintenance. The stock condition report has aided Trinity with programme work associated with managing and maintaining properties that are on full-repairing lease terms.

The vision of the Board remains to become a model provider of good-quality, adapted properties for our existing and potential tenants. Trinity sees the relationships we build with our landlords, care providers, managing agents, and contractors as being core to our success in ensuring that our tenants receive seamless services that cater to their individual needs and can give them the greatest satisfaction and independent living opportunities in the future.

Governance and Regulation

Trinity has made significant improvements in governance over the last four years, and a considerable amount of work has been undertaken to establish and strengthen the Board and to improve organisational governance. This is set to continue into 2023 and 2024 as Trinity looks to recruit new members to the Board. The aim remains to comply with all regulatory standards and good governance standards.

Compliance with Code of Governance

Trinity now follows the National Housing Federation Code of Governance (2020) ("the Code"). The Board considered that this is the most appropriate code to adopt as a registered landlord.

In October 2021, the Board commissioned a gap analysis review to be performed by an external consultant that identified areas of the 2020 code that the organisation would have to focus on in order to consider itself compliant with the code. Trinity is no longer compliant with its adopted 2020 Code of Governance.

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

The areas of non-compliance are:

Resident focus: The key challenge is how Trinity can hear the voice of the customer at Board level, in governance, scrutiny, and strategic decision making. A clearer resident focus will require more meaningful customer insight information to be gathered and more feedback from residents obtained.

Equality, Diversity, and Inclusion (EDI): The Board is not able to fully demonstrate it has a clear and effective ability to achieve equality of opportunity, diversity, and inclusion in all of the organisation's activities. The organisation does have policies in place but is not currently in a position to produce evidence that meaningfully demonstrates this commitment.

Financial Stability: The Board accept that Trinity is only able to continue trading with the full support of its key partners and that the nature of that support is not legally binding and should that support be fully withdrawn, then Trinity would struggle to continue as a going concern.

The organisation is in the early stages of implementing the 2020 gap analysis action plan, which looks to address the weaknesses and gaps that had been identified by our consultant. The progress against the plan is reported back to the Board so they can monitor progress. It is envisaged that the plan will take until June 2024 to be fully implemented, and Trinity can report that they are fully compliant with the 2020 code.

Remuneration

The Board is remunerated, and relevant amounts are disclosed in Note 4 of the financial statements. Remuneration continues to be based on the external benchmarking exercise conducted in October 2021. There is a complete register of Board members' attendance, and an appraisal process is in place.

Regulator of Social Housing

The year has again been dominated by our regulatory engagement. Trinity has continued to work closely with the regulator of social housing to tackle the weaknesses identified and achieve compliance with the regulatory standard.

Trinity's grading remains unchanged at G3/V3, but there has been a comprehensive amount of work undertaken by the Board and at management level to address the points raised in the judgment, and the Board is confident that those points have been addressed and can now support its view that Trinity is compliant with all points raised relating to governance. Trinity continues to focus on its longer-term viability and sees the success of the lease negotiations as being critical to its ability to have a longer-term existence.

In October 2020, the RSH issued a further Regulatory Judgement Statement, concluding that it lacked assurance that Trinity is compliant with the Rent Standard and that previously it complied with the legislative requirements of the Welfare Reform and Work Act 2016. Trinity believes that it can be fully compliant with the rent standard for our SSH stock, but due to the commercial constraints in our lease agreements with our landlords, we will find it impossible to comply with the RSH rent standard for our SEA stock. Therefore, Trinity can no longer operate in this sector if it is to achieve the goal of moving out of non-compliance with the rent standard.

Compliance with the RSH Regulatory Standards

The Board's self-assessment of compliance with the regulatory standards shows that Trinity is not currently compliant with the standard. The areas that remain non-compliant with the Governance and Financial Viability Standard relate to the regulator's view of the lease-based model of specialist supported housing. Trinity's corporate plan details actions to address the regulators' concern by establishing a long-term, financially viable business plan with the support of Trinity's main partners.

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REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Long term financial viability

Trinity has all the required policies in place, and the Board is monitoring financial performance, risk management, and internal control assurance. Until the issues affecting Trinity's long-term financial viability have been addressed (long-term leases are renegotiated and income collection is at maximum levels), it is unable to comply with the Regulatory Code.

Rent standard

Trinity has worked tirelessly since being placed under regulatory judgement to evidence compliance with the rent standard. The Board is now assured that the specialist-supported housing portfolio fully complies with the rent standard. Evidence has been obtained to support the Board's view that Trinity meets the criteria for exemption from the rent standard for this part of the business.

The supported exempt accommodation, however, does not meet the rent standard, and it is now clear that it is impossible to become compliant in this area. The Board has decided that the only way to become compliant with the rent standard is to exit the SEA portfolio. This decision is now being executed in a way that protects our vulnerable tenants.

Consumer standard

Trinity is broadly compliant with consumer standards; there is more involvement at the local level; and there are various mediums of communication available to our tenants. However, a clear weakness is tenant involvement, how they are represented at a strategic level, and the arrangements in place for their voices to be heard and Trinity's performance to be scrutinised.

The housing team has had limited success when trying to engage with residents of supported housing, especially at the strategic level, but more work has been done during the calendar year ended 2022 and will continue in to 2023 and beyond. A tenant engagement strategy has recently been developed and put in place to tackle this issue, and a survey has also been conducted. There are also newsletters that are now sent out to tenants.

Compliance with health and safety standards, decent housing standards, and repair standards is good, and the stock condition survey undertaken gives greater assurance of this. As CORE returns on lettings are now being completed, this removes an area of non-compliance.

Trinity published its annual report to tenants on its website in January 2022, but at present it does not have any formally established mechanisms for engaging with residents so that they may scrutinise the performance of service delivery or inform governance-related decision-making. A new resident engagement strategy has been adopted with actions to deliver resident engagement.

There is a detailed action plan that was drawn up with the help of external consultants to achieve compliance. This action plan is routinely monitored by the remuneration and governance sub-committee and the Board, and significant progress has been made during the year.

Compliance with all relevant law

Trinity complies with all relevant laws, including those relating to health and safety, for all tenants. Health and Safety compliance is routinely monitored and is at 100% for both the supported housing and the exempt accommodation portfolio. This performance has been independently reviewed by the internal auditors during the year to confirm this compliance.

Value for Money and Performance

The regulator of social housing has a clear value for money (VfM) standard and accompanying code of practise that all registered providers are measured against. This includes obligations around reporting on VfM metrics defined by the regulator. Providers are expected to report their performance against these metrics in their annual accounts. Registered providers must ensure that they have sought to optimise the financial return from their assets and activities insofar as

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

that is consistent with the achievement of the organisation's wider organisational purpose and strategic objectives.

Trinity has adopted a clear VfM strategy and developed VfM metrics, which are reported here. It has compared its performance on these metrics against its performance last year, against the global accounts figures for other supported housing specialists with over 1,000 units and against Inclusion Housing, which is seen as a leader in this field. The "value for money" approach at Trinity is a strategic objective linked to its corporate plan. The primary VfM objective remains its viability, so it can continue to be able to provide its tenants with a safe and secure environment that gives them the independence of living that might not otherwise be available to them in another type of accommodation.

There are a range of activities that Trinity is undertaking to ensure the delivery of VfM; they include a clear role for governance in setting strategic priorities and delivering VfM, effective fiscal management and the dissemination of accurate and relevant information, clear efficiency targets reflected in budgets, and effective procurement.

The investment in systems has improved the data management of tenants and properties and the quality of the information available that is reported to the Board. The standard reporting model now adopted throughout the business has ensured that the Board can make informed decisions and that all our other stakeholders are provided with complete, accurate, and timely information. The content of the information and what it does or doesn't provide is constantly reviewed in order to ensure that the Board has a full understanding of the environment that Trinity is currently operating in.

The standardisation of the agendas and timetables of the Board and Committee has meant that their effectiveness and efficiency are better, and their decision-making process is more robust as the data is more accurate and relevant.

The quality of the information now available to the business has meant that reporting on financial information and operational matters such as health and safety and compliance is more effective and leads to a more efficient allocation of our limited resources.

The executive team is charged with delivering VfM through business planning, forecasting, and the budget process through day-to-day scrutiny of performance management. Delivery plans are focused on driving efficiency through ensuring the VfM concept is embedded in the everyday management of Trinity's activities. Throughout the year, the executive team monitors financial performance through a monthly review of management accounts and forecasts and reports the results back to the Board.

Trinity has a continuous improvement framework to report on and achieve VfM. To ensure that VfM is embedded into all aspects of the business's work, all staff understand that VfM and improvements are part of their individual performance targets. The executive team encourages the whole organisation to treat the assets of Trinity as they would treat their own.

Value for Money Metrics

Metric 1 – Reinvestment %

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. As Trinity does not own any of its own properties because they are all leased, it cannot be measured against this metric.

Metric 2 – New supply delivered % (social housing units)

The new supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing and non-social housing units owned at year end. As Trinity does not own any of its own properties because they are all leased, it cannot be measured against this metric.

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REPORT OF THE DIRECTORS (CONTINUED)
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Metric 3 – Gearing %

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. Trinity gearing is nil as the cash balance exceeds the debt finance.

Metric 4 – Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest cover %

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable. This measure works well for a property-owning organisation that is borrowing money to fund new developments rather than using the lease model. This measure for Trinity has no value due to there being no requirement when operating the lease model to raise funds. There is therefore a denominator of zero.

Metric 5 – Headline social housing costs per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator.

Metric 6 – Operating Margin %

The operating margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins is one way to improve the financial efficiency of a business.

Metric 7 – Return on capital Employed (ROCE)

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.

VFM Metric	Trinity	RSH Global (upper)	RSH Global (Medium)	RSH Global (Lower)	RSH Global (weighted)	Inclusion	Trinity
	2021-22	A/C's 2021 *	A/C's 2021 *	A/C's 2021 *	A/C's 2021 *	2021-22	2020-21
Reinvestment %	n/a no owned units	8.2%	5.8%	4.0%	5.7%	7.5%	n/a no owned units
New supply delivered %	n/a no owned units	2.0%	1.3%	0.5%	1.4%	9.6%	n/a no owned units
Gearing %	n/a:	53.3%	43.9%	32.9%	47.2%	-662.0%	n/a:
EBITDA MRI	n/a: denominator nil	248%	183%	134%	151%	- 32427.3%	n/a: denominator nil
Social housing cost per unit (omitting lease rent costs)	£5,508	£4,760	£3,730	£3,210	£4,150	£4,632	£6,251
Operating margin %	5.42%	28.2%	23.9%	18.1%	22.3%	6.3%	(4.67%)
ROCE	66.2%	4.2%	3.3%	2.7%	3.1%	18.0%	(42.50%)

* = RSH Global Accounts supported housing specialists over 1,000 units

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Performance

Rents

Specialised supported housing is a specific type of supported housing defined in the Housing Rents (Exceptions and Miscellaneous Provisions Regulations 2016) as specifically designed or adapted for people who require specialised services to enable them to live independently as an alternative to a care home and where the level of ongoing support provided is approximately the same as that provided by a care home.

It must be provided by a private, registered provider under an agreement with a local authority or the NHS and not receive any public assistance for its construction or acquisition. Rents are higher than for other forms of social housing.

Local authorities continue to face acute shortages of supported living accommodations and require significant additional supply. The alternative to supported living for our client group may well be living in residential care homes or specialised hospitals. Trinity offers the local government a real alternative that is safe, reliable, long-term, and allows residents to live with a degree of independence in supported living accommodations for previously institutionalised adults.

Rent setting and income collection are critical to the financial viability of the organisation, so it is important to ensure costs are appropriately included in rent models and that Trinity can minimise the loss from empty properties and void free periods (voids). Voids income is generally underwritten by the agreements that Trinity has in place with the care provider, with the exception of agreed-upon void-free periods; therefore, the actual void loss that Trinity would expect to incur that isn't covered by an agreement would be negligible.

Trinity continues to try and maximise the income collected through Housing Benefit (HB) or direct payment of rent from tenants. The action plan that has been in place for the last 12 months has seen significant improvements in income collection. The rent uplift policy has also been updated to ensure that Trinity recovers appropriate levels of income.

As at 30th June 2022 Trinity had 467 supported living units, those receiving full housing benefit were 73.02% of its portfolio (June 2021 63.54%), 3.64% were being paid part (June 2021 11.04%), 7.28% HB decisions were pending (June 2021 5.63%) and 16.06% were void (June 2021 19.79%). The other 61 rooms are staff rooms giving 528 units in total managed.

As at the end of March 2023 for supported living, Trinity are receiving full housing benefit for 72.84% of its portfolio, 2.59% are being paid part, 7.76% decisions are pending and 16.81% are currently void.

Care provider payments continues to remain a critical area of focus for Trinity to ensure that rents due under service level agreements are recovered.

TRINITY HOUSING ASSOCIATION LIMITED
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Re-lets

Void management

Management of voids remains a critical business priority and is monitored and managed by:

- Working closely with all our stakeholders to proactively secure referrals, holding open days.
- Invest significantly in our properties to ensure they are desirable places for people to live in.
- Manage major works programmes in conjunction with care provider and existing tenant needs.
- Recharge void costs to care providers in line with the service level agreements.

Trinity is working closely with our care providers, and this is helping to build and maintain a stronger relationship for the benefit of our tenants. Trinity closely monitors the CQC rating of all our care providers to ensure that they are maintaining a high level of service to our tenants, and if and when issues are found, they are discussed and immediately reported back to the Board. Trinity monitors our CPs as we are signed up for the CQC notification service, so alerts and notifications are issued when services are being inspected and when reports are issued.

Repairs

Over the last 12 months, Trinity has continued to invest significantly in our properties to ensure that our tenants have a safe and secure living environment. Trinity Properties remain 100% compliant in all disciplines of health and safety across our entire portfolio, ensuring that our tenants' homes are safe and comfortable to live in. This covers the SSH and SEA portfolios.

Through a robust procurement process, Trinity has engaged the services of a sector leader in property and compliance management. By appointing the services of an agent, Trinity has also been able to plan better and budget with more certainty while ensuring that acceptable standards are maintained.

Trinity has been able to plan and tender for work more effectively for our major projects because of the stock condition survey. This stock condition provides a better understanding of the portfolio and component lifecycles and means a more effective and efficient work plan for future programme repairs can be developed. It has also helped secure a contribution to the funding from our stakeholders that covers a significant element of the work program.

External surveyors have produced an asset list with the life expectancy of external and internal elements. The stock condition surveyors visited 100% of the properties while accessing at least 50% of the private units or rooms of tenants. The results of the stock condition survey have been thoroughly analysed, and an asset investment plan has been developed that covers the work required over the next 1–5 years. Trinity believes that implementing a planned approach to component replacement will have a positive impact on reactive repairs, both in terms of customer satisfaction and costs, and will mitigate against large, unexpected costs that could be associated with a full repair lease.

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The leases that Trinity has entered into with our partners are on full repair and insurance terms, and a review of those leases and the ongoing discussions with its partners regarding the longer-term support requirements for Trinity highlighted that there is a significant under-provision for the work that is contractually required to be undertaken to maintain the properties. This is as a result of Trinity not setting aside the required funds as necessary per the sinking fund clause in the lease. Therefore, Trinity made a provision in 2020/2021 of c. £1,098 million for these costs. The provision has increased by £414k during the year to c. £1,512 million in 2021/22.

VFM achievements

Examples of Vfm achievements during the year are:

- Trinity have been able to bring down the average cost of repairs and maintenance by 13% on last year's costs, c£134 per unit, without impacting quality and standards.
- Continuing to switch our properties to smart meters, to avoid overcharging.
- Locking some of our tenants into utility contracts until June 2023.
- Working with carbon neutral businesses to reduce our carbon footprint and improve our EPC efficiency, c£300k of free funding obtained to improve our properties
- Streamlined work flows between Committee and Board to stop duplication of work.
- Improved occupancy levels across our portfolio.
- Improved processes that have significantly enhanced our HB collection levels.
- The redeployment of resources to focus on voids management to help tackle longer standing property issues.
- Sponsoring care provider awards to reward best practise delivered to vulnerable people.
- Entering preferred contract deals with specific suppliers to obtain discounts on products and services our tenants benefit from.

Internal Audit

Trinity's independent internal auditors are TIAA. One of the roles of the internal audit function is to add value, and during the year, TIAA provided advice on opportunities to enhance the operational effectiveness of Trinity's operations.

Procurement and contract management have been areas of focus during the last 12 months. This focus has allowed Trinity to deliver better homes with minimal disruption for our tenants. We have achieved better rates for work as we have been able to package work and contracts with one supplier to ensure consistency, quality, and value for money.

Trinity now has an embedded "value for money" culture that is constantly developing and adapting to the environment in which we operate. Ensuring that the right policies are in place and supporting processes are followed allows Trinity to deliver better value for money now than at any other time in its history, and it is the tenants that are benefiting from the service we are able to consistently deliver.

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Value for Money Conclusion

Trinity has continued to make progress toward its goal of achieving better value for money, but the Board recognises that it still has work to do and will continue to focus on delivering effective and efficient processes that address these areas. Some of these areas identified include a plan to continue to increase income collection, notably by ensuring housing benefit is in full payment for all tenants, void management resources are put in place, and the asset management programme of works is followed.

Trinity has come some distance in understanding and controlling its cost and expenditure, but its underlying challenge is to work with all our stakeholders to ensure that its viability is on a sustainable footing.

Internal Control

The Trinity Board has overall responsibility for establishing and maintaining the system of internal control. As with all systems of internal control, this one is designed to manage rather than eliminate all risk of failure to achieve business objectives and can therefore provide reasonable but not absolute assurance against material misstatement or loss. The organisation has continued to make significant progress over the last 12 months with regard to compliance, but it is still not compliant with the regulatory standards in several areas, notably financial viability. Trinity remains under regulatory supervision because of the financial vulnerability of the organisation, but it does have a regulatory plan to address the concerns that the regulator of social housing has raised and has also engaged the services of an external consultant to help achieve our target of full compliance.

To ensure that the objectives and targets of the organisation are achieved, that the Board can have confidence in the information it receives, and that there are robust internal controls and systems for business and control assurance in place, it uses the services of TIAA to carry out a full audit program, each year, that is approved by the Board and also to carry out an annual review.

The system of internal control is subject to continuing review and development and key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Audit & Risk committee and the Remuneration & Governance committee
- Regular assurance about compliance, including those requirements relating to the health and safety of residents, other customers and employees, and to safeguarding.
- Regular assurance about the effectiveness of key controls including controls to ensure compliance
- Clearly defined management responsibilities for the identification, evaluation and control of significant risk
- The organisation is led by a skilled and diverse Board which regularly reviews and capably manages its own performance and effectiveness
- Robust strategic and business planning processes, with detailed financial budgets, forecasts and corporate action plan
- Internal Audit program.

Annual Review of the effectiveness of the System of Internal Control

The Board delegates responsibility for the annual effectiveness of the internal control system to the Audit and Risk Committee (ARC). ARC takes account of any changes needed to maintain the effectiveness of the management and control process for risk and fraud. The ARC met four times during the year. Assurance over the control environment was obtained from the following sources:

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Risk Management

The risk appetite of the organisation has been independently assessed by outside consultants as part of a risk awareness workshop all Board members attended in September 2022.

A framework for effective risk management sits at the heart of the system of internal control. This is a published document on the Trinity website [risk framework](#). The implementation of risk management is delegated to the executive and staff. The Board has adopted a risk map for identifying and evaluating the risks and a register for managing and reporting the significant risks faced by the organisation.

This approach to risk is fully embedded in the organisation, and all risk management outputs are routinely monitored by the Audit and Risk Committee and by the Board. The key risks facing Trinity continue to be V3 grading and our dependency on our partners providing financial relief, which allow Trinity to continue to remain a going concern.

The governance risk relates to the G3 grading and the adverse impact this has on local authorities and care providers when working with a registered provider with poor grading scores, failures to ensure adequate governance, failure to comply with legal and statutory requirements, and welfare reform changes.

Operational risks relate to counterparty reliance for nominations and void agreements from care providers, void levels, regional demands Trinity operate, and the stock condition programme work identified in the stock condition survey. All these risks have performance indicators that are carefully monitored and reported to the Board and committees. In all financial matters, Trinity is risk-averse. Its policies, strategies, and procedures are structured to minimise exposure to risks that could jeopardise the security of the organisation and its resources.

Internal Audit Service

The prime responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. Internal audit also plays a valuable role in helping management improve systems of internal control and, thus, reduce the potential effects of any significant risks faced. The internal audit function is delivered by TIAA.

The internal auditors have direct access to ARC and meet with the committee and its chair privately. ARC reviews the findings arising from all internal audit reports and is provided with progress reports on the implementation of all agreed-upon recommendations for improvement to the point of conclusion. ARC has no material concerns regarding the system of internal control based on the internal audit work performed during the year and management responses to that work.

Fraud Management

There is an established code for anti-bribery and anti-corruption, and Trinity operates with a zero-tolerance approach to any instances of fraud or corruption. There is an anti-fraud policy in place covering the prevention, detection, and reporting of fraud and the recovery of assets. A fraud report is also maintained with a register of identified incidents. There have been no incidents during the year. ARC reviews the fraud register and reflects the information it contains within its assessment of the control environment.

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Information and Financial Reporting Systems

Financial reporting procedures include a long-term business plan, a detailed annual budget, value for money reporting, regular management accounts, and property performance that are reviewed by the Board. Regular operational reporting relating to compliance, health, and safety is also presented to the Board.

All issues raised in the external audit management letter issued at the conclusion of the annual audit are dealt with to the satisfaction of both the external auditors and ARC, with progress tracked to the point of conclusion. Key performance indicators relating to occupancy levels, voids management, Health and Safety and performance against forecast are regularly reviewed by the Board to assess progress and outcomes.

Leadership

The Board's role is to set the strategic direction, uphold the values, and provide the framework for decision making, performance improvement, and customer service standards. Day-to-day leadership is delegated to the Chief Executive and the Executive Management Team. Strong leadership is pivotal to delivering Trinity's services. Our Board members are carefully selected to bring a diverse range of skills and expertise. All Board members are subject to an individual annual appraisal, and the chair is subject to a peer review. The Board meets regularly during the year and is committed to continued Board development. On an annual basis Trinity carries out a review of the effectiveness of our Board, which is independently reviewed every three years. The Executive Management team provides assurance that internal controls and risk management are operating effectively in their department through robust internal controls that are scrutinised by TIAA and reported to the Board.

Control Environment and Procedures

Governance arrangements are subject to continuing review and development to ensure they remain fit for purpose. Board and sub-committee membership is reviewed annually in line with the membership policy terms. Compliance with the chosen code of governance and regulatory framework is reviewed annually.

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance matters. The Board disseminates its requirements to employees through a framework of policies and procedures. Once a policy has been approved by the Board, the executive team ensures that it is disseminated throughout the business and that the policy is applied. This will be further verified by internal audits.

The Board confirms that there is an ongoing process for identifying, evaluating, and managing significant risks faced by Trinity and for preventing, detecting, investigating, and insuring against fraud.

The Chief Executive and Executive Directors have reviewed the effectiveness of the internal control and assurance arrangements and have confirmed to the Board that all relevant regulations, policies, and procedures have been complied with during the year.

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Financial Viability

Trinity has made a trading gain this year, compared to a loss last year. This year, Trinity has had to reverse a bad debt for housing benefit that was eventually received; £500k has had to be written back in this financial year. Last year, Trinity needed to reflect the contractual obligations contained in the leases it entered with its landlords, and a provision of £c1.1m was made. Those contractual commitments have now been re-evaluated in these financial statements, and the provision has increased to £1.5 million.

The rent charged by our landlords has increased due to inflation, but concessions previously provided that relate to unlettable units remain in place. The underlying operating position is still weak, but we have seen improvement in our cash collection levels. Trinity has experienced liquidity and cash flow problems since late 2018, which required it to call upon its landlords, also referred to as key partners, who have a 92.22% holding in Trinity's SSH portfolio, to support it with a number of support arrangements that included capital injection and professional support.

This financial support provided by our key partners continues to give Trinity a short-term solution to its liquidity issues. The Board and Executive Team are now working to establish a longer period of financial viability.

As a housing provider to some of the most vulnerable in society, it is essential that Trinity de-risk its operations for any future financial risks and be able to invest in services and homes for our residents. The financial information and current and past financial performance indicate that there are important issues that require resolution over the next twelve months. At the date that these financial statements are approved, the Board believes that Trinity has plans in place that will allow it to remain in surplus and to support a position of "going concern."

The steps to be taken include (but are not exclusive to):

- **Good Governance** - The Board is strong and independent. The current Board has a broad wealth of housing, care, and financial knowledge. A permanent Chief Executive Officer ("CEO") and an established executive team are in place. The Board is aware that it is not currently compliant with the Regulatory Standards or the NHF Code, but has a detailed action plan in place to ensure compliance with the governance element of the standard in 2023 or 2024.
- **Cost Control** - Cost control measures are in place and continue to be regularly reviewed. Spend is closely monitored to ensure that any potential overspending does not have any detrimental impact on the working capital available to Trinity. Weekly cash positions are distributed to the CEO.
- **Income Maximisation** Income collection through housing benefit payments has continued to improve year after year. Trinity has seen a number of LAs with significant arrears make payments. Most LAs where Trinity anticipated an issue have now been resolved, and we have avoided having to go to tribunal. The recovery of ineligible service charges also continues to improve. Focusing on bringing properties online that are currently without care providers, handing back expired leases, and reassigning onerous leases will also increase cash flow. Another key area is ensuring that the costs that Trinity incurs as part of the service it provides are actually built into future rent models.

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

- **Partner Support** - Work is continuing to identify individual leases that require amendment to make them work better for Trinity or where they need to be handed back. A number of properties have already been handed back, and concessions have been given where it is acknowledged the scheme is either no longer viable or doesn't have the number of revenue-generating units that the lease cost was based on. We will continue to work with our partners and, more generally, with respect to their support and encouragement for Trinity, which we can report has been forthcoming. The objective of this activity is to ensure that Trinity continues to achieve a positive cash surplus and can demonstrate a sustainable business with long-term viability.
- **Debtors Controls** - Debtor levels are being closely monitored, and there has been extensive work carried out to ensure that the debt that has been recorded is related to a relevant tenant and period. Significant progress with local authorities continues to be made, and Trinity is seeing record levels of rent arrears being paid by the LAs. Debt levels and any potential bad debt write-offs are discussed. Once it has been established that appeals for backdated periods and rent levels are not going to be achieved, the debt is written off. A housing management database is now used consistently to record all transactions. Tenancy statements are being produced and sent out to the tenants, appointees, and local authorities to assist with collection.

Going Concern

Since the time when the regulatory judgement was issued against the Association in November 2018, Trinity has been on a significant journey to stabilise and consolidate its position. Trinity has only been able to remain in business over the last four years due to the financial breathing room and financial support that have been provided by our key partners. This support has been critical in ensuring that Trinity has been able to remain a going concern during this time. The support has taken many forms, from not calling on the rent arrears that had built up to providing rent concessions on properties that were not yet fit to let to providing specialist support in recovering unpaid housing benefits to allowing Trinity to surrender onerous leases.

For some time now, Trinity has been having constructive discussions with our partners about the leases and the support requirements of Trinity and what that looks like in the future. All with the aim of finding a way that Trinity can establish itself as a self-sufficient entity, not dependent on rent waivers, deferrals, and concessions from our partners to survive. These discussions are ongoing, and consequently, at present, Trinity remains dependent on the ongoing financial support of our key partners.

Trinity remains in regular dialogue with our key partners and has been meeting all its current lease payment obligations under the terms of the support arrangement. We continue to manage our voids in partnership with our business partners to ensure the vulnerable have access to suitable accommodation, especially in the current climate when hospital bed space is limited.

Trinity's key partners have recently reiterated that they are fully committed to seeing Trinity become a self-sufficient organisation and will continue to provide ongoing support over the course of the forthcoming 12 months, as they have over the last three years. The support arrangement with these key partners covers 92% of Trinity's current SSH portfolio.

After the year an agreement was reached in relation to the £800k loan, included within creditors falling due within one year. The provider has been repaid £245k and will not seek repayment of the remaining £5k of the loan agreed to be repaid until July 2023. Once payment has been received of the final £5k, the provider has agreed to write off the remaining £550k balance.

The Board accepts that Trinity is only able to continue trading with the full support of its key partners, that the nature of that support is not legally binding, and that should that support be fully withdrawn Trinity would not be a going concern. The Board also believe that it is in the best interest of all parties for that support to continue until Trinity does become sustainable on its own.

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Going concern (continued)

Whilst accepting the material uncertainty of continuing to be dependent on the ongoing support from key partners, the Board is confident that Trinity remains a going concern as a result of the ongoing discussion and recent reconfirmation of the key partners' intention to continue their financial support over the forthcoming 12 months. On this basis, the Board considers that it has a reasonable belief that Trinity will continue in operational existence for the foreseeable future, with specific consideration for the twelve months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the preparation of the financial statements.

Qualifying Third-Party Indemnity Provisions

Trinity has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Statement of Directors' Responsibilities

The Board members are responsible for preparing the Report of the Directors and financial statements in accordance with applicable law and regulations including registered social housing legislation.

In preparing these financial statements the Board members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions, disclose at any time the financial position of the Association, and enable them to ensure that the financial statements comply with the appropriate legislative requirements. They are 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 ensuring that the report of the directors is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers for 2018, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019/Determination of Accounting Requirements – February 2019.

TRINITY HOUSING ASSOCIATION LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Statement as to Disclosure of Information to the Auditor

In the case of each of the persons who are Directors of the Association at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Association's auditor is unaware; and
- each of the Directors has taken all the steps they ought to have taken as a Director to make them aware of any relevant information to establish that the Association's auditor is aware of that information.

RSM UK Audit LLP has been appointed as auditor and has indicated its willingness to continue in office.

The Report of the Directors has been prepared in accordance with the provisions applicable to companies, subject to the small companies regime.

The Report of the Directors was approved by the Board on 29/06/2023 and signed on its behalf by:



Anthony Arcari
Chair

Date: 29/06/2023

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

Opinion

We have audited the financial statements of Trinity Housing Association Limited (the 'company') for the year ended 30 June 2022 which comprise Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Material uncertainty related to going concern

We draw your attention to the going concern paragraphs included in Note 2 of the financial statements (on pages 28 to 29), which indicate that the company is reliant on the support of its partner bodies to be able to continue as going concern. In addition to the Balance Sheet position, as at 30 June 2022, which has net liabilities of £1,636,158 (2021: £2,136,933), note 2 sets out the ongoing support provided by its main partners, the lessors.

The company remains dependent on support from the partner bodies. This support has been provided by these partner bodies who have in principle indicated that they will not withdraw their ongoing financial support for the period of 12 months from signing the financial statements. Because the company's ability to continue as a going concern is dependent on external partner support, which has not been formally given and is not legally binding, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Board's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Board was not entitled to prepare the financial statements in accordance with the small companies' regime take advantage of the small companies' exemption from the requirement to prepare a strategic report in preparing the Board's report.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 19, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the company or to cease operations, or has 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.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974, and the General Data Protection Act as set in the Data Protection Act 2018 and the Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and non-rental income (temporary accommodation and lease incentives)' as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and substantively testing income.'

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

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Spencer-Gray

Anna Spencer-Gray (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
10th Floor
103 Colmore Row
Birmingham
West Midlands
B3 3AG

29/06/23

TRINITY HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

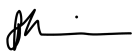
	Note	Year ended 30 June 2022 £	Year ended 30 June 2021 £
TURNOVER	3	9,247,330	9,966,321
Operating expenditure	3	(8,741,555)	(9,241,816)
Increase in provision made for catch up repairs	3	-	(1,098,305)
		<hr/>	<hr/>
OPERATING SURPLUS/(DEFICIT)		505,775	(373,800)
Interest receivable and similar income		-	-
Interest payable and similar expenditure		(5,000)	(32,500)
		<hr/>	<hr/>
SURPLUS/(DEFICIT) BEFORE TAXATION		500,775	(406,300)
Tax on surplus/(deficit)	5	-	-
		<hr/>	<hr/>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		500,775	(406,300)
		<hr/> <hr/>	<hr/> <hr/>

TRINITY HOUSING ASSOCIATION LIMITED
(REGISTERED NUMBER: 05780467)
BALANCE SHEET 30 JUNE 2022

		2022		2021	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	8		1,110,356		1,211,408
CURRENT ASSETS					
Debtors	9	938,090		811,890	
Cash at bank		<u>3,034,036</u>		<u>3,158,371</u>	
		3,972,126		3,970,261	
CREDITORS					
Amounts falling due within one year	10	(3,239,789)		(4,225,180)	
NET CURRENT ASSETS / (LIABILITIES)					
			732,337		(254,919)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>1,842,693</u>		<u>956,489</u>
CREDITORS					
Amounts falling due after more than one year	11		(1,966,412)		(1,995,117)
PROVISION FOR LIABILITIES	12		<u>(1,512,439)</u>		<u>(1,098,305)</u>
NET LIABILITIES					
			<u>(1,636,158)</u>		<u>(2,136,933)</u>
RESERVES					
Income and expenditure account			<u>(1,636,158)</u>		<u>(2,136,933)</u>
TOTAL EQUITY					
			<u>(1,636,158)</u>		<u>(2,136,933)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime.

The financial statements were approved by the Board of Directors on 29/06/2023 and were signed on its behalf by:

 29/06/2023

P Mullins
Director


 29/06/2023
A Arcari
Director

TRINITY HOUSING ASSOCIATION LIMITED
(REGISTERED NUMBER: 05780467)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Income and expenditure account	Total equity
	£	£
Balance at 30 June 2020	(1,730,633)	(1,730,633)
Deficit for the year	(406,300)	(406,300)
	<hr/>	<hr/>
Balance at 30 June 2021	(2,136,933)	(2,136,933)
Surplus for the year	500,775	500,775
	<hr/>	<hr/>
Balance at 30 June 2022	(1,636,158)	(1,636,158)
	<hr/> <hr/>	<hr/> <hr/>

TRINITY HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Cash flows from operating activities			
Cash generated from operations	14	(154,918)	1,205,905
Interest paid		<u>(5,000)</u>	<u>-</u>
Cash flows from investing activities			
Operating leasehold improvements capitalised		(20,000)	-
Acquisition of tangible fixed assets		-	(834)
Proceeds from disposal		55,583	-
		<u>35,583</u>	<u>(834)</u>
Net cash generated from/(used in) investing activities		35,583	(834)
		<u>(124,335)</u>	<u>1,205,071</u>
(Decrease)/increase in cash and cash equivalents		(124,335)	1,205,071
Cash and cash equivalents at beginning of year		3,158,371	1,953,300
		<u>3,034,036</u>	<u>3,158,371</u>
Cash and cash equivalents at end of year		<u>3,034,036</u>	<u>3,158,371</u>

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2022

1. STATUTORY INFORMATION

Trinity Housing Association Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the company information page 1. Trinity Housing Association Limited is registered with the Regulator for Social Housing ("RSH") and is a registered provider of social housing in the United Kingdom. The nature of the company's operations and principal activities are the continuing rental of properties to adults with support needs and the provision of support-exempt accommodation. The registered provider of social housing constitutes a public benefit entity as defined by FRS 102.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small company regime, the Housing SORP 2018, "Statement of Recommended Practice for Registered Housing Providers," and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, as well as the historical cost convention.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Going concern

Since the time when the regulatory judgement was issued against the Association in November 2018, Trinity has been on a significant journey to stabilise and consolidate its position. Trinity has only been able to remain in business over the last four years due to the financial breathing room and financial support that have been provided by our key partners. This support has been critical in ensuring that Trinity has been able to remain a going concern during this time. The support has taken many forms, from not calling on the rent arrears that had built up to providing rent concessions on properties that were not yet fit to let to providing specialist support in recovering unpaid housing benefits to allowing Trinity to surrender onerous leases.

For some time now, Trinity has been having constructive discussions with our partners about the leases and the support requirements of Trinity and what that looks like in the future. All with the aim of finding a way that Trinity can establish itself as a self-sufficient entity, not dependent on rent waivers, deferrals, and concessions from our partners to survive. These discussions are ongoing, and consequently, at present, Trinity remains dependent on the ongoing financial support of our key partners.

Trinity remains in regular dialogue with our key partners and has been meeting all its current lease payment obligations under the terms of the support arrangement. We continue to manage our voids in partnership with our business partners to ensure the vulnerable have access to suitable accommodation, especially in the current climate when hospital bed space is limited.

Trinity's key partners have recently reiterated that they are fully committed to seeing Trinity become a self-sufficient organisation and will continue to provide ongoing support over the course of the forthcoming 12 months, as they have over the last three years. The support arrangement with these key partners covers 92% of Trinity's current SSH portfolio.

After the year an agreement was reached in relation to the £800k loan, included within creditors falling due within one year. The provider has been repaid £245k and will not seek repayment of the remaining £5k of the loan agreed to be repaid until July 2023. Once payment has been received of the final £5k, the provider has agreed to write off the remaining £550k balance.

The Board accepts that Trinity is only able to continue trading with the full support of its key partners, that the nature of that support is not legally binding, and that should that support be fully withdrawn Trinity would not be a going concern. The Board also believe that it is in the best interest of all parties for that support to continue until Trinity does become sustainable on its own.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

2. ACCOUNTING POLICIES (continued)

Going concern (continued)

Whilst accepting the material uncertainty of continuing to be dependent on the ongoing support from key partners, the Board is confident that Trinity remains a going concern as a result of the ongoing discussion and recent reconfirmation of the key partners' intention to continue their financial support over the forthcoming 12 months. On this basis, the Board considers that it has a reasonable belief that Trinity will continue in operational existence for the foreseeable future, with specific consideration for the twelve months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the preparation of the financial statements.

Turnover and other income

Turnover represents rental and service charge income receivable in the year net of losses from voids. Turnover includes grants; grants are recognised as income when the associated performance conditions (such as the delivery of specific repair and improvement work) are met.

Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and impairment losses. Depreciation or amortisation is provided on all tangible fixed assets, from the date the asset is brought into use, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	20 – 25% on reducing balance
Leasehold improvements	Straight-line over the life of the relevant lease

Taxation

There is no taxation charge for the current period. If there were taxable profits, the tax charge would be recognised in the Statement of Comprehensive Income. Current tax would be recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

No deferred tax asset has been recognised in respect of tax losses relating to previous years. No provision for corporation tax has been included in these financial statements due to the availability of brought forward losses. Brought forward losses from 2020/21 were c£1.218m and further losses are available to Trinity as at 30 June 2022 of c£647k.

Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on an on an invoiced basis, which reflects the lessors agreeing to rent concessions on certain properties which are not fit to let.

Lease incentives are released to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

2. ACCOUNTING POLICIES (Continued)

Retirement benefits

Defined contribution plans

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include rent receivable and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price and are subsequently carried at amortised cost less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense and similar financing costs are recognised on the basis of the effective interest method and are included as interest payable and other similar expenses.

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

2. ACCOUNTING POLICIES (Continued)

Critical areas of judgement

Support exempt accommodation contracts

Management has made a key judgement in terms of determining which party holds the risks and rewards of ownership in relation to the operation of Support exempt accommodation contracts with Trinity and third parties. It has been determined that the Support exempt accommodation contracts represent a principal relationship and as such revenue and related expenditure have been recognised gross in line with this. The accounting treatment for revenue and related expenditure under the Support exempt accommodation contracts has been recognised in line with the principal theory.

Recovery of debtors / bad debt provision

In the past, Trinity has encountered significant difficulties in agreeing on appropriate rent levels and in recovering housing benefit from local authorities. However, in many cases, payment has now been made for tenants in a significant number of properties, or part-payments have been received. Part-payments have been successfully appealed in certain cases, but there are ongoing difficulties in recovery with challenges from local authorities over the relevant levels and periods for tenants. Accordingly, there remains a great deal of uncertainty about whether the housing benefit rent debt that has been included in the financial statements will ever be recovered.

Trinity made the judgement that a substantial bad debt provision of £1,150k (2021: £1,719k) was required as of 30 June 2022, as there was significant uncertainty at year-end as to whether the historically-booked debt could be recovered, and also, if the debt was recovered, there still remains a large degree of uncertainty about the level of reimbursement that our partners will look to recover from previously waived rent charges.

The provision is based on Trinity's current assessment of the position and assumes that where no payment has been made to date, full provision is required and where part-payments have commenced, that these will continue from that date. The gross rent and associated bad debt provision are disclosed in note 9.

Operating lease commitments

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee. All the Company's leases are considered to be operating leases. Certain lease agreements have annual increments of CPI and 4 leases that increase annually at CPI plus 1%. The directors have considered the level of CPI at the reporting date and made a judgement to uplift annually, the annual rent charged, at a rate of 2% CPI to the relevant lease rentals over the life of the lease. This rate of CPI has been applied to the operating lease commitments and this is detailed in note 13.

Lease incentives

On entering certain lease agreements in prior periods, Trinity received cash intended to compensate the company for initial potential rental voids and major works required to ensure the property is in a lettable condition. Not all supporting documentation available to Trinity was clear as to the conditions of use. Management has taken the position that such amounts are lease incentives and, as such, should be held in deferred income and released to income over the life of the relevant lease portfolio. These are included as deferred income in note 11. During the current year, where it is clear that amounts received have been specified to fund operating leasehold improvements, the lease incentive has been included in deferred income and recognised over the remaining expected useful life of the associated asset.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

2. ACCOUNTING POLICIES (Continued)

Leasehold improvements

The Company has capitalised expenditure on major repairs on operating leases, these costs are specifically to bring the property into a habitable standard. As explained in the Accounting Policies above, depreciation commences when such properties are brought into use. As discussed in note 13, most leases of Trinity are of a 25-year duration and this is the expected maximum useful life.

Repairs provision

Trinity also need to ensure that there is an adequate provision for commitments per the lease, to cover the Major repairs, dilapidations and decoration commitments (note 12).

Understanding the lease requirements, taking into account the program of work identified by the stock condition survey that was undertaken during 2021, and from site visits, the company considers that a provision is required for future major repair, dilapidations and decoration costs, relating to historic repair and maintenance obligations in line with FRS 102 (section 21.4), which states that an entity should recognise a provision when:

- the entity has an obligation (legal or constructive) at the reporting date as a result of a past event.
- it is probable (i.e. more likely than not) that the entity will be required to transfer economic benefit in settlement; and
- the amount of the obligation can be estimated reliably.

The provision costs are based on independent third party costs, taken from the stock condition survey THA's key funder undertook during 2021. These figures have been used for the 2021/22 provision but have been uplifted by June 2022 CPI, 9.4%.

The provision is built around ensuring that requirements of the maintenance plan are covered, the works that are covered are as per the below:

- the Property will be kept clean and tidy and in good repair and condition.
- THA will comply with the Maintenance Plan and the Obligations
- THA shall decorate the outside and the inside of the Property as often as is reasonably necessary
- the Property must be completely weather tight at all times, in good repair and condition, clean and well decorated
- all external walls, woodwork, and other exterior decorated surfaces must be clean and in good decorative order; and
- brickwork, rendering, parapets, guttering, rain water pipes and any other external features must be in a good condition, safe and free from any defects

The provision is required to reflect the repair costs related to the contractual obligations contained within the Association's operating leases.

Under the terms of these leases Trinity is responsible for the upkeep of the properties, internally and externally, and is required to ensure that the properties are kept in good repair and condition and well decorated, such that they are maintained in a lettable condition that is equal to, or exceeds, statutory minimum requirements.

As a result of the financial difficulties experienced in recent years the Association has fallen behind on its repairs and redecorating programme, which resulted in one of Trinity's principal landlords commissioning an independent stock condition survey during the prior year, which has been used as the basis for determining the repairs provision for all of the Association's leased or leasehold properties at 30 June 2022.

Based on the terms of the property leases, the property condition work completed as at 30 June 2022 and the work being done to prepare property costings for the 2023 long term business plan, then the directors believe all three criteria are met.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING RESULT

Particulars of income and expenditure from social housing lettings

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
TURNOVER FROM SOCIAL HOUSING LETTINGS		
Rent receivable	7,369,767	6,915,980
Service charges receivable	202,112	182,180
Support exempt accommodation income	1,507,962	2,557,104
Lease incentives released	167,489	169,057
Grant Income	-	142,000
	<hr/>	<hr/>
TURNOVER FROM SOCIAL HOUSING LETTINGS	9,247,330	9,966,321
	<hr/>	<hr/>
EXPENDITURE ON SOCIAL HOUSING LETTINGS		
Management	962,111	938,499
Property supported living rentals	5,008,394	4,435,441
Property Support exempt accommodation rentals	1,322,754	2,243,455
Urban Sky: management fees	75,962	122,391
Property costs	795,667	741,847
Routine	106,659	93,877
Planned maintenance	12,602	17,509
Major repairs expenditure	342,193	326,815
Bad debts (reversal) / provision	(528,350)	139,282
Depreciation	91,233	92,558
Loss on disposal of fixed assets	(25,752)	-
Other costs	112,790	90,142
Repairs provision increase / (decrease) (Note 11)	465,292	-
	<hr/>	<hr/>
OPERATING COSTS - RECURRING	8,741,555	9,241,816
OPERATING COSTS – EXCEPTIONAL ITEM (Note 11)	-	1,098,305
	<hr/>	<hr/>
TOTAL OPERATING EXPENDITURE	8,741,555	10,340,121
	<hr/>	<hr/>
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	505,775	(373,800)
	<hr/>	<hr/>
Rent loss due to voids	16,815	64,706
Rent loss due to voids not in a lettable condition	277,896	214,358
	<hr/>	<hr/>
Total rent loss due to voids (included above)	294,711	279,064
	<hr/>	<hr/>

In the prior year, a provision of £1,098,305 was recognised to reflect the repair costs related to the contractual obligations contained within the Association's operating leases. The contractual obligation relating to the provision had been in place for a number of years, the Association had no reliable basis to quantify the provision required previously and, consequently was dealt with as an in year change shown as an exceptional item as noted above.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

4. EMPLOYEES AND DIRECTORS

	Year ended 30 June 2022 No.	Year ended 30 June 2021 No.
The average full time equivalent monthly and average number of persons based on a full years employment status for the year (including directors) employed by the Company during the year was.		
Non-Executive Directors	6	6
Office and management	20	19
	26	25
	£	£
Staff costs for the above persons:		
Wages and salaries	666,760	702,508
Social security costs	60,996	64,765
Defined contribution pension	4,966	3,809
	732,722	771,082
The full-time equivalent number of staff who received remuneration:	No.	No.
£60,001 - £70,000	2	3
	2	3
	£	£
EXECUTIVE DIRECTORS OF THE COMPANY		
Remuneration and fees	151,894	130,436
Company contributions to defined contribution pension schemes.	-	-
	151,894	130,436

The highest paid director in 2022 was Denise Shuker, £63,029 and in 2021 it was Denise Shuker, £69,714. The number of directors (above) to whom retirement benefits were accruing under money purchase schemes were nil.

The Chief Executive is an ordinary member of the defined contribution pension scheme and no special or enhanced terms apply. The association does not make any further contribution to an individual pension arrangement for the Chief Executive.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

4. EMPLOYEES AND DIRECTORS (CONTINUED)

NON-EXECUTIVE BOARD MEMBERS	£	£
Emoluments	24,136	24,774
	24,136	24,774

Key management personnel remuneration for the year was £331,141 (2021: £322,321). This includes key management and Executive and Non-Executive directors. Members of the Association considered part of key management are Denise Shuker, Peter Mullins, Steve Gianolio Jones (Chief Operating Officer) The acting Head of housing and Sajid Hussain (Finance manager).

5. TAXATION

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
UK corporation tax	-	-
Deferred tax	-	-
	-	-
Total tax on surplus	-	-

In the Spring Budget 2021, the Government announced that the corporation tax rate would remain at 19% until 2023. Following which, the main rate of corporation tax will increase to 25% for profits over £250,000. This new law was substantively enacted in May 2021.

The total tax for the year included in the income statement can be reconciled to the surplus/(deficit) before tax multiplied by the standard rate of tax as follows:

Surplus/(deficit) on ordinary activities before tax	500,775	(406,300)
Surplus/(deficit) multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	95,147	(77,197)
Effects of:		
Fixed asset differences	17,681	16,484
Expenses not deductible for tax purposes	1,335	-
Remeasurement of deferred tax for changes in tax rates	36,055	(72,264)
Deferred tax not recognised	(150,228)	132,977
Other permanent differences	10	-
	-	-

The company has property losses of £646,538 (2021: £1,218,483) available to carry forward against future property losses.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

6. OPERATING SURPLUS / (DEFICIT)

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
The operating surplus/(deficit) is stated after charging:		
Depreciation	91,221	92,558
Gain on disposal	(25,752)	-
Bad debt impairment / (impairment reversal)	(528,350)	139,282
Operating lease rentals	6,331,148	6,678,896
	<u> </u>	<u> </u>

Fees for the 2021/22 statutory audit of the company are £49,950 exclusive of VAT. The fees for 2020/21 were £45,000 exclusive of VAT. Non-audit fees payable to the auditor's associates in respect of the year were £9,000 exclusive of VAT (2021: £3,600).

7. SOCIAL HOUSING UNITS

	2022 No.	2021 No.
The Company had the following number of units:		
Supported housing	528	543
Support Exempt accommodation	102	311
	<u> </u>	<u> </u>
	<u>630</u>	<u>854</u>

The Support Exempt accommodation are managed by another body.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

8. TANGIBLE FIXED ASSETS

	Leasehold improvements to social housing properties held under operating leases £	Office fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 July 2021	1,405,130	45,439	15,082	1,465,651
Additions	20,000	-	-	20,000
Disposals	<u>(37,764)</u>	<u> </u>	<u> </u>	<u>(37,764)</u>
At 30 June 2022	<u>1,387,366</u>	<u>45,439</u>	<u>15,082</u>	<u>1,447,887</u>
DEPRECIATION				
At 1 July 2021	217,999	27,030	9,214	254,243
Charge for the year	84,712	4,602	1,907	91,221
Disposals	<u>(7,933)</u>	<u> </u>	<u> </u>	<u>(7,933)</u>
At 30 June 2022	<u>294,778</u>	<u>31,632</u>	<u>11,121</u>	<u>337,531</u>
NET BOOK VALUE				
At 30 June 2022	<u>1,092,588</u>	<u>13,807</u>	<u>3,961</u>	<u>1,110,356</u>
At 30 June 2021	<u>1,187,131</u>	<u>18,409</u>	<u>5,868</u>	<u>1,211,408</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Gross rents and service charges receivable	1,927,993	2,335,595
Less: provision for bad debts	(1,150,223)	(1,718,587)
Net rents and service charges receivable	<u>777,770</u>	<u>617,008</u>
Prepayments and accrued income	160,320	194,882
	<u>938,090</u>	<u>811,890</u>

During the year Trinity has made the recovery of approximately £700k of debt that was subject to provision. In line with the accounting policy, as this debt was judged bad in the year end 2020/21 it has now been reversed in financial year 2021/22, the impact of the bad debt provision increase, and release, is reported as £528k per note 3.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	1,615,822	2,529,234
Other taxation and social security	18,108	13,508
Accruals and deferred income	804,213	886,384
Loan	800,000	795,000
Other creditors	1,646	1,054
	<hr/>	<hr/>
	3,239,789	4,225,180
	<hr/> <hr/>	<hr/> <hr/>

The £800,000 loan is unsecured and has been provided by a non-related Care provider. The loan is at zero coupon rate, but a £90,000 arrangement fee was incurred. Having past the initial date set for repayment, September 2021, the £800,000 loan is now repayable on demand. An agreement was reached with the non-related care provider that all the loan will not be enforced upon agreement that £250k is repaid before July 2023. An initial £245k has been paid to date.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Deferred income (see below)	1,966,412	1,995,117
	<hr/>	<hr/>
	1,966,412	1,995,117
	<hr/> <hr/>	<hr/> <hr/>
Deferred income	2022	2021
	£	£
At 1 July 2021	2,164,174	2,333,231
Income deferred in the year	169,000	-
Released during the year	(200,842)	(169,057)
	<hr/>	<hr/>
At 30 June 2022	2,132,332	2,164,174
	<hr/> <hr/>	<hr/> <hr/>

Deferred income relates to lease incentives received from the head landlords, the deferred income is released over the lease term.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

12. PROVISION FOR LIABILITIES

Repairs provision	2022 £	2021 £
At 1 July 2021	1,098,305	-
Charge for the year	465,292	1,098,305
Release in the year	(51,158)	-
	<hr/>	<hr/>
At 30 June 2022	1,512,439	1,098,305
	<hr/> <hr/>	<hr/> <hr/>

The repairs provision relates to the Association's contractual obligations under its operating leases to maintain its properties in good repair and condition and well decorated, such that they are maintained in a lettable condition that is equal to, or exceeds, statutory minimum requirements.

This provision is used to offset against costs that are incurred during the year, that could be attributed to costs that should have been incurred in prior periods under the lease obligations. The provision is reviewed annually to bring all contractual obligations up to the date of the current reporting period.

13. COMMITMENTS UNDER OPERATING LEASES

Lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022 £	2021 £
Within one year	5,471,865	6,287,094
Between one and five years	23,773,217	22,678,750
After five years	87,983,475	88,146,146
	<hr/>	<hr/>
	117,228,557	117,111,990
	<hr/> <hr/>	<hr/> <hr/>

Most Supported Living lease agreements are of 25-year duration and have annual increments of CPI. There are 4 leases that increase annually at CPI plus 1%.

The directors have considered the level of CPI at the reporting date and made a judgement to apply a rate of 2% CPI (2021: 2%) to the relevant lease rentals disclosed above over the life of the lease.

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

14. RECONCILIATION OF SURPLUS/ (DEFICIT) AFTER TAXATION TO CASH GENERATED FROM OPERATIONS	2022	2021
	£	£
Surplus/(Deficit) after taxation	500,775	(406,300)
Depreciation on tangible fixed assets	91,221	92,558
Finance costs	5,000	32,500
Gain on disposal of fixed asset	<u>(25,752)</u>	<u>-</u>
	571,244	(281,242)
(Decrease) / increase in trade and other debtors	(126,200)	379,426
(Decrease) / increase trade and other creditors	(1,014,096)	9,416
Increase in repairs provision	414,134	1,098,305
	<u> </u>	<u> </u>
Cash (used in) / generated from operations	(154,918)	1,205,905
	<u> </u>	<u> </u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 2021	Cashflow	At 30 June 2022
	£	£	£
Cash at bank and in hand	3,158,371	(124,335)	3,034,036
Debt due within 12 months	<u>(795,000)</u>	5,000	<u>(800,000)</u>
	<u>2,358,371</u>	<u>(119,335)</u>	<u>2,239,036</u>

15. FINANCIAL INSTRUMENTS

	2022	2021
	£	£
Financial assets:		
Debt instruments measured at amortised cost	<u>777,700</u>	<u>617,008</u>
Financial liabilities:		
Measured at amortised cost	<u>5,186,447</u>	<u>4,225,180</u>

TRINITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2022

16. RETIREMENT BENEFITS

The Company participates in a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Company charged to income and expenditure amounted to £4,966 (2021: £3,809). Contributions totalling £1,646 (2021: £1,054) were payable to the fund at the year end and are included in creditors.

17. RELATED PARTY TRANSACTIONS

No related party transactions.

18. RESERVES

The Company is limited by guarantee and consequently has no share capital. Each of the Company's members agrees to contribute £1 in the event of the Company winding up.

19. POST BALANCE SHEET EVENTS

In December 2022, THA entered a settlement agreement with Global Capital Holdings to repay an element of the loan and write off the balance in 2023. Once the final instalment of the agreed settlement amount is repaid in July 2023, the remainder of the loan will be written off. See note 10 for further details.