REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2023

FOR

TRINITY HOUSING ASSOCIATION LIMITED

Company registration No: 05780467

Regulator of Social Housing No: 4645

TRINITY HOUSING ASSOCIATION LIMITED

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TRINITY HOUSING ASSOCIATION LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2023

DIRECTORS:	A Arcari A Mir I Hughes P Mullins D Shuker J Rix A Bennett M Henry T Railton P Riley
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 103 Colmore Row Birmingham West Midlands B3 3AG
SOLICITORS:	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

TRINITY HOUSING ASSOCIATION LIMITED

CHAIR'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

As we reflect on the past year, I am honoured to serve as the Chairperson of Trinity Housing Association ("THA") for the past four years. The journey we have embarked upon as an organisation has been nothing short of a roller coaster, filled with significant highs and remarkable achievements. Through all the challenges we've faced, Trinity has remained resolute in its commitment to providing safe and secure homes for our vulnerable tenants, a fact that fills me with immense pride.

Financial Performance:
Trinity has encountered financial turbulence in the past year, reporting a loss of approximately £351k, compared to a profit of £501k in the previous financial year (2021-2022) and a loss of approximately £406k in (2020-2021). This financial setback can be attributed to the cost of living crisis that has engulfed Trinity over the last 12 months. Despite these challenging economic conditions, Trinity has remained steadfast in delivering safe, warm, and secure homes to our tenants in the face of record levels of inflation, which have sometimes exceeded 10%. Additionally, we have grappled with the spikes in energy costs during the winter period.

Financial Resilience:
One aspect that has contributed to our financial resilience is the successful recovery of previously written-off debts. This trend continued from 2021-22, with a bad debt provision reversal of approximately £218k recorded in the 2022-23 financial statements, following a similar reversal of approximately £528k in 2021-22. These debt recoveries were made possible by our ability to demonstrate that the services provided to our tenants met the expectations of the local authorities responsible for housing benefits.

Property Management:
Our commitment to improving property management has yielded positive results, with void levels decreasing from an average of 49 units per month during 2021-22 to 42 units during 2022-23. Furthermore, we have made significant progress in exiting our Supported Exempt Accommodation (SEA) portfolio, with only four properties remaining under our management at the date of signing of the Report. Our goal is to return this property by the end of 2023. In line with our efforts to streamline operations, we have also handed back several specialist supported housing (SSH) schemes that were operationally challenging for us.

Partnerships and Compliance:
Trinity's journey towards becoming fully compliant with the standards of the Regulator of Social Housing (RSH) remains ongoing. We continue to collaborate with trusted partners to achieve this objective. While our long-term vision is to become a model provider of high-quality supported housing, we recognise that strong partnerships are essential for our short-term viability.

Key Challenges:
Despite significant progress in governance, Trinity still faces underlying issues related to financial viability. Key tasks on our agenda include reviewing lease agreements, risk-sharing arrangements with landlords, agreeing on capital works, and distributing historical arrears collected. The outcomes of these negotiations will significantly influence Trinity's future and determine whether our lease-based model aligns financially within the regulatory framework.

Decarbonisation Program:
Trinity is committed to a sustainable future and is actively working with our landlords to ensure the deliverability of our decarbonisation program. We recognise the importance of reducing our carbon footprint and contributing to environmental sustainability. Our partnership with landlords underscores our commitment to this crucial endeavour.

The Way Forward:
Trinity's Board firmly believes that we have a viable business plan, but its realisation hinges on the continued support of our partners. We are leaving no stone unturned to safeguard our business and the well-being of our tenants. Our corporate strategy, centred on achieving excellent customer satisfaction, remains paramount in our actions. We have made strides in customer satisfaction and will further develop our approach to ensure consistent improvement in our products, services, and processes.

Our objectives also include adopting a triple bottom line approach, enhancing our systems, maximising staff engagement, and focusing on creating a unified THA culture. These efforts will help us achieve better results, enhance our reputation, and solidify our position as the partner of choice.

Resilience, strategic delivery, stock quality, consumer issues, value for money, and compliance assurance are critical areas of focus for us. We are aware of the challenges posed by long-term, low-margin inflation-linked leases, capitalisation, stock quality, risk management, governance, and evolving government policies affecting rent and service charges.

Conversion into a Charitable Community Benefit Society (CCBS):
To ensure Trinity's ability to fully utilise future profits for the benefit of our tenants, we have undertaken a strategic step to convert into a Charitable Community Benefit Society (CCBS). This transformation will enable us to claim charitable relief on profits that would otherwise be subject to corporation tax. By taking this step, we are enhancing our financial capacity to fulfil our mission of providing high-quality housing and support services to those in need. Please see note 19 of the financial statements for further details on this.

Regulatory Compliance:
Our journey towards regulatory compliance has seen significant progress. Trinity has strengthened its board, improved health and safety compliance, enhanced its risk management framework, and engaged in conversations with funders about risk-sharing. We have also successfully exited most of our Supported Exempt Accommodation properties and joined the Specialist Supported Housing Network to foster collaboration with other lease-based providers.

Looking Ahead:
As we move forward, Trinity remains committed to increasing financial resilience, reducing reliance on landlords for essential stock investment, and ensuring our cost base is reasonable. We continue to prioritise health and safety compliance, maintain robust risk management, and actively engage with our tenants to meet their evolving needs.

Our future success depends on our ability to navigate challenges and seize opportunities. We are confident in our vision and strategy and are dedicated to delivering on our mission to provide high-quality supported housing and improve the lives of our tenants.

In closing, I want to express my gratitude to our dedicated team, our partners, and all those who support Trinity's mission. Together, we will continue to build a brighter future for our tenants and the communities we serve.

Anthony Arcari

Anthony Arcari

Date: 14/12/23

Administrative Details

Directors

The Directors set out below have held office during the whole year from 1 July 2022 to the date of this report unless otherwise stated.

Name	Position	Date of Appointment	Date of Resignation	Remuneration 2022-23 £	Remuneration 2021-22 £
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	9,041	8,596
Ian Malcom Hughes	Non-Executive Chair (Remuneration & Governance Committee)	11/10/2018	Active	5,083	4,916
Julie Rix	Non-Executive Chair (Audit & Risk Committee)	08/11/2019	Active	5,189	4,916
Azmat Mir	Non-Executive	27/09/2018	Active	2,985	2,887
Denise Shuker	Chief Executive	27/09/19	Active	Paid as executive (note 4)	Paid as executive (note 4)
Ann-Marie Bennett	Non-Executive	01/07/2020	Active	3,107	2,920
Marie Frances Henry	Non-Executive	01/07/2020	Active	3,023	2,899
Paul Riley	Non-Executive	21/03/2023	Active	616	-
Toby Railton	Non-Executive (Co Optee)	18/05/2023	Active	377	-

Principal Activities
Trinity Housing Association is a registered provider of social housing operating under the regulatory oversight of the Regulator of Social Housing. We are a not-for-profit organisation committed to serving the public good. It is important to note that while Trinity operates as a public-benefit entity, we are not registered as a charity.

Our primary focus at Trinity is to provide essential supported housing services, catering to a diverse range of housing needs for adults facing various challenges, including learning disabilities, mental health issues, acquired brain injuries, as well as physical and sensory disabilities. Our portfolio comprises 504 units (as of 2022, 528 units) situated across 39 distinct local authority areas. Collaborating closely with partner organisations, we tailor our services to meet the unique care and support requirements of these specialised client groups.

Additionally, Trinity has held the role of landlord for 27 units (2022: 102 units) within the category of support-exempt housing located in Birmingham. The management of these units had been entrusted to a managing agent who acted on Trinity’s behalf, however this practice came to an end after the managing agent liquidated. Trinity have been able to take the management of these units in house. It is important to note that this aspect of our business is presently in the process of decommissioning. As of the end of October 2023, Trinity has transitioned most of this housing, with only four units remaining under our management in this category, at one scheme.

Strategic Vision and Priorities
The Board of Trinity has diligently continued to advance the strategic stability initiatives, with the unwavering support of our valued partners, that have been integral to our organisation over the past four years.

As we enter the corporate strategy phase for the financial year 2023/24, our primary objective remains the resolute stabilisation of Trinity, alongside the strategic consolidation of our Specialist Supported Housing (SSH) portfolio, and the ongoing process of decommissioning Supported Exempt Accommodation (SEA) stock.

These endeavours demand our persistent commitment as we address the multifaceted challenges inherent in assessing Trinity's potential for sustainable long-term viability.

It is also worth noting that Trinity is now entering a phase of exploration and evaluation to identify potential growth opportunities.

Significantly, Trinity has made substantial progress in enhancing our understanding of the properties under our management, coupled with an in-depth comprehension of our contractual obligations pertaining to property repairs and maintenance. The comprehensive stock condition report has proven invaluable in guiding our programmatic efforts to efficiently manage and maintain properties that operate under full-repairing lease terms.

The overarching vision of our Board remains steadfast—to establish Trinity as a paragon provider of high-quality, adapted properties, meticulously tailored to meet the diverse needs of both our existing and prospective tenants. We are acutely aware that the relationships we cultivate with our landlords, care providers, and contractors form the cornerstone of our success.

These collaborative partnerships are pivotal in ensuring the seamless delivery of services, personalised to the unique requirements of our tenants, thereby culminating in their utmost satisfaction and facilitating enhanced opportunities for independent living in the future.

Governance and Regulation

Trinity has made substantial advancements in its governance framework over the past five years, reflecting our unwavering commitment to robust governance practices. Substantial efforts have been invested in the establishment and fortification of our Board and the overall enhancement of our organisational governance structure.

These initiatives are poised to persist throughout the year 2024, as Trinity initiates the recruitment of new Board members. Our steadfast objective is to maintain a strict adherence to all regulatory standards and to uphold the highest standards of good governance.

Compliance with Code of Governance

Trinity 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.
Trinity is no longer compliant with its adopted 2020 Code of Governance.

The areas of non-compliance are:

Resident focus: Trinity acknowledges the need to hear the customer's voice at the Board level, in governance, scrutiny, and strategic decision-making. To enhance resident focus, the organisation aims to gather more meaningful customer insights and obtain increased feedback from residents.

Equality, Diversity, and Inclusion (EDI): While Trinity has policies in place to promote EDI, it currently lacks sufficient evidence to fully demonstrate its commitment to achieving equality of opportunity, diversity, and inclusion across all activities.

Financial Stability: Trinity recognise its dependence on key partners for financial support, which is not legally binding. The sustainability of the organisation relies heavily on this support, and any withdrawal of such support could jeopardise Trinity's ability to continue as a going concern.

Trinity faces ongoing challenges in resident engagement, EDI commitment, and financial stability. Addressing these issues is vital to ensure the organisation's long-term viability and align with regulatory and governance standards. Trinity continues to work towards these objectives and remains reliant on its partners' support to maintain its operations.

Remuneration

The Board is remunerated, and relevant amounts are disclosed in Note 4 of the financial statements. As of December 2023, Trinity affirms its compliance with the National Housing Federation 2020 code in relation to the remuneration of its non-executive board members. The Board ensures that payment levels are objectively determined, in accordance with legal and constitutional requirements. The board confirms that remuneration aligns with the organisation's social purpose and reputation, is proportionate to Trinity's size, complexity, risk, and resources, and is linked to the responsibilities of each role. Furthermore, the payment structure is subject to regular review, with the ongoing benchmarking exercise reinforcing the commitment to maintaining compliance as Trinity prepares for conversion into a Charitable Community Benefit Society (CCBS).

Regulator of Social Housing

The past year has continued to be marked by Trinity's intensive engagement with the regulator of social housing. We have remained committed to addressing the identified weaknesses and striving to attain compliance with the regulatory standard.

Trinity's regulatory grading, as of now, remains unchanged at G3/V3. However, it is important to emphasise the substantial efforts undertaken by both the Board and management to comprehensively address the concerns outlined in the judgment. The Board is confident that it is on the right path to effectively resolve the concerns raised by the regulator, and we will be able to eventually assert that Trinity is in compliance with all governance-related points raised. Our focus remains firmly on securing our long-term viability, with the successful resolution of lease negotiations being of paramount importance for our continued existence.

Regulator of Social Housing (continued)
In October 2020, the regulator, RSH, issued another Regulatory Judgement Statement. In this statement, it expressed reservations regarding our compliance with the Rent Standard and our past adherence to the legislative requirements of the Welfare Reform and Work Act 2016. Trinity believes that it can achieve full compliance with the rent standard for our SSH stock. However, due to the commercial limitations imposed by our lease agreements with landlords, compliance with the RSH rent standard for our SEA stock is deemed unattainable. Consequently, Trinity has made the strategic decision to phase out its involvement in this sector, aligning with our commitment to rectify 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.

During 2022/23, Trinity Housing Association has continued to address regulatory concerns and diligently work towards achieving compliance with the regulatory standards, with notable developments and actions taken as follows:

Governance and Financial Viability Standard:
Trinity still remain non-compliant with the Governance and Financial Viability Standard, primarily concerning the regulator's view of our lease-based model for specialist-supported housing. Trinity's corporate plan outlined strategies to rectify these concerns and establish a sustainable long-term business plan with the necessary support to ensure financial viability.

During the year, Trinity has maintained its focus on addressing the issues affecting its long-term financial sustainability. This includes the ongoing discussions regarding renegotiation of long-term leases and maximising income collection. While Trinity has the requisite policies in place, full compliance with the Regulatory Code remains pending until these financial viability issues are fully resolved.

Rent Standard:
In the ongoing efforts to evidence compliance with the Rent Standard, Trinity has made significant progress. The Board is now confident that our specialist-supported housing portfolio fully complies with the rent standard. Sufficient evidence has been gathered to support Trinity's exemption from the rent standard for this segment of our business.

However, it is essential to acknowledge that the supported exempt accommodation (SEA) does not meet the rent standard, and it has been determined that achieving compliance in this area is unattainable. Consequently, the Board has made the strategic decision to exit the SEA portfolio, prioritising the protection of our vulnerable tenants.

Consumer Standard:
In terms of the Consumer Standard, Trinity has made strides in compliance, particularly in enhancing local-level involvement and diversifying communication channels for our tenants. Nevertheless, a notable weakness remains in tenant involvement at the strategic level, as well as the mechanisms in place for their voices to be heard and their ability to scrutinise Trinity's performance.

Efforts to address this concern have been ongoing, with the development and implementation of a tenant engagement strategy. Surveys have been conducted, and newsletters are now regularly distributed to tenants to facilitate communication and engagement.

Health and Safety Standards, Decent Housing Standards, and Repair Standards:
Trinity has maintained good compliance with health and safety standards, decent housing standards, and repair standards. The completion of CORE returns on lettings has contributed to the removal of areas of non-compliance.

Resident Engagement:
While progress has been made in various areas, Trinity is actively working to establish formal mechanisms for engaging with residents, allowing them to scrutinise service delivery performance and contribute to governance-related decision-making.

A resident engagement strategy has been adopted, and a detailed action plan, developed with external consultants, is being routinely monitored by relevant committees and the Board, resulting in significant progress during the year.

Trinity remains steadfast in its commitment to addressing regulatory concerns, strengthening governance, and ensuring compliance with all standards to secure its long-term viability and continue delivering quality housing services to its tenants.

Compliance with all relevant law
Trinity Housing Association adheres rigorously to all pertinent legal mandates, encompassing health and safety regulations, to ensure the well-being of all tenants. Our unwavering commitment to health and safety compliance is underscored by consistent monitoring, achieving a commendable 100% compliance rate across both our supported housing and exempt accommodation portfolios.

This exemplary performance has undergone thorough scrutiny by our internal auditors throughout the year, affirming the steadfastness of our compliance efforts.

Value for Money and Performance

Governance and risk management
Good governance is crucial to achieving Value for Money, and the association's arrangements including standing orders, financial regulations, codes of conduct, counter-fraud policies, risk management processes, etc. all contribute to securing Value for Money, not least by helping to minimise loss and waste.

The associations risk register includes the risk of non-compliance with the regulator's economic standards, of which Value for Money is included. Trinity's board understand that the value for money is not solely measured by financial considerations but encompasses a broader range of factors that contribute to our stakeholders' satisfaction and the achievement of Trinity's goals. To evaluate Trinity's success in delivering value for money, we employ a set of measures that reflect our commitment to efficiency, effectiveness, and the overall well-being of those we serve.

The Board sets clear objectives that are published on Trinity's Website.

SCOPE OF THE STRATEGY

The Value for Money Standard requires the THA Board to consider Value for Money across our whole business and therefore THA's objective is to demonstrate:

- optimal benefit is derived from the resources and assets,
- it delivers homes that meet a range of needs,
- it has a robust approach to achieving Value for Money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance by economical, efficient, and effective means,
- The Board demonstrates that regular and appropriate consideration of potential Value for Money gains is given – and this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures,
- Consideration of Value for Money across its whole business has been given,
- That Trinity has appropriate targets in place for measuring performance in achieving Value for Money in delivering its strategic objectives, and that it regularly monitors and reports its performance against these targets.

Governance and risk management (continued)

At the core of Trinity's value-for-money strategy lies a key objective: ensuring our viability as an organisation while fulfilling our mission of providing homes for vulnerable tenants who otherwise may be deprived of a place to call their own. Trinity recognise the importance of balancing financial stability with our commitment to social responsibility. By employing efficient resource allocation, cost effective practices, and strategic decision-making, we strive to maintain the stability and strength necessary to offer secure and safe housing solutions to those most in need. Through our unwavering dedication to viability, governance, and social impact, Trinity aims to empower vulnerable individuals and families, offering them the opportunity to establish a stable foundation and thrive in the safety and comfort of their own homes.

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 financial management and the dissemination of accurate and relevant information, clear efficiency targets reflected in budgets, and effective procurement.

Data integrity and system data management remain of paramount importance at Trinity. The accuracy and robust framework of control that sits behind these systems empowers the board and management team with the information they need to allocate resources effectively, measure performance, ensure transparency and accountability, manage risks, and drive continuous improvement. THA will continue to develop the power of its data capture and its use in order to continue to optimise our operations and deliver maximum value from the resources available.

The Trinity board engages with independent auditors and evaluators to assess the organisations financial controls, operational processes, and adherence to regulatory requirements. The audits and reviews help identify areas for improvement, ensure compliance, and provide an unbiased assessment of Trinity's management practices.

Culture

A culture of continuous improvement is embedded throughout the association. This encourages staff to contribute ideas, innovations, and efficiency measures that enhance value for money. Over the last 12 months, regular communication and feedback channels have been established to capture insights from frontline staff and service users.

Over the next 12 months the board will look to continue to expand Trinity's engagement with stakeholders, focusing on residents and families to understand their perspectives on value for money. The board see this as an area that needs to improve in order to provide them with a greater understanding the areas for improvement that its tenants are concerned about.

The regulator of social housing sets a clear value for money (VfM) standard and accompanying code of practice 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 that is consistent with the achievement of the organisation's wider organisational purpose and strategic objectives.

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.

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
	2022-23	A/C's 2022 *	A/C's 2022 *	A/C's 2022 *	A/C's 2022 *	2022-23	2021-22
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)	£5,810	£4,760	£3,730	£3,210	£4,150	£4,632	£5,508
Operating margin %	(1.58%)	28.2%	23.9%	18.1%	22.3%	6.3%	5.42%
ROCE	(22.2%)	4.2%	3.3%	2.7%	3.1%	18.0%	66.2%

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

Performance
The homes that Trinity offer to our tenants allows our tenants to have their individual needs and preferences considered, the supported living environment offers more flexibility and independence, allowing individuals to live in their own homes or shared accommodation while receiving the necessary support. This person-centred approach enhances our tenants overall well-being and quality of life. The personalised care plans, although not delivered by Trinity, allow our tenants to receive support tailored to their specific needs. This leads to a more effective and efficient care delivery and life experience for our tenants.

The supported living environment provided to our tenants, promotes independence and autonomy, allowing our tenants to maintain control over their daily lives. This empowerment significantly contributes to their overall well-being and satisfaction.

Rent setting
Trinity is committed to responsible rent setting in the face of the cost of living crisis. Through maintaining transparency, ensuring financial sustainability and collaborating with others, we aim to uphold our commitment to value for money and contribute to the well-being of our residents and the communities we serve in these challenging times.

Income collection
Efficient and effective income collection practices directly impact the financial sustainability of Trinity and its ability to deliver quality services. Timely and accurate processing of benefit claims ensures that Trinity receives the appropriate reimbursement for the support provided. This contributes to the financial viability of the organisation by enabling the delivery of quality services to our residents. Regular monitoring and review of service charges help ensure that charges accurately reflect the services provided and comply with regulatory requirements. By eliminating any inappropriate charges, Trinity demonstrates transparency and fairness, enhancing value for money.

Monitoring arrears, service charge payments, void rates, and staffroom expenses helps identify trends, areas for improvement, and potential risks to value for money. Through this management, Trinity is able to focus resources more effectively and utilise resources to their maximum effect.

Voids income continues to generally be underwritten by the agreements that Trinity has in place with the care provider, with the exception of agreed-upon void-free periods.

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 two years has seen significant improvements in income collection. The rent uplift policy has also been updated to ensure that Trinity recovers appropriate levels of income.

In the financial statements as of June 30th, 2023, Trinity reported the following key metrics for its supported living units:

- Trinity managed a total of 504 units, consisting of 446 supported living units and 58 staff rooms (2022: 467 units and 61 staff rooms).
- Among the supported living units, 81.17% were receiving full housing benefit (compared to 73.02% in June 2022), 1.57% were receiving partial housing benefit (compared to 3.64% in June 2022), 5.83% had pending housing benefit decisions (compared to 7.28% in June 2022), and 11.43% were vacant (compared to 16.06% in June 2022).
- Trinity's income from Specialist Supported Housing (SSH) increased by 6%, while its Support Exempt Accommodation (SEA) portfolio saw an expected 80% reduction due to the company's planned exit from this sector.
- Trinity's operating margin decreased by approximately 7%, achieving a margin of (2%) in 2022/23, compared to a 5% margin achieved in 2021/22.
- Overhead costs for Trinity increased from 15% in 2021/22 to 17% in 2022/23.
- Trinity's management cost per unit increased by 8%, with a cost per unit of £1,973 in 2022/23 compared to £1,822 in 2021/22.

Income collection (continued)
It is worth noting that care provider payments and rent recovery under service level agreements remain areas of critical focus for Trinity to ensure financial stability and sustainability.

Re-lets
Void management

Trinity recognise the significance of effective void re-lets and void management in maximising efficiency and delivering value for money. Minimising the time properties remain unoccupied and streamlining the re-letting process are essential for optimising resources, meeting housing demand, and ensuring a swift and seamless transition for incoming residents. Trinity's strategy prioritises swift turnaround times for vacant properties. This is achieved by conducting necessary repairs and maintenance, and ensuring thorough cleaning, which minimises the duration of void periods.

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.

Active Asset Management and maintenance service
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 remains 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.

Maintaining the condition and functionality of properties is essential for ensuring our tenants' well-being, extending the life of assets, and maximising the overall value derived from the resources invested.

Repairs and maintenance have played a crucial role at Trinity in contributing directly to our tenants' satisfaction and quality of life. Maintaining timely repairs and maintenance programs in line with service levels and tenancy agreements has contributed to overall satisfaction and quality of life. By addressing issues promptly, such as fixing leaks, resolving electrical faults, maintaining communal areas, and fixing fixtures and fittings, tenants' comfort and safety are ensured.

In ensuring that properties are fully compliant with health and safety regulations, we not only protect the residents but also mitigate potential legal liabilities and reputational risks, safeguarding value for money in the long term.

Active Asset Management and maintenance service (continued)
Over the last 12 months, Trinity has been working with our care providers and tenants to make them more aware of what they can do that might impact energy efficiency and sustainability. Trinity continues to drive the installation of smart meters across our entire portfolio, but we have also been promoting energy-efficiency measures to help reduce energy consumption and lower utility costs for residents. Things like switching things off standby, turning off lights, opening or closing windows to manage temperature, and not overfilling the kettle. All these things encourage engagement and empower the people living and working in Trinity's homes.

VFM achievements

Examples of VfM achievements during the year are:

- Ascotts Out of hours' service provided to all our schemes for emergency repairs
- Affordability checks and benefit reviews carried out to ensure our tenants are in receipt of the correct benefits and support, Watersure.

Internal Audit
The internal audit function continues to fulfil its role of adding value, and over the course of the year, THA internal auditors have provided guidance on opportunities to enhance the operational effectiveness of Trinity's activities.

Trinity has now cultivated a well-established "value for money" culture that continually evolves to align with the dynamic operational landscape. The diligent implementation of appropriate policies and adherence to supporting processes have empowered Trinity to deliver greater value for money than ever before in its history. Our tenants are the primary beneficiaries of the consistently exceptional service we provide.

Value for Money Conclusion
Trinity's commitment to Value for Money (VfM) is evident throughout its governance and operational practices. Good governance, encompassing standing orders, financial regulations, codes of conduct, and risk management processes, plays a pivotal role in minimising loss and waste while securing VfM.

Trinity's approach to VfM extends beyond financial considerations, emphasising broader factors that contribute to stakeholder satisfaction and the achievement of organisational goals. Clear objectives set by the board and published on Trinity's website guide the organisation's dedication to both financial stability and social responsibility.

Efficient resource allocation, cost-effective practices, and strategic decision-making are central to Trinity's mission of providing secure and safe housing solutions to vulnerable individuals and families. Data integrity and system data management are paramount, empowering effective resource allocation, transparency, risk management, and continuous improvement.

Engagement with independent auditors and evaluators ensures compliance and provides an unbiased assessment of Trinity's management practices.

A culture of continuous improvement is embedded throughout the organisation, encouraging staff to contribute ideas and innovations. Stakeholder engagement, particularly with residents and families, remains a focus for further improvement.

Trinity diligently adheres to regulatory standards and reports its performance against VfM metrics. The organisation's VfM strategy is aligned with its corporate plan, and comparisons with industry benchmarks are part of its ongoing evaluation.

Trinity's services prioritise individual needs and preferences, promoting independence, autonomy, and overall well-being for its tenants. Transparent rent setting and efficient income collection practices contribute to the organisation's financial sustainability and support the delivery of quality services.

Value for Money Conclusion (conclusion)
Effective void management and asset maintenance are essential for maximising efficiency and value for money. Trinity's efforts to promote energy efficiency and sustainability empower residents to reduce energy consumption and lower utility costs.

Throughout the year, Trinity has achieved various VfM milestones, including internal audits, external consultations, enhanced processes, and improved occupancy levels. These achievements reflect Trinity's ongoing commitment to delivering value for money and enhancing the well-being of its tenants.

Internal Control
The Trinity Board is responsible for establishing and maintaining the system of internal control. As a Board we are responsible for establishing and maintaining an effective system of internal control over financial reporting, risk management, internal audit service, fraud management, information and financial reporting systems, leadership, control environment and procedures, and the overall internal control environment. Our opinion of these internal control areas for the financial year ended 30 June 2023, are reflected in this comprehensive Internal Controls Assurance Statement.

The Board have implemented a robust governance framework, ensuring effective oversight and accountability. This includes a strong Board of Directors that sets strategic objectives, defines policies and procedures, and monitors performance against targets. The Board composition includes diverse expertise, experience, and independence to facilitate effective decision-making and oversight. Regular board meetings are held, and board members receive appropriate support to assist their understanding of current issues and ensure the understanding of their roles and responsibilities.

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
- Clearly defined management responsibilities for the identification, evaluation and control of significant risk
- Robust strategic and business planning processes, with detailed financial budgets, forecasts and corporate action plan
- Formal HR polices for all staff
- Robust performance reporting framework
- Property stock condition survey
- 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 & Risk Committee (ARC). ARC have assessed the effectiveness of the system of internal control over financial reporting and determined that it is designed appropriately and operates effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable accounting standards.

Assurance over the control environment was obtained from the following sources:

Risk Management
Risks are assessed for their potential impact and likelihood, and appropriate controls are implemented to mitigate identified risks. The risk assessment process is documented, and findings are communicated to relevant stakeholders.

The risk appetite of the organisation remains low as a result of the inherited legacy risks.

Risk Management (continued)
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 ARC and by the Board. The key risks facing Trinity continue to be our regulatory judgements 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.

Operational risks
Counterparty risk - this risk refers to the potential for financial loss or disruption arising from the failure or inability of counterparties, such as care providers, to fulfil their contractual obligations. In our commitment to mitigating counterparty risk. As part of our strategy for managing counterparty risk, we conduct thorough due diligence on all potential counterparties, assessing their financial stability, reputation, and track record. This helps us identify and mitigate potential risks before entering into contractual relationships. For the parties we are already in partnership with we maintain regular monitoring and review processes to ensure continued compliance and performance of our counterparties.

Capital works program - as a specialist supporting housing provider we are committed to delivering high-quality living spaces for our residents, we recognise the inherent complexities and potential challenges involved in executing our capital works program. To effectively manage these risks, we have implemented a comprehensive approach that encompasses the following key elements:

Robust planning - we conduct thorough project planning, this includes feasibility studies, detailed cost estimation and timeline development. This ensures that we have a clear understanding of project requirements and potential risks before initiating any capital works activities.

Stakeholder engagement - we actively engage with all relevant stakeholders throughout the project lifecycle.

Procurement and contract management - we employ rigorous procurement processes to select qualified contractors, suppliers and consultants. Our procurement practises prioritise value for money, transparency, fairness and adherence to industry standards, ensuring that we work with reliable and competent partners.

Quality Control and Assurance - we prioritise quality control and assurance throughout our capital works program. We employ robust inspection processes, adhere to relevant industry standards and regulations, and conduct regular quality audits. By taking this approach we minimise the risk of defects, delays, and additional costs.

Financial management - we maintain strict oversight and control throughout the capital works program. This includes monitoring project budgets, implementing cost-control measures, and ensuring adequate funding for each project, whether capital is internally or externally financed.

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
We maintain an independent internal audit function, which is responsible for providing objective and timely assurance and consulting services. The internal audit service is structured to evaluate the adequacy and effectiveness of internal controls, identify areas of improvement, and assess compliance with policies, procedures, and regulatory requirements.

Fraud Management
We have implemented comprehensive fraud prevention, detection, and response mechanisms to mitigate the risk of fraudulent activities. Our anti-fraud programs include robust policies, effective internal controls, annual fraud risk assessments, and a culture that promotes ethical behaviour and zero tolerance for fraud.

ARC reviews the fraud register and reflects the information it contains within its assessment of the control environment.

Information and Financial Reporting Systems
We have established information and financial reporting systems that are reliable, secure, and capable of producing accurate and timely information. These systems are subject to ongoing monitoring, maintenance, and periodic evaluations to ensure their effectiveness and integrity.

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. Good leadership, whatever the level, plays a pivotal role in ensuring the assurance of control within our organisation. The leadership that is in place at Trinity has helped establish a culture of accountability, transparency, and risk management, which are vital for maintaining strong control mechanisms.

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 outside consultants, and reported to the Board.

Control Environment and Procedures
Trinity has established a strong control environment through clear and effective governance structures, including a Board of Directors, committees, management oversight, and a commitment to ethical conduct.

Ongoing monitoring activities are conducted to assess the effectiveness of internal controls and identify areas for improvement. Internal control processes and controls are regularly reviewed and tested for their design and operating effectiveness.

Policies and procedures are in place to ensure compliance with relevant laws, regulations, and industry standards. Management promotes a culture of accountability, transparency, and integrity throughout the business.

We have reviewed and enhanced our operational processes to improve efficiency, effectiveness, and controls. Through collaboration with external consultants, we have implemented standardised procedures, clearly defined roles and responsibilities, and appropriate segregation of duties. This has resulted in streamlined workflows, reduced errors, and increased operational reliability.

Ethical Conduct and Compliance
Trinity promotes a culture of ethical conduct, and policies are in place to prevent fraud, bribery, corruption, and other unethical activities. Compliance with laws, regulations, and contractual obligations is a priority, and internal controls are designed to ensure adherence to these requirements. Where we are non-compliant there is a full risk assessment made and effected parties are informed.

Despite our regulatory judgement and being graded as G3/V3, Trinity has made significant improvements to its governance and financial viability over the past four years. We have diligently collaborated with external consultants, addressing identified issues and enhancing our internal control environment. While challenges remain, we are committed to ongoing improvement and maintaining effective internal controls.

Ethical Conduct and Compliance (continued)
Based on our review and the work undertaken with external consultants, we believe that our internal control environment is now stronger, providing reasonable assurance regarding the reliability of our financial statements. However, it is important to acknowledge that no internal control system can eliminate all risks or guarantee absolute effectiveness.

We remain dedicated to continuous improvement, regularly evaluating our internal controls to adapt to changing circumstances and evolving best practices. Our commitment to transparency, accountability, and financial stewardship supports the preparation of accurate and reliable financial statements.

Financial Viability
Trinity's financial statements for the current year reflect a trading loss, contrasting with a gain in the previous year. Notably, during the current financial year, Trinity had to reverse a bad debt related to housing benefit, amounting to £218k, while in the prior year (2021/22), this reversal amounted to £528k.

Trinity remains committed to fulfilling its contractual obligations as outlined in its leases with landlords. In this regard, a provision of £1.7m has been maintained, as opposed to £1.5m in the previous financial year.

The rent charged by landlords has been adjusted to account for inflation, but concessions related to unlettable units remain in effect. Although the underlying operating position remains challenging, there has been an improvement in cash collection levels.

Trinity has faced liquidity and cash flow challenges since late 2018, prompting support from its key partners who hold a 92.22% stake in Trinity's SSH portfolio. This support has included capital injection and professional assistance, providing a short-term solution to liquidity issues. Trinity's Board and Executive Team have approved a new 30- year business plan in June 2023 to establish long-term viability.

Given Trinity's role as a housing provider for vulnerable individuals, mitigating financial risks and investing in services and residences for residents are top priorities. The financial data and historical performance indicate significant issues that need resolution within the next twelve months.

As of the approval date of these financial statements, the Board is confident that Trinity has devised plans to maintain a surplus and sustain a "going concern" status. These plans encompass a range of measures, including but not limited to:

- Ongoing cost management and efficiency improvements.
- Enhancing cash flow through improved collection processes.
- Strategic negotiations with landlords to ensure continued support.
- Diligent monitoring and adaptation of the 30-year business plan.
- Continual assessment and mitigation of financial risks.

Trinity remains committed to fulfilling its mission while ensuring financial stability and sustainability.

Good Governance:
Trinity is committed to upholding good governance practices. The current Board is characterised by its strength and independence, comprising members with a diverse range of expertise in housing, care, and finance. Furthermore, Trinity has a settled leadership that includes a CEO and an established and dedicated executive team. It is worth noting that the Board acknowledges its non-compliance with Regulatory Standards and the NHF Code at present. However, a detailed action plan has been developed to ensure that Trinity achieves compliance with the governance element of these standards by 2024. This commitment underscores Trinity's dedication to enhancing its governance framework.

Cost Control:
Cost control measures remain a top priority for Trinity. These measures are continually reviewed to ensure that expenses are managed prudently. The organisation diligently monitors spending to prevent any potential overspending from adversely impacting Trinity's working capital. As part of this oversight, cash position reports are regularly provided to the CEO, enabling informed decision-making and financial stewardship.

Income Maximisation:
Trinity has consistently demonstrated improvement in income collection through housing benefit payments year after year. Notably, the organisation has successfully resolved arrears with several Local Authorities (LAs), avoiding the need for tribunal proceedings. Additionally, Trinity has made strides in recovering ineligible service charges. The organisation's focus on optimising cash flow includes initiatives such as bringing unutilised properties into service, returning expired leases, and re-evaluating onerous leases. A critical aspect of this effort involves incorporating the costs incurred in providing services into future rent models, ensuring financial sustainability.

Partner Support:
Trinity is actively engaged in assessing leases individually to enhance their alignment with the organisation's objectives. Several properties have already been returned, and concessions have been negotiated in cases where the viability of a scheme has diminished or the number of revenue-generating units has fallen short of lease cost expectations. Trinity continues to collaborate with its partners, benefitting from their support and encouragement. This collaborative approach is aimed at sustaining a positive cash surplus and establishing Trinity as a business with long-term viability.

Debtors Controls:
Debtor management is a key focus area for Trinity. The organisation closely monitors debtor levels and has undertaken extensive efforts to validate recorded debts in relation to the relevant tenants and periods. Progress has been notable in working with local authorities, resulting in increased payments toward rent arrears. Debt levels and potential bad debt write-offs are subject to discussion, and where it is determined that appeals for backdated periods and rent levels will not materialise, debt write-offs are carried out. Trinity has implemented a housing management database to systematically record all transactions, and tenancy statements are routinely generated and disseminated to tenants, appointees, and local authorities to facilitate debt collection.

Trinity's commitment to governance, cost control, income maximisation, partner support, and debtors control underscores its dedication to sound financial management and long-term sustainability. These measures are integral to Trinity's mission as a housing provider for vulnerable individuals and are aligned with its objective to ensure financial stability and continued investment in services and homes for its residents.

Going Concern and Key Partner Support:
Since the issuance of the regulatory judgement against the Association in November 2018, Trinity has embarked on a significant journey to stabilise and consolidate its financial position. It is crucial to acknowledge that Trinity's ability to sustain its operations over the past five years has been contingent on the financial breathing room and unwavering support generously provided by our key partners. This support has played a pivotal role in ensuring that Trinity has maintained its status as a going concern during this period. Whilst the key Partners have indicated their willingness to support the company, this is not legally binding and were the support to be withdrawn the Association would be unable to settle the amounts owed to key Partners. This represents a material uncertainty which may cast significant doubt over the entity's ability to continue as a going concern.
The forms of support have varied, encompassing measures such as refraining from invoking rent arrears, extending rent concessions on properties not yet ready for occupancy, offering specialised assistance in recovering unpaid housing benefits, and permitting Trinity to relinquish burdensome leases.

Ongoing Discussions with Partners:
Trinity has been actively engaged in productive discussions with its partners regarding lease arrangements and the support needs of Trinity in the context of its future sustainability. These deliberations have been conducted with the overarching objective of establishing Trinity as a self-sufficient entity that does not rely on rent waivers, deferrals, or concessions from its partners to ensure its viability. It is important to emphasise that these discussions are ongoing, and consequently, Trinity's continued financial reliance on our key partners remains a current reality.

Continued Support and Commitment:
Trinity maintains regular and constructive communication with its key partners and has consistently met its lease payment obligations as stipulated in the terms of the support arrangement. Additionally, Trinity collaborates with its business partners to manage voids, ensuring that individuals in need, especially during a period of limited hospital bed availability, have access to suitable accommodation.

Trinity's key partners have recently reaffirmed their unwavering commitment to enabling Trinity to attain self-sufficiency and have pledged to continue their ongoing support throughout the next 16 months, as they have done over the past five years. It is imperative to note that the support arrangement with these key partners encompasses 92% of Trinity's current SSH portfolio.

Loan Agreement Resolution:
During the year under review, Trinity reached an agreement pertaining to the £555 loan (2022: £800k), which is included within creditors falling due within one year. A partial repayment of £245k was made during the year, and the provider has consented not to seek repayment of the full loan amount. The remainder of the loan has been waived during 2023/24.

Board's Perspective:
The Board acknowledges that Trinity's ability to continue trading hinges on the full support of its key partners and that this support is not legally binding. In the event that such support were to be withdrawn entirely, Trinity would not remain a going concern. However, the Board firmly believes that the ongoing support from key partners is in the best interest of all parties involved until Trinity can achieve sustainability independently.

Going Concern:
While recognising the material uncertainty of continued reliance on support from key partners, the Board maintains confidence that Trinity is a going concern. This confidence stems from ongoing discussions and the recent reconfirmation of the key partners' intention to extend financial support over the next 16 months. Consequently, the Board asserts that it has a reasonable belief that Trinity will continue its operational existence in the foreseeable future, particularly considering the twelve months following the date on which this report and the financial statements are signed. Therefore, Trinity continues to prepare its financial statements on the going concern basis.

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 2022/Determination of Accounting Requirements – February 2019.

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 14/12/23 .... and signed on its behalf by:

Anthony Arcari

Anthony Arcari Chair
Date: 14/12/23

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 2023 which comprise the 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 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 2022.

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 29 to 30), which indicate that the company is reliant on the support of its partner bodies to be able to continue as going concern, note 2 sets out the ongoing support provided by its main partners, the lessors.

This has not been formally given and is not legally binding, and consequently 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 Directors 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 Directors are 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.

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 Directors report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors 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 Directors 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 Directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were 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 Directors report.

Responsibilities of the Directors

As explained more fully in the Directors responsibilities statement set out on page 19, the Directors are 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 Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 Directors either intend 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.

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 2022. 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.'

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
103 Colmore Row
Birmingham
West Midlands
B3 3AG

Date: 14 December 2023

TRINITY HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Year ended 30 June 2023 £	Year ended 30 June 2022 £
TURNOVER	3	8,534,853	9,247,330
Operating expenditure	3	(8,885,944)	(8,741,555)
OPERATING (DEFICIT)/SURPLUS		(351,091)	505,775
Interest payable and similar expenditure		-	(5,000)
(DEFICIT)/SURPLUS BEFORE TAXATION		(351,091)	500,775
Tax on (deficit)/surplus	5	-	-
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		(351,091)	500,775

TRINITY HOUSING ASSOCIATION LIMITED

(REGISTERED NUMBER: 05780467)

STATEMENT OF FINANCIAL POSITION 30 JUNE 2023

		2023		2022	
	Notes	**£**	**£**	**£**	**£**
FIXED ASSETS					
Tangible assets	8		1,090,499		1,110,356
CURRENT ASSETS					
Debtors	9	1,011,353		938,090	
Cash at bank		2,687,962		3,034,036	
		3,699,315		3,972,126	
CREDITORS					
Amounts falling due within one year	10	(2,950,947)		(3,239,789)	
NET CURRENT ASSETS			748,368		732,337
TOTAL ASSETS LESS CURRENT LIABILITIES			1,838,867		1,842,693
CREDITORS					
Amounts falling due after more than one year	11		(1,769,239)		(1,966,412)
PROVISION FOR LIABILITIES	12		(2,056,877)		(1,512,439)
NET LIABILITIES			(1,987,249)		(1,636,158)
RESERVES					
Income and expenditure account			(1,987,249)		(1,636,158)
TOTAL EQUITY			(1,987,249)		(1,636,158)

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 14/12/23 and were signed on its behalf by:

pjmullins ....

P Mullins
Director

AnthonyArcari ....

A Arcari
Director

TRINITY HOUSING ASSOCIATION LIMITED

(REGISTERED NUMBER: 05780467)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Income and expenditure account £	Total equity £
Balance at 30 June 2021	(2,136,933)	(2,136,933)
Surplus for the year	500,775	500,775
Balance at 30 June 2022	(1,636,158)	(1,636,158)
Deficit for the year	(351,091)	(351,091)
Balance at 30 June 2023	(1,987,249)	(1,987,249)

TRINITY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Cash flows from operating activities			
Cash generated from operations	14	(1,149)	(154,918)
Interest paid		-	(5,000)
Net cash (used in) investing activities		(1,149)	(159,918)
Cash flows from investing activities			
Acquisition of tangible fixed assets		(99,925)	(20,000)
Proceeds from disposal		-	55,583
Net cash (used in)/generated from investing activities		(99,925)	35,583
Cash flows from financing activities			
Repayment of loan		(245,000)	-
Net cash (used in) financing activities		(245,000)	-
Decrease in cash and cash equivalents		(346,074)	(124,335)
Cash and cash equivalents at beginning of year		3,034,036	3,158,371
Cash and cash equivalents at end of year		2,687,962	3,034,036

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 on 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 2022, 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 issuance of the regulatory judgment against the Association in November 2018, Trinity has embarked on a significant journey to stabilise and strengthen its position. Trinity's ability to remain operational over the past four years has been reliant on the financial respite and support generously extended by our key partners. This support has been instrumental in ensuring that Trinity continues to operate as a going concern during this period. It has taken various forms, ranging from refraining from invoking rent arrears to offering rent concessions for properties not yet ready for occupancy, providing specialised assistance in recovering unpaid housing benefits, and facilitating the surrender of burdensome leases.

Ongoing Discussions with Partners:
Trinity has been actively engaged in productive discussions with our partners regarding lease arrangements and Trinity's support requirements as we look toward the future. These discussions are all geared toward the common goal of enabling Trinity to establish itself as a self-sustaining entity, no longer dependent on rent waivers, deferrals, and concessions from our partners for survival. These discussions are ongoing, and as such, Trinity's present reliance on the ongoing financial support of our key partners continues.

Continued Communication and Lease Obligations:
Trinity maintains regular dialogue with our key partners and remains fully compliant with all current lease payment obligations as per the terms of the support arrangement. We also continue to collaborate with our business partners to effectively manage voids, ensuring that vulnerable individuals have access to suitable accommodation, especially given the current constraints on hospital bed availability.

Commitment of Key Partners:
Our key partners have recently reaffirmed their unwavering commitment to seeing Trinity transition into a self-sufficient organisation. They have expressed their intention to provide ongoing support over the forthcoming 16 months, consistent with their support over the past three years. It's important to note that the support arrangement with these key partners encompasses 92% of Trinity's current SSH portfolio.

Resolution of Loan Agreement:
During the year under review, Trinity reached an agreement regarding the £800k loan, which is included in creditors falling due within one year. A partial repayment of £245k was made during the year, and the provider has consented not to seek repayment of the remaining £5k until July 2023. The remaining £5k of the agreed loan has been repaid in July 2023. The remainder of the loan has been waived in 2023/24.

2. ACCOUNTING POLICIES (continued)

Going concern (continued)

Board's Perspective:
The Board acknowledges that Trinity's ability to continue trading is contingent on the full support of our key partners. It is recognised that the nature of this support is not legally binding, and in the absence of such support, Trinity would no longer be a going concern. However, the Board firmly believes that the ongoing support from our key partners is in the best interest of all parties involved until Trinity achieves self-sustainability.

Reasonable Belief in Going Concern:
While acknowledging the material uncertainty which may cast significance doubt over the entity's ability to continue as a going concern associated with continued reliance on ongoing support from key partners, the Board holds the view that Trinity remains a going concern. This confidence is derived from ongoing discussions and the recent reaffirmation of our key partners' intent to provide financial support over the next 16 months. On this basis, the Board maintains that it has a reasonable belief in Trinity's operational existence for the foreseeable future, with specific consideration given to the twelve months following the date on which this report and the financial statements are signed. For this reason, Trinity continues to prepare its financial statements on the going concern basis.

Turnover and other income

Turnover represents rental and service charge income receivable in the year net of losses from voids. Turnover includes grants which 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 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% 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 are detailed in note 5.

Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income 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.

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.

2. ACCOUNTING POLICIES (Continued)

Critical areas of judgement

1 - 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.

2 - Recovery of debtors / bad debt provision
Housing Benefit Recovery:
Trinity has diligently pursued the recovery of housing benefit payments from local authorities. However, it is important to note that while payments have been received for tenants in a significant number of properties, or partial payments have been made, challenges persist. In some instances, Trinity has successfully appealed part-payments, but ongoing difficulties in recovery persist, often due to disputes with local authorities regarding the relevant levels and periods for tenants. Consequently, there remains a substantial degree of uncertainty regarding the eventual recovery of the housing benefit rent debt, as disclosed in the financial statements.

Bad Debt Provision:
In light of the significant uncertainty surrounding the recovery of historically-booked debt and the potential reimbursement levels that our partners may seek to recover from previously waived rent charges, Trinity has exercised prudent judgment. As of June 30, 2023, Trinity has recognised a substantial bad debt provision amounting to £872k (compared to £1,150k in 2022). This provision reflects the remaining uncertainty that prevailed at the end of the financial year concerning the recoverability of these debts and the subsequent uncertainty regarding partner reimbursement levels.

Provision Assumptions:
The provision is established based on Trinity's current assessment of the situation and is made on the assumption that in cases where no payment has been received to date, a full provision is warranted. In instances where partial payments have commenced, the provision assumes that these payments will continue from the date of commencement. The gross rent and the associated bad debt provision are fully disclosed in note 9 of the financial statements, providing transparency regarding this important financial aspect.

3 - 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.

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.

4 - Repairs provision
Lease Commitments and Provision:
Trinity also recognises the importance of ensuring an adequate provision for its commitments in accordance with the lease agreements, particularly to cover major repairs, dilapidations, and decoration commitments, as detailed in note 12 of the financial statements.

Rationale for Provision:
In alignment with the lease requirements and guided by the findings of a stock condition survey conducted in 2021, as well as site visits, Trinity has determined that a provision is necessary to account for future expenditures related to major repairs, dilapidations, and decoration costs. This provision adheres to the principles outlined in FRS 102 (section 21.4), which specifies that an entity should recognise a provision when:

The entity has a legal or constructive obligation as of the reporting date resulting from a past event.
It is probable (more likely than not) that the entity will need to transfer an economic benefit to settle the obligation.
The amount of the obligation can be reliably estimated.

Basis for Provision Calculation:
The provision costs are derived from independent third-party estimates, obtained from the stock condition survey conducted by THA's key funder in 2021. While these figures were used as the basis for the 2021/22 provision, they have been adjusted upward by 7.9% to account for the Consumer Price Index (CPI) increase by June 2023.

Scope of Provision:
The provision encompasses the maintenance plan requirements, which include:

- Maintaining the Property in a clean, tidy, good repair, and well-decorated condition.
- Compliance with the Maintenance Plan and the Obligations.
- Periodic decoration of both the interior and exterior of the Property as necessary.
- Ensuring the Property is consistently weather-tight, well-maintained, clean, and aesthetically pleasing.
- Maintaining external surfaces such as walls, woodwork, and other exterior decorative elements in good condition.
- Ensuring the soundness and safety of brickwork, rendering, parapets, guttering, rainwater pipes, and other external features.

Reason for Provision:
The provision is a reflection of the anticipated repair costs associated with the contractual obligations outlined in Trinity's operating leases. According to the terms of these leases, Trinity bears the responsibility for both the internal and external upkeep of the properties. Trinity is obligated to maintain these properties in good repair, well-decorated, and in a lettable condition that meets or exceeds statutory minimum requirements.

Basis for Provision Justification:
Due to financial challenges experienced in recent years, Trinity encountered delays in its repairs and redecoration program. As a response, one of Trinity's primary landlords commissioned an independent stock condition survey in 2021. This survey serves as the foundation for determining the provision for repairs across all leased or leasehold properties as of June 30, 2023

ACCOUNTING POLICIES (Continued)

Director's Belief:
Taking into account the terms of the property leases, the condition of the properties as of June 30, 2023, and the property costings being developed for the 2023 long-term business plan, the directors are confident that all three criteria for provisioning are met.

5 - Accounting Policy for Dilapidation Provision:
A provision for dilapidation costs is recognised when the following criteria are met:

- Existence of a Legal or Constructive Obligation, the organisation has a legal or constructive obligation to restore leased properties to a specified condition as per the terms of the lease.
- Likelihood of outflow of resources, it is probable that an outflow of economic resources will be required to settle the obligation.

The provision for dilapidation costs is initially measured at the best estimate of the expenditure required to settle the obligation at the end of the lease term. The estimate takes into consideration the specific terms outlined in the lease agreement, including the nature and extent of the restoration required and external professional support.

The measurement includes the following considerations:

- Direct Restoration Costs The direct costs associated with bringing the property into compliance with the lease terms, such as repairs, renovations, and refurbishments.
- Indirect Restoration Costs, Indirect costs, including legal fees, project management expenses, and other related administrative costs directly attributable to the restoration activities.
- Review and update, the provision for dilapidation costs is reviewed at each reporting date and adjusted to reflect the current best estimate. Any changes in the estimate are recognised in the income statement.

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

Particulars of income and expenditure from social housing lettings

TURNOVER FROM SOCIAL HOUSING LETTINGS	**Year ended 30 June 2023 £**	**Year ended 30 June 2022 £**
Rent receivable	7,818,360	7,369,767
Service charges receivable	225,085	202,112
Support exempt accommodation income	296,536	1,507,962
Lease incentives released	194,872	167,489
TURNOVER FROM SOCIAL HOUSING LETTINGS	8,534,853	9,247,330
EXPENDITURE ON SOCIAL HOUSING LETTINGS		
Management	996,462	962,111
Property supported living rentals	5,546,355	5,008,394
Property Support exempt accommodation rentals	219,664	1,322,754
Urban Sky: management fees	187,484	75,962
Property costs	911,101	795,667
Routine	137,447	106,659
Planned maintenance	49,540	12,602
Major repairs expenditure	148,322	342,193
Bad debts (reversal)	(217,665)	(528,350)
Depreciation	93,814	91,233
Loss/(profit) on disposal of fixed assets	5,968	(25,752)
Other costs	188,921	112,790
Repairs provision increase (note 12)	261,560	465,292
Dilapidation provision increase (note 12)	356,971	-
TOTAL OPERATING EXPENDITURE	8,885,944	8,741,555
OPERATING (DEFICIT)/SURPLUS ON SOCIAL HOUSING LETTINGS	(351,091)	505,775
Rent loss due to voids	75,587	16,815
Rent loss due to voids not in a lettable condition	239,109	277,896
Total rent loss due to voids (included above)	314,696	294,711

4. EMPLOYEES AND DIRECTORS

	Year ended 30 June 2023 No.	Year ended 30 June 2022 No.
The average number of persons based on a full year's employment status for the year (including directors) employed by the Company during the year was:		
Non-Executive Directors	6	6
Office and management	17	20
	23	26

	£	£
Staff costs for the above persons:		
Wages and salaries	693,653	666,760
Social security costs	60,117	60,996
Defined contribution pension	4,352	4,966
	706,851	732,722

The full-time equivalent number of staff who received remuneration (including pension contributions) greater that £60,000:	No.	No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
	2	2

Key management personnel remuneration for the year was £348,202 (2022: £331,141). This includes key management and Executive and Non-Executive directors. Members of the Association considered part of key management are the Directors (as listed on page 4), Sajid Hussain (Finance Manager), Kate Woods (Head of Housing) and G Darby (Head of Housing).

	£	£
EXECUTIVE DIRECTORS OF THE COMPANY		
Remuneration and fees	156,931	151,894
Company contributions to defined contribution pension schemes	-	-
	156,931	151,894

The highest paid director in 2023 was Denise Shuker (Chief Executive), £73,784 (2022: Denise Shuker, £63,029). The number of directors (above) to whom retirement benefits were accruing under money purchase schemes were nil (2022: nil).

4. EMPLOYEES AND DIRECTORS (CONTINUED)

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.

NON-EXECUTIVE BOARD MEMBERS	£	£
Emoluments	29,410	24,136

5. TAXATION

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
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 2022. Following which, the main rate of corporation tax will increase to 25% for profits which was effected from 1 April 2023.

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

(Deficit)/surplus on ordinary activities before tax	(351,091)	500,775
(Deficit)/surplus multiplied by the standard rate of corporation tax in the UK of 20.5% (2022: 19%)	(71,974)	95,147
Effects of:		
Fixed asset differences	17,908	17,681
Expenses not deductible for tax purposes	1,500	1,335
Remeasurement of deferred tax for changes in tax rates	(11,534)	36,055
Deferred tax not recognised	64,100	(150,228)
Other permanent differences	-	10
	-	-

The company has property losses of £900,153 (2022: £646,538) available to carry forward against future property losses.

6. OPERATING (DEFICIT) / SURPLUS

The operating (deficit)/surplus is stated after charging:	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Depreciation	93,814	91,221
Loss/(gain) on disposal	5,968	(25,752)
Bad debt impairment reversal	(217,665)	(528,350)
Operating lease rentals	5,766,019	6,331,148

Fees for the 2022/23 statutory audit of the company are £59,995 exclusive of VAT (2022: £49,950 exclusive of VAT). Non-audit fees payable to the auditor's associates in respect of the year were £15,218 exclusive of VAT (2022: £12,800 exclusive of VAT).

7. SOCIAL HOUSING UNITS

The Company had the following number of units:

	2023 No.	2022 No.
Supported housing	504	528
Support Exempt accommodation	27	102
	531	630

The Support Exempt accommodation are managed by another body.

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 2022	1,387,366	45,439	15,082	1,447,887
Additions	98,525	-	1,400	99,925
Disposals	(28,200)	-	-	(28,200)
At 30 June 2023	1,457,691	45,439	16,482	1,519,612
DEPRECIATION				
At 1 July 2022	294,778	31,632	11,121	337,531
Charge for the year	87,068	4,602	2,144	93,814
Disposals	(2,232)	-	-	(2,232)
At 30 June 2023	379,614	36,234	13,265	429,113
NET BOOK VALUE				
At 30 June 2023	1,078,077	9,205	3,217	1,090,499
At 30 June 2022	1,092,588	13,807	3,961	1,110,356

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Gross rents and service charges receivable	1,725,759	1,927,993
Less: provision for bad debts	(872,016)	(1,150,223)
Net rents and service charges receivable	853,743	777,770
Prepayments and accrued income	157,610	160,320
	1,011,353	938,090

The current year impact of the bad debt provision increase, and release, was reported as £218k (2022: £528k) per note 3.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	1,492,356	1,615,822
Other taxation and social security	18,699	18,108
Accruals and deferred income	883,438	804,213
Loan	555,000	800,000
Other creditors	1,454	1,646
	2,950,947	3,239,789

The £555k (2022: £800k) loan is unsecured and was provided by a non-related care provider. The loan is at zero coupon rate, but a £90,000 arrangement fee was incurred. Having passed the initial date set for repayment - September 2021 - the £800k loan then became repayable on demand. An agreement was reached with the non-related care provider that the entire loan would not be enforced upon the agreement that £250k was repaid before July 2023. During 2022/2023, a repayment of £245k was made, and a further payment of £5k was made subsequent to the year end in July 2023. The remainder of the loan has been waived during 2023/2024.

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

	2023 £	2022 £
Deferred income (see below)	1,769,239	1,966,412
	1,769,239	1,966,412

Deferred income	**2023** **£**	**2022** **£**
At 1 July	2,132,332	2,164,174
Income deferred in the year	169,000	169,000
Released during the year	(194,872)	(200,842)
At 30 June	2,106,460	2,132,332

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

12. PROVISIONS FOR LIABILITIES

	2023 £	2022 £
Repairs	1,699,906	1,512,439
Dilapidations	356,971	-
	2,056,877	1,512,439

Movements on provisions:

	Repairs £	Dilapidations £	Total £
At 1 July	1,512,439	-	1,512,439
Charge for the year	261,560	356,971	618,531
Release in the year	(74,093)	-	(74,093)
At 30 June	1,699,906	356,971	2,056,877

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.

The dilapidations provision comprises two components. The first component pertains to three Support Exempt properties surrendered in August 2022, for which the landlord is currently disputing the condition of the properties. The second component is associated with the hand back of Jensen House, Trinity's offices, as required by the lease terms.

13. COMMITMENTS UNDER OPERATING LEASES

Lessee

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

	2023	2022
	£	£
Within one year	5,598,768	5,471,865
Between one and five years	25,006,514	23,773,217
After five years	84,805,174	87,983,475
	115,410,456	117,228,557

Most Supported Living lease agreements are of 25-year duration and have annual increments of CPI. There are 4 (2022: 4) leases that increase annually at CPI plus 1% (2022: 1%).

The directors have considered the level of CPI at the reporting date and made a judgement to apply a rate of 10% CPI (2022: 2%) to the relevant lease rentals disclosed above over the life of the lease.

14. RECONCILIATION OF (DEFICIT)/SURPLUS AFTER TAXATION TO CASH GENERATED FROM OPERATIONS

	2023	2022
	£	£
(Deficit)/surplus after taxation	(351,091)	500,775
Depreciation on tangible fixed assets	93,814	91,221
Finance costs	-	5,000
Loss/(gain) on disposal of fixed asset	5,968	(25,752)
	(251,309)	571,244
(Decrease) in trade and other debtors	(73,263)	(126,200)
(Decrease) in trade and other creditors	(221,015)	(1,014,096)
Increase in provisions	544,438	414,134
Cash (used in)	(1,149)	(154,918)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 2022	Cashflow	At 30 June 2023
	£	£	£
Cash at bank and in hand	3,034,036	(346,074)	2,687,962
Debt due within 12 months	(800,000)	245,000	(555,000)
	2,234,036	(101,074)	2,132,962

15. FINANCIAL INSTRUMENTS

	2023 £	2022 £
Financial assets:		
Debt instruments measured at amortised cost	853,742	777,700
Financial liabilities:		
Measured at amortised cost	4,700,033	5,186,447

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 £4,352 (2022: £4,966). Contributions totalling £1,283 (2022: £1,646) 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

Settlement Agreement:
In December 2022, THA successfully reached a settlement agreement with Global Capital Holdings, outlining terms for the repayment of a portion of the outstanding loan, with the remaining balance to be written off in 2023.

Repayment and Write-Off Details:
Over the course of the 2022/2023 financial year, THA made a repayment of £245k towards the loan. Additionally, subsequent to the close of the financial year in July 2023, a further payment of £5k was made. It is worth noting that the remaining outstanding loan balance, amounting to £550k, has been officially waived during the 2023/2024 financial year, in accordance with the terms of the settlement agreement. For comprehensive details, please refer to note 10 in the financial statements.

Conversion to Charitable Community Benefit Society (CCBS) Financial Statements:
Trinity is in the advanced stages of its conversion process into a Charitable Community Benefit Society (CCBS) and aims to complete this transition by the end of the financial year 2023/24. The organisation has submitted its application to the Financial Conduct Authority (FCA) and are awaiting feedback in relation to the registration.