

Registered Charity No.1096829
Registered Company No. 4560091 (England and Wales)

HOUSING ASSOCIATIONS' CHARITABLE TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

**HOUSING ASSOCIATIONS' CHARITABLE TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021**

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LEGAL AND ADMINISTRATIVE DETAILS

The Housing Associations' Charitable Trust Limited (HACT) is registered as a charity; charity registration number: 1096829; company registration no: 4560091.

The charity is governed by its Memorandum and Articles of Association.

Board members who served during the financial year and up to the date of this report, approved these accounts on 23rd September 2021:

Gavin Cansfield (Chair)
Babu Bhattacharjee (Treasurer)
Nick Atkin
Jules Bickers
Mary Gibbons
Rachel Honey-Jones
Samantha Hyde
Davida Johnson
Charlotte Norman – appointed November 2020
Anastasia Odugbesan – appointed November 2020
Shaun Holdcroft - appointed November 2020

Other legal and administrative details

Chief Executive & Company Secretary: Andrew van Doorn

Key Management personnel: Andrew van Doorn
Jacqui Bateson
Matthew Grenier (joined April 2021)
Robin Wray (resigned July 2021)

Registered office: CAN Mezzanine
49-51 East Road London
N1 6AH

Auditor: Sayer Vincent LLP
Invicta House
108-114 Golden
Lane London
EC1Y 0TL

Bankers: Unity Trust Bank plc
9 Brindley Place
Birmingham
B1 2HB

Solicitors: Bates, Wells & Braithwaite
2 – 6 Cannon Street
London
EC4M 6YH

CHAIR'S INTRODUCTION

I am pleased to present HACT's Annual Report for 2020/21.

I don't think any of us were expecting that we would be concluding the financial year still in the pandemic, with ongoing lockdowns and restrictions to our home and work lives. I have been incredibly impressed at the way HACT has continued to adapt to the new and evolving situation; the Board would like to put on record how impressed we have been by the continued enthusiasm with which Drew and the team have not just coped but thrived despite the challenges.

In the last year HACT celebrated its 60th anniversary. Whilst our plans, including our celebration of this milestone, changed dramatically, the role of social landlords in keeping people safe and secure in their communities, came to the fore. We saw the rapid implementation of new ways of working, of connecting with people who live in the homes we manage and collaborating with the NHS and partners locally to support poorer and more vulnerable people in our communities. This was the time when we had to demonstrate why social landlords matter and fully unlock our social purpose.

HACT has a proud and distinguished history of driving and growing the social purpose of social landlords. Over six decades we have worked alongside people in communities, social housing organisations and their partners, to drive value through collaboration, insight and innovation. For nearly 50 years, this was mainly through providing funding and supporting the development of new organisations, projects and ways of working. In the past decade this has been through creating sector-wide collaborations focused on innovation. We have driven major research and development programmes that have created the tools and infrastructure for social landlords to grasp the opportunities ahead of them.

It is certainly true to say that at moments of extreme stress, we focus on the things that matter the most. We have all discovered and re-discovered the places where we live, and relied even more on the relationships that we have and the homes that we live in. But for far too many, the pandemic has highlighted the issues and challenges that poverty, poor housing and inequalities bring.

HACT's focus on social value, community investment, health, digital transformation, and insight, have all proved to be the issues that have enabled social landlords to respond at their best to the pandemic. They will also be critical in our road to recovery. Despite the uncertainty, volatility and challenges our society now faces, we know that the social housing sector can be even more creative and determined in making our social purpose count. I am proud to chair an organisation that is supporting the sector in meeting these challenges head on.

As you will see in this annual report, the breadth and depth of our work over the last year has been simply astounding. We have used our role, networks, and sector-wide collaborations to deliver in greater impact. And we have also taken the opportunity to invest in the resilience and development of HACT, bringing in a variety of new skills that will support our ongoing growth and impact.

HACT is always an organisation that is looking to the future. We are now working on our next five-year strategy, identifying those issues where we can have the most impact for social landlords, their tenants, and communities. We have been speaking with the sector, partners & stakeholders to ensure that we continue to deliver sector leading products, services and support. We know that our response to climate change and delivering net zero carbon will be a key feature of our future work. But we also know that we can only achieve this with greater collaboration, innovation that keeps social purpose and social justice at the heart of our response. HACT will need to ensure that we continue to add value to the sector, pursuing our vision, as well as drive good commercial outcomes to create greater financial resilience.

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We recognise the value of our partners in helping us to deliver now and into the future. I would like to thank the Oxford Consultants for Social Inclusion (OCSI) for our work on Community Insight and Value Insight, Simetrica-Jacobs for our work on social value and OSCRE on the development of the UK Housing Data Standards. We look forward to creating new partnerships as we move forward in the coming year.

Finally, I would like to thank again the team at HACT, the board and the staff, for their fantastic work over the last year. Their expertise, enthusiasm and incredible hard work has ensured our continued success and ability to adapt and thrive. As we head towards a new corporate plan, together with the Board, I am excited for our ambitions for the future.

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Gavin Cansfield
HACT Chair
23rd September 2021

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The Trustees (Board), who are also directors under company law, present their report and financial statements for the year ended 31st March 2021.

The Board confirm that the financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

OBJECTIVES AND ACTIVITIES

The Memorandum and Articles of Association give the board members discretion to do anything providing it is "charitable". The activities of HACT are not necessarily restricted to one particular field of work and can operate world-wide if desired.

We strongly believe that the non-profit social housing sector, which provides one in five homes across England, provides a unique and valuable route through which support can be provided to those who need it most, often people and families who find themselves homeless, those with additional vulnerabilities, older people, those in need of care and support, and those on low incomes. Most fundamentally through the provision of a home – a universal need – but also through investing in support for individuals and communities across the country.

We seek to fulfil our charitable mission by providing a focus for ideas and innovation, creating products and services with the sole aim of helping social housing providers deliver more effectively to the individuals and communities they support. We are proud of having built a business capable of delivering that mission through everything that we do.

PUBLIC BENEFIT

We strongly believe that UK social housing providers need to embrace new ideas and innovation if they are to continue to deliver the great homes and communities people need. Successful non-profit housing businesses, with a strong social purpose, need to respond creatively to the challenges and opportunities ahead.

HACT helps lead this change by actively championing new ideas and pioneering innovation in housing. We are focused on supporting social landlords to deliver on their social purpose - providing much needed affordable homes, with care and support to their residents, to live successful lives. We are also championing and promoting of the work that social landlords do in their communities, as community anchor institutions across the UK.

We are a small organisation, but with the potential to influence and deliver on a national scale.

We focus on three broad themes:

Leadership – we aspire to transform the quality of leaders at all levels within housing – at board and executive level. We support both leadership from individuals as well as leadership of organisations. Social landlords are often the largest and most robust non-profit organisations in some of the most deprived communities in the UK. How they invest and deliver impact in these communities is a key part of HACT's work.

Business transformation – We help the sector to reimagine the very core of housing businesses – IT, technology, procurement and the relationship between housing providers and residents are all hugely neglected areas for many landlords and yet have huge transformational potential.

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Impact and value – we lead the sector around housing and social value, helping social landlords to measure, demonstrate and drive social value in everything that they do. We put resources into evidence and research, data analytics and impact measurement to provide the bedrock of evidence to drive new ideas and support the new pioneering approaches we advocate.

The Trustees have paid due regard to the guidance issues by the Charity Commission in deciding what activities the charity should undertake. In particular the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trustees consider the current activities deliver public benefit. Details of the objects which form the basis of this are given in this report.

ACHIEVEMENTS AND PERFORMANCE

HACT's charitable activities and our impact manifests in the variety of ways we work to support the sector to deliver on its social purpose. We develop tools and products that provide insights to aid decision-making; we provide value-adding consultancy that helps organisations to build their own capacity; we act as a broker between sectors, offering insights, advice and guidance; we provoke and challenge through thought leadership; we enable sector-wide collaboration; we explore how new technology can be deployed; we deliver masterclasses and training; we curate quality events; and we consistently explore how to generate and deliver new ideas.

All of this work is centred on the fundamental aim to help housing providers drive change within their own businesses, enabling housing providers to sustain resilient and successful businesses by generating actionable evidence to inform decision-making, and to unlock the ways they can achieve their social purpose.

We continue to structure our work around five areas – Social Value, Community Investment, Health, our Insight tools, and Digital. We also seek to innovate in new areas, both planned and opportunistically, as new issues and concerns arise, and include a research and development pipeline across all these areas of work.

We mainly work with large and medium sized housing associations, and are increasingly expanding our work with those sectors and organisations that work with housing, where we play a significant brokerage role. This includes work with the social housing supply chain, NHS service providers, local authorities, sports and leisure and the broader community and voluntary and social enterprise sectors. Social landlords are at their best when they are collaborating and working together in the communities where they work.

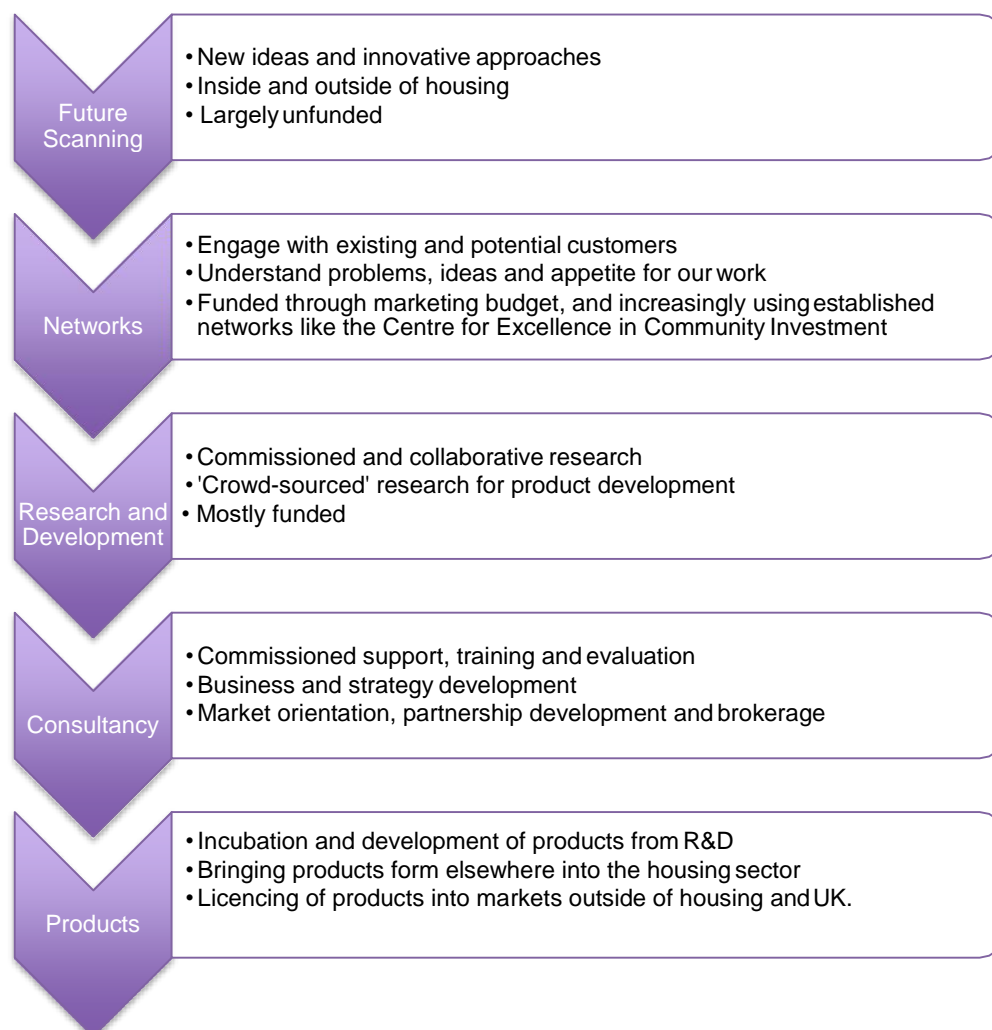
Likewise, particularly with our work in HACT Digital, we provide a space for housing providers and those working on technology solutions and civic innovation to work together. Our networks and our breadth and depth of expertise enable us to support other sectors to understand the businesses and priorities of social housing and to find ways of working creatively to generate impactful solutions.

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Our approach can be conceptualised in several iterative stages:



HACT Value

HACT Value is our suite of social value products, services and research. It seeks to embed social value within UK housing by providing robust tools for capturing, measuring and valuing the outcomes that housing associations and their partners deliver for their tenants and communities. This includes the UK Social Value Bank, Social Value Calculator and Value Insight.

The UK Social Value Bank remains the largest bank of methodologically consistent values that exists globally. The repository of values within the UK Social Value Bank are generated using the Wellbeing Valuation model developed by HACT and Simetrica-Jacobs. The values are free for housing associations to use, and are licensed to others, through our trading subsidiary HACTHAL. Having pioneered the approach Wellbeing Valuation is expanding in importance and recognition. It is recognised in the new supplementary guidance on valuing wellbeing to the governments Green Book.

Value Insight is our online tool developed in partnership with OCSI that allows housing associations to easily define, forecast, capture and record the social value they create across their business. We provide a range of consultancy, training, certification, networks and guidance around social

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value.

During the year the work of the UK Social Value in Housing Taskforce completed its review. It resulted in a comprehensive Roadmap, focussed on the continued development and expansion of the UK Social Value Bank, and maturing its use across the sector. We are now expanding the UK Social Value Bank to include new wellbeing values (primary wellbeing), associated exchequer values (secondary benefits) and new environmental outcomes. With the increasing focus on ESG reporting (Environment, Social and Governance) we are developing a suite of values to support organisations with decision making and reporting at all levels.

In October, we launched our campaign to raise £650,000 for the Roadmap development. We have created a major sector-wide collaboration of organisations investing in and working together to deliver on the Roadmap ambition. By the end of March we had secured commitments worth £500,000 and have created a collaboration of more than 40 social housing organisations and a broad spectrum of other partners. The success of the campaign means that £297,000 of the income raised for the social value roadmap was carried forward into the 2021 financial year to reflect the work required over the current year.

The profile of social value impact measurement continues to be highly relevant and HACT is a leader in this space. This year our annual social value conference saw us attract over 600 attendees, up from around 100 in the previous years.

HACT Local

HACT Local is our work that supports housing associations in their community investment and neighbourhoods work. Community investment is a key expression of the sector's social purpose with how housing providers continuing to demonstrate their commitment to the neighbourhoods and communities where they work.

HACT recognised there was a key space for curating best practice and driving forward innovation in community investment. As the only national body specifically providing networks and support in this space, we established the Centre for Excellence in Community Investment.

The Centre champions and supports community investment in the UK and involves 241 organisations. Throughout the year, the Centre for Community Investment has played a significant role in supporting the response of social landlords to the pandemic. There was unprecedented demand for support from the Centre as organisations grappled with the challenges of lockdown. In the first quarter, we significantly increased the support offered to social landlords, through facilitating weekly meetings, sharing insight and good practice, and supporting collaboration and resource sharing.

The pandemic has further cemented the importance of community investment in the work of social housing providers. So that we could understand the contribution made during the most unprecedented of times, we collated monthly impact measures, as well as case studies and personal accounts.

Addressing Fuel Poverty

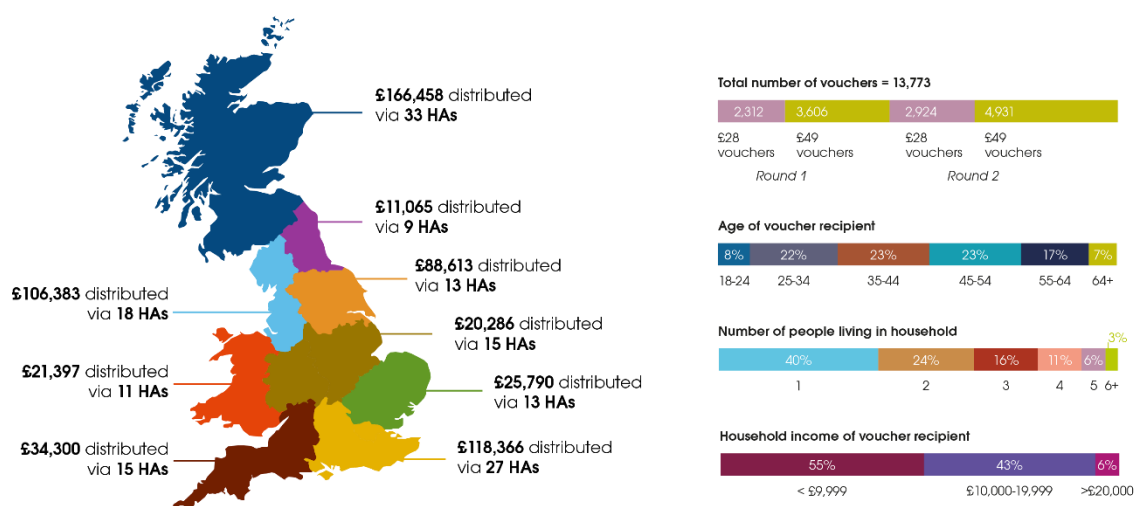
As a result of the pandemic and the real problems of poverty and financial stress experience by many, the Centre formed a collaboration Charis Grants and housing organisations to channel fuel vouchers to those in greatest need. Over the course of the year we secured over £1m of funding

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and distributed £700,000 through our UK based network of 131 housing providers. The funds were in two allocations over the year from the Energy Savings Trust. In March 2021 we secured a further £375,000 from the Scottish Government, via the Scottish Federation of Housing Associations, for distribution in 2021/22. This is the first time in many years we have participated in the distribution of grant funding and we are seeking additional opportunities to continue this work.

Feedback shows that housing providers really appreciate the role we played in securing and administering the distribution of these funds. It enabled financial support to get into the direct hands of their tenants quickly and efficiently. It demonstrates the impact that HACT can have with the sector when working through our networks.

Fig 1. Impact of the Energy Redress Voucher Scheme



HACT Health

The connection between housing and health has never been so important. HACT Health supports housing associations and NHS providers to develop new relationships that lead to major improvements in healthcare for their residents. It is delivered in partnership with Peter Molyneux of Common Cause Consulting.

Our work with NHS Trusts continues to grow and evolve, moving from shorter-term engagements in brokering new relationships between the NHS and housing, to major commissions to embed new expertise and approaches. We commonly work with NHS trusts, Commissioners, Government (MHCLG, PHE and NHS England) and the breadth of our work includes strategy development and discovery reports; market engagement and brokering relationships between partners creating pathway design; evaluation of services and strategic partnership development.

We continue to second to MHCLG and Public Health England the Rough Sleeping and Health Advisor, who this year has delivered considerable impact in supporting the Everyone In initiative. The scale of this operation has never been seen before and its impact in supporting people to move away from rough sleeping will be long lasting.

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With increasing demand on NHS services, we have worked throughout the year to develop and support new collaborations and unlock the opportunities of more integrated care. We were commissioned to write the first Integrated Care System (ICS) Mental Health and Housing Strategy in the country for Sussex Health and Care Partnership. We supported the development of a new ICS-wide collaboration for Mersey and Cheshire, so support social housing tenants into NHS jobs. We have also supported trusts in London and in Dorset to take a more strategic approach to housing.

HACT Health also undertakes research to improve the evidence base for the health and housing work delivered by social landlords. We also delivered our third Integrated Care Systems and Housing Development Programme.

HACT Insight

HACT Insight focuses on providing affordable and easy access to insight products to the desktops of staff in housing. Working in partnership with the Oxford Consultants in Social Inclusion (OCSI) we have developed a suite of products includes Community insight, Value Insight and Local Insight. These tools provide valuable insight from 1,200 data sets which can be tailored by individual organisations and even users and enriched with an organisations own data. Working with OCSI, the data is continuously updated, and we are looking forward to the release of the latest census data in the coming year or two. These are a significant, renewable income line for HACT and for a key part of our ongoing plans.

During the year, the need to have greater intelligence at a neighbourhood level really came the fore. Working with organisations like the Red Cross, our partners OCSI were able to bring new data sets into Community Insight that mapped the risk of Covid Impact. We followed this through with training and support for Community Insight users so that they could harness this new data to direct their community based responses.

As the use of data and insight grows in our sector, we have provided support to adopt new data analytical methods that drive greater business insight and the prioritisation of resources. This includes helping housing associations to build their capacity and capability around data and evidence creation.

Our research activity is also a key part of HACT Insight. As well as undertaking evaluations for housing associations of their work and impact, we aim is to look at bigger issues of wider relevance to the sector. During the year we worked with Placeshapers to understand the impact of the first lockdown and what this would mean for future services and engagement with communities. The resulting research was published in our report 'Places after the Pandemic' following which we launched a new Place-based Working learning programme to begin in the next year.

We approach research from a collaborative perspective, bringing together a range of housing providers to invest in major research programmes. We are also introducing new methodologies to the sector.

HACT Digital

We have been working since 2016 to provide an answer to the perennial complaint of 'bad' data in the sector. Working with OSCRE as our delivery partner, we have now worked with over a hundred housing associations to develop the UK Housing Data Standard. Development of the standard has continued and now totals seven standards covering everything from core customer data; voids allocation; income and service charge collection and care and support, to all things related to the building; planned and reactive repairs and development handover.

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During the year, we completed the Development Handover Standard and started work on the Complaints and Resident Feedback standard. Version 4.0: Complaints and Resident Feedback, is now completed and due to be released imminently. Later this year, we will add to the environment and ESG standard and regulatory returns standard to the UK Housing Data Standard

During the year, the relevance and importance of the UK Housing Data Standard was recognised by Dame Judith Hackitt in a letter to us:

““We see real value and importance in the UK Housing Data Standards (UKHDS) you are developing,” she wrote. “They will enable organisations to keep information about the way homes are constructed and how they meet the compliance regime in an accessible way that can be shared with residents and contractors alike.”

“In my interim report,” Dame Judith Hackitt continued, “I stated that there needs to be a golden thread for complex buildings so that the original design intent, and any subsequent changes or refurbishment, are recorded and properly reviewed. We therefore welcomed the fact that the Housing Associations' Charitable Trust (HACT) has been proactively leading the way on developing the golden thread.”

HACT, along with many other industry specialists and government, is involved in the work to develop the buildings safety legislation and the data requirements for the golden thread.

With this standard, housing associations will be able to fully embrace a digital future, improving how they work with their residents and how they innovate and transform their services.

We continue to support organisations in the implementation of data standards, excellence in data governance and their ambitions to become data driven, digitised organisations for the future. This has been a direct response to the volume of organisations undergoing transformation processes. We recognise that social landlords need support from independent organisations to provide space for critical conversations, to facilitate solutions and to bring together often disparate strands of work across businesses. Our successful Learning Lab programme which supports understanding of data, good data governance and the data standards continues to attract attention.

Events, masterclasses and action learning

We continue to run a range of events, seminars and learning programmes. With all activity moving online, we were able to reach a much wider audience and engage more people in more frequent learning activity. Other than our longer-term learning development programmes and our social value masterclasses, all other events and webinars were free to attendees. We run the annual social value conference in partnership with the Northern Housing Consortium, attracting 600 delegates. Our social value masterclass programme has continued to be in high demand.

Our approach to events and learning has translated to an increase in demand for in-house training and consultancy that is increasingly workshop-based, providing the same feel for attendees as our other events, but with more focus on specific challenges.

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FINANCIAL REVIEW

Income generated during 2020-21 was higher than 2019-20. Income received in 2020-21 increased by 164 per cent. 99 per cent of all HACT's income is derived from trading activity, predominantly from social housing organisations and NHS organisations.

Income across all lines has remained stable across the year with little negative impact arising from the pandemic. HACT Local income shows a significant increase in income due to the contracting of a third fuel poverty voucher scheme in Scotland for £375k. Due to the timing of the contract, the payment has been held as income in the 2020/2021 financial year as restricted funds, however, all funds, with the exception of the administration fee, will be held over to the 2021/2022 financial year to reflect when the funds were actually spent.

Restricted funds are a reserve of money that can only be used for specific purposes. Restricted funds provide reassurance to donors/grantees that their contributions are used in a manner they have chosen. The impact of the timing of these funds to HACT means that whilst in the 2020/2021 financial year looks extremely positive from a surplus perspective, this will be counterbalanced in the 2021/2022 financial year when the funds will be spent, and the matching income already recognised in the prior year. It should be noted that the funds had all been distributed by the end of July 2021.

Income generated and raised during 2020-21 was £2,558,770 with £1,286,186 available for unrestricted purposes. Total expenditure was £2,201,154 with expenditure for unrestricted purposes of £1,368,224.

Summary Income and expenditure	2021 Total £	2020 Total £
Income from:		
Earned Income	1,256,490	1,436,839
Unearned Income	1,302,280	123,742
Total Income	2,558,770	1,560,581
Expenditure on:		
Raising funds	32,803	4,459
Charitable activities	2,168,351	1,582,323
Adjustment for:		
IP tool impairment/gains*	-123,333	-123,333
Pension costs**	41,484	71,867
Total expenditure	2,119,305	1,535,316
Net result on normal activities excluding impairment	439,465	24,765

* The IP Tool amortisation of £123,333 is as set out in note 10 to the accounts.

** The pension cost figure is the net of the employer contribution of £50,569 actually paid for the year and the defined benefit costs of £9,085 recognised as expenditure in SOFA both of which are set out in note 20 to the accounts.

HACT ended the year with a surplus of £439,465 on normal activities (as outlined in the table above). Together with the pension costs, IP amortisation and actuarial loss on the pension £423,222 a total loss of (£65,606) as shown on the SOFA.

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Investment Policy and Performance

In accordance with HACT's governing document the Trustees have the power to invest in such stocks, shares, investments and property in the UK, as it deems appropriate. HACT had no investments during the 2020-21 financial year.

Pension

HACT is a member of the Social Housing Pension Scheme operated by the Pensions Trust. From April 2013 staff have access to the defined contribution scheme. Before this date staff were members of the defined benefits scheme.

As noted, the full assets and liabilities of the SHPS scheme are now calculated for each employer. The pension liability is now £702,413 and this appears on our balance sheet. This is higher than our liability last year (£320,675) due to a combination of payments into the scheme (including some past service deficit contributions, due to a suspension of payments for 6-months during the pandemic), payments out of the scheme (benefit payments and expenses) and reduced investment return over the period. The performance of investment assets is subject to market conditions and can fall as well as rise. However, it is important to note that our operational position remains viable.

The pension scheme is not expected to crystallise at a single point in time and is affordable as long as annual contributions can be met. The Trustees are aware of the risks of the pension scheme and have taken steps to ensure that a member of staff at all times remains a member.

We were prepared for the fact that fully valuing the pension liability would have a significant impact on our Balance Sheet. The Trustees will continue to work closely with our auditors on the going concern consideration.

During the pandemic, the Trustees considered the potential challenges for HACT and in order to plan for challenges, we deferred pension payments for 6-months to ensure cash flow in the business was not compromised. The repayments re-started in April 2021 and the deferred amount will be repaid over the coming 2-years.

The Triennial valuation of the SHPS scheme took place 30 September 2020. Information released in August indicates that employers will need to increase their deficit payments by 50% of the next seven years to bridge the £1.5bn funding gap in the scheme. We have not yet received notification of the exact amount for HACT, but a 50% increase would be in the region of £50K per year, increasing our deficit payment to around £150K.

HACTHAL

HACT has a fully owned trading subsidiary HACTHAL and the accounts include the results of HACTHAL, which includes licences for the UK Social Value Bank and sponsorship. The influence on the 2020-21 financial year has decreased and this is due to a re-prioritising of our licensing activity in the year in favour of ensuring the social value roadmap is successful and drives significant change which will act as a springboard for increased licence activity through HACTHAL.

INTELLECTUAL PROPERTY

The Intellectual Property consists of two online data mapping tools used by Housing Associations called Community Insight and Value Insight.

Community Insight is used mainly by housing association neighbourhood focused staff but increasingly going into other parts of housing organisations. Its basic functionality – placing of data on maps – is not unique. What defines the product is the way in which that functionality is being built around the specific requirements of and working practices of housing association staff.

Value Insight is a companion product to Community Insight and is a social value calculation, forecasting and mapping tool, used mainly by housing associations. Its basic functionality – measuring and forecasting social value – is not unique. However, some aspects are unique – the mapping of social value and social value proxies that are embedded within the tool.

It is the policy of HACT that Intellectual Property is only recognised as Intangible asset if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably. The Intellectual Property was revalued as of 31 March 2019, with Community Insight (including Local Insight) valued at £585,000 and Value Insight valued at £155,000. The improved valuation is a reflection of the consistently good retention activity and the increase in new sales activity. Every three years we re-value the Intellectual Property, however, if we recognise a material impact in sales activity for any reason the Trustees may decide to do this earlier. However, at this stage, there is no indication that this is the case.

RESERVES POLICY

The Board are fully aware of the need to ensure HACT's ongoing and future viability. In order to provide consistently high quality and reliable services and innovation programmes, HACT must have at all times sufficient resources to finance planned activities, deal effectively with unexpected setbacks, and take advantage of opportunities for expanding and improving its work.

The enterprise and innovation nature of HACT's business requires sufficient funds to manage cash flow risk, as well as adequate resources to invest in ongoing development and innovation. Any business heavily invested in research and development will require adequate reserves to invest upfront in new products and services.

HACT's policy is reviewed annually by the Board at the first meeting after the financial year end. HACT's policy covers the following areas:

1. The types of funds or reserves which HACT will retain and the reasons why;
2. How to assess and determine the required level of retained funds or reserves; and
3. What steps will be taken to create and maintain the required funds.

Assessment of Reserves Needs

The general reserve target is to hold close costs calculated at £215k. There is currently no maximum reserves target.

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The reserves policy is informed by a realistic assessment of HACT's needs on a regular and consistent basis in the context of the business plan and in light of:

- Forecasts for levels of future income, including the reliability of each source of income and the possibility of new sources;
- Forecasts for future expenditure on the basis of the level of planned activities;
- An analysis of future developments, contingencies or risks; and
- An assessment of the likelihood of those future events, and their impact on HACT's operation.

Likewise, given the impact of the full pension liability, which is brought onto the balance sheet, we now consider our reserves policy explicitly in relation to the pension liability as well. HACT has a pension liability of £702k in relation to the defined benefit scheme. Excluding the pension liability, reserves stand at £1.1m, with the pension liability, we show reserves of £400k.

Of our current net assets, £480k is in our restricted fund with £203k sitting in the general reserve. Whilst these reserves are lower than our calculated closure costs of £215k, Board recognises that the total pension liability does not translate to a cash payment and that we will be able to cover payments on an ongoing basis. As such, unrestricted general funds will not be designated to cover this liability.

With a robust and realistic annual budgeting process in place, and the Executive and Leadership teams scrutinising budget and cashflow on a monthly and ongoing basis, Trustees are confident that HACT will continue to build on our reserves in the medium to long term. In the short term, HACT has put in place procedures to mitigate the risk of the pension liability crystallising. With the understanding that the liability will only crystallise at the point at which no member of staff is enrolled in the current scheme, Board and the Executive have agreed therefore that HACT will, if it becomes necessary, absorb the cost of for a junior member of staff to join the existing scheme.

Fund	Purpose	Basis of calculation	Reserves held on 31.3.21
1) Restricted funds	As specified by third parties	Amounts received / outstanding	£479,674
2) Unrestricted funds			
a) General Reserves	Covers the need for day-to-day working capital; unavoidable budget shortfalls; disruption of business; loss of income, etc.	Past experience, risk analysis / scenario planning - aim to hold a minimum level equal to 3 months' expenditure less designated reserves.	£ 203,021
b) Revaluation Reserve	Future amortization of Intellectual Property	Value of the Intellectual Property, revalued Jul 2019	£ 415,332
3) Designated funds:			
R&D Reserve	Provide investment into new products at risk	Past experience, allocation against plans for new development.	£0
Total funds, excluding pension deficit			£1,098,007

HOUSING ASSOCIATIONS' CHARITABLE TRUST
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FOR THE YEAR ENDED 31 MARCH 2021

4) Pension reserve			
b) Pension Reserve liability	The NPV of the SHPS Pension deficit payment liability	Provided by SHPS Actuary	(£ 702,413)
Total, including pension liability			£ 395,594

Fundraising

The Trustees take their responsibility under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their activities. HACT does not raise funds directly from the general public and does not actively solicit donations. We do not work directly with commercial sponsors but where commercial sponsorship is arranged for an event a clear contract is in place between the trading company and the commercial sponsor. The Trustees are not aware of any complaints made in respect of fundraising during the period.

Safeguarding

HACT believes that everyone we come into contact with, regardless of age, gender identity, disability, sexual orientation or ethnic origin has the right to be protected from all forms of harm, abuse, neglect and exploitation. HACT will not tolerate abuse and exploitation by staff or associated personnel.

HACT commits to addressing safeguarding throughout its work, through the three pillars of prevention, reporting and response.

In November 2018, the Trustees agreed a new Safeguarding policy. The policy is designed to protect people, particularly children and at-risk adults from any harm that may be caused due to their coming into contact with HACT. This includes harm arising from:

- The conduct of staff or personnel associated with HACT.
- The design and implementation of HACT's programmes, research and activities.

The policy lays out the commitments made by HACT and informs staff and associated personnel of their responsibilities in relation to safeguarding.

In support of our approach to safeguarding, we also have policies and procedures on bullying and harassment, and whistleblowing.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board reviewed the risk register in February 2021 and reviewed it throughout the year as the impact of the pandemic became known. Risks are reviewed against our corporate strategy and assesses and monitors the level of risk arising in the following areas, which the Executive Team recognises as interdependent:

1. **Governance and management risks:** HACT has a strong Board, supported by a small Executive Team with extensive experience in organisational development and leadership. It meets regularly to review business strategy, and receives regular reports on business performance, both in relation to its activities and its financial management. HACT undertook a governance review against the new Code of Governance in the 2018-19 financial year and as a result the membership of the Board has diversified to ensure it has both depth and

HOUSING ASSOCIATIONS' CHARITABLE TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

breadth of experience, as complementary to the executive and leadership teams. HACT has also strengthened the expertise of its senior management and leadership team. The current corporate plan comes to an end in March 2022 and the executive team and The Board has begun to assess the next 5-year corporate plan period which will reassert its mission and role in the social housing sector. This will be supported with a rigorous business plan to support delivery.

2. **Operational risks:** The Board monitors closely HACT's capacity and credibility, including ensuring the resources and expertise are in place to deliver on our mission effectively. Key operational risks include the tension between immediate product sales and growth of key products and a longer-term development pipeline. As an organisation focused on innovation, protecting time and resources to develop new ideas and projects is important to ensure this is not completely subordinated by immediate cash flow pressures. These interdependent risks ultimately impact on sustainability, the viability of our partnerships and management of these relationships, over-stretch of existing capacity, staff retention and customer relationship management. Our staff team has been bolstered with the creation of a business development team to ensure there is the right balance of skills to create and deliver on opportunities. Partnership working, with existing and new partners, helps address capacity needs and ensures flexibility. We have reviewed all partnership agreements and are entering into new agreements where necessary.
3. **Financial risks:** With a fully embedded social enterprise model, HACT's primary financial risks are now two-fold: securing sufficient income and sales to deliver an operating surplus that delivers the mission and business plan; and delivering a strong credit control regime that ensures sufficient cash flow. The Finance and Performance Committee, a formal Board subcommittee, continues to operate effectively, supporting the Treasurer and Executive in managing the organisational finances, reviewing cash flow forecasts and managing deposits and investments. Income and sales targets have been set for key areas of work and are reviewed quarterly against the business plan. The Credit Control system has dramatically reduced trade debtors; we continue to review the Credit Control system to improve cashflow.
4. **External risks:** Ensuring HACT's continued relevance to and support from the social housing sector, including productive relationships with other sector bodies, is critical to the delivery of HACT's mission, and the sustainability of its income streams. HACT continues to invest heavily in building the necessary relationships with housing associations as the supporters, funders and customers of HACT. HACT also undertakes periodic market reviews, identifying major changes and new market entrants and products. The perception and reputation of HACT within the sector is another key area of focus. With significant attention on securing income and delivering projects, we also recognise the importance of explicitly communicating our impact and relevance to the sector through various media. HACT continues to invest in communications and marketing support.
5. **Compliance with law and regulation:** The Board reviews HACT's Standing Orders periodically so as to ensure that the reporting framework and delegation of powers meet compliance requirements. The Board completed a fundamental review to ensure that HACT is operating within the new Code of Governance. Financial Policies and Procedures are also reviewed annually, and further improvements made to operational reporting arrangements in the course of the last year.

COVID-19 PANDEMIC

The Covid-19 pandemic started, towards the end of our previous financial year and ran throughout the 2020/2021 financial year. Initially the Board reviewed the financial position and impact of activity as it unfolded. A number of actions were taken in order to secure our future resilience such as taking advantage of the furlough scheme for a short period of time, to create breathing space and refocussing activity in areas of greatest need for the housing sector to continue to generate income. We also deferred out pension deficit payments for 6 months, as outlined earlier. As an organisation, many members of staff already worked remotely so the move to everyone working from home was relatively painless. We are now considering how we will develop and utilise new practices over the longer term. The Trustees reviewed the organisations risks on an ongoing basis and refocused the organisation's activity as appropriate. Throughout the year, our focuses shifted in response to the needs of social housing organisations and their tenants. The earlier focus for immediate and enhanced support through the Centre for Excellence in Community Investment, moved quickly into longer-term support and consolidation around enhancing social impact. We continued to deliver major programmes such as our data standards development and explore new opportunities that have emerged around working with the health sector. The increased engagement with social housing organisations promoted healthy working relationships which has supported engagement in other areas.

PLANS FOR THE FUTURE

In 2020, HACT had its sixtieth anniversary. With this significant milestone we continue to grow the products, services and workstreams that are most successful, also reflecting on our role as a trusted partner and thought leader in the social housing sector, and what this means for the future. How we conceptualise our work, what we do, and how we relate to housing providers is more important than ever.

We are now developing ideas for our next strategy, which will be in place from 2022. This give us the opportunity to reflect on HACT's work now and into the future, working alongside our partners and social housing organisations to address the challenges ahead. We will continue to grow our offer, champion and enhance the social purpose of social landlords, and place social justice and social impact at the heart of our work. We will see some major piece of sector-wide development programmes come to a conclusion, in data standards and the expansion of the UK Social Value Bank. Capitalising on what has been some of the largest collaborations in the social housing sector, we will propel this work forward to deliver innovation, value and impact for social landlords, their tenants and communities.

The importance and challenge of meeting Net Zero Carbon for social landlords is of critical concern. How we avert environmental catastrophe and ensure that our homes and our communities are sustainable for the future is an area that HACT is exploring. There will be a need for technological innovation and new financial investment at a time of considerable pressure on the public finances. For HACT and for social landlords, there are other important considerations and opportunities that speak to our social purpose. How we move forward with social justice at the heart of our approach, that address poverty and creates opportunities for our tenants and communities, we be a key strand of our future plans.

We are a growing organisation and have ambitious plans for ourselves and for our sector.

**HOUSING ASSOCIATIONS' CHARITABLE TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Housing Associations' Charitable Trust Limited (HACT) is registered as a charity; charity registration number: 1096829; company registration no: 4560091.

The charity is governed by its Memorandum and Articles of Association.

HACT's Standing Orders specify the planning and delivery framework and powers delegated to the Chief Executive.

HACT works throughout the United Kingdom predominantly in England and Wales, but also with partners in, Northern Ireland and Scotland.

HACT has a fully owned subsidiary (100% share capital) – HACT Housing Action Ltd (Company Registration Number 3616766).

HACT's Memorandum and Article of Association make provision for 15 Board Members to be appointed, although it is the Board's policy to not exceed 11 members. The Board brings knowledge and experience in governance, financial and organisational management, marketing, communications and strategic development. It is mainly comprised of senior professionals working within social housing organisations.

HACT's Standing Orders explain the policy and procedures underpinning the appointment and conduct of the Board and robust procedures for Board induction.

The Board seeks to ensure a diverse group of Board Members given HACT's values and focus. This is achieved by monitoring and targeting groups to recruit a board which includes: women and black and minority ethnic representation; seeking younger people and people with fresh ideas and ways of thinking; and monitoring sexual orientation. Ideally at least one third of HACT's Board should be housing chief executives and/or senior housing personnel from across the regions.

HACT seeks to welcome new Board Members with an induction process that is both informative and supportive. The Board Member Induction, Support and Development policy and procedure outlines this process. A letter confirming the appointment will be sent with induction materials and information.

HACT recognises that Board and committee members are valuable assets and offers Board members a number of support mechanisms intended to assist them achieve and exceed its minimum standards of competency and contribution, and to facilitate continuous improvement in members' individual and collective performance.

The overall objective of Board Member induction, support and development is to optimise the contribution of the board to the work of HACT. This is achieved by:

- Identifying and recording skills, expertise and interests brought by Board Members to the board.
- Ensuring induction of new Board Members so they gain a good early understanding of how HACT operates and why; of its ethos and history, and of current issues.
- Providing personal support during the learning curve, primarily from the chair, senior staff, and from a fellow Board Member as a mentor.
- Ensuring all Board Members are aware of each other's skills, expertise and interests.

HOUSING ASSOCIATIONS' CHARITABLE TRUST
REPORT OF THE TRUSTEES
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- Reviewing, after an appropriate induction period, areas in which Board Members wish to increase or reduce their level of contribution.
- Reviewing at appropriate times, with the chair, Board Members' contribution and to reach mutual agreement about renewal (or non-renewal) of terms of office.

The Board has established the Finance and Performance Committee, a sub-committee of the Board, with responsibility to oversee and scrutinise all financial and financial performance matters. The Finance and Performance Committee is chaired by the Treasurer.

All day-to-day operational and management decisions of the organisation are delegated to the Chief Executive, Andrew van Doorn, the Managing Director, Jacqui Bateson and the Business Development Director, Matthew Grenier. HACT has in place comprehensive and robust financial management and control procedures with clearly defined delegated authorities and expenditure approval limits that are reviewed annually by the Treasurer.

During 2019-20 the Trustees completed a review of governance in line with the Charity Governance Code published in July 2017. Board are satisfied that we are compliant with the Code and took this opportunity to also review standing orders and publish a new Governance Handbook, which has now been operationalised.

Remuneration policy for key management personnel

HACT has a remuneration policy for all staff which includes the Chief Executive, Managing Director and Business Development Director. The policy takes into account both internal and external factors and are reflected in the following Statement of Policy:

- The salaries and benefits paid by HACT will be fair and reasonable and in keeping with its position as a charitable organisation; salary decisions will be influenced by the funding constraints placed upon HACT as a charity.
- Salary policy will be linked to HACT's service objectives which will be supported by providing staff with terms and conditions which are effective in aiding recruitment and retention of quality staff.
- The principle of fairness will apply to all employment policy and processes and differentials will be based on clear differences in responsibility and market factors.
- Pay trends and market forces will be taken into account in determining salary levels as well as reference to charitable, voluntary, housing sector and other public sector comparisons, although there will be no one factor which automatically affects salary levels.
- Staff will understand how pay is determined and be able to raise a grievance on pay and benefits decisions which directly affect them.

Salary levels are therefore set on the basis of decisions which reflect the overall movement in 'cost of living' and pay trends in the marketplace, reviewed annually and are based on the Charity's ability to pay. HACT sets its own pay structure, and takes into account arrangements in other sectors, particularly the voluntary and housing sectors. HACT does not pay below the London Living Wage.

**HOUSING ASSOCIATIONS' CHARITABLE TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021**

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Trustees (who are also directors of charitable company for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2021 was 11 (2020: 11). The Trustees are members of the charity, but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Statement as to disclosure to our auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**HOUSING ASSOCIATIONS' CHARITABLE TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021**

AUDITOR

Sayer Vincent LLP was re-appointed as auditor for the 2020-21 financial year.

The trustees' annual report has been approved by the trustees on **23rd September 2021** and signed on their behalf by;

.....
Gavin Cansfield
Chair

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HOUSING ASSOCIATIONS' CHARITABLE TRUST LIMITED**

Opinion

We have audited the financial statements of The Housing Associations' Charitable Trust Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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 group financial statements section of our report. We are independent of the group and parent charitable 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.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the trustees 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 trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group 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 group financial

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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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 group 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 trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report,

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' 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 and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and the parent charitable 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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HOUSING ASSOCIATIONS' CHARITABLE TRUST LIMITED**

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's/ group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity/ group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity/group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HOUSING ASSOCIATIONS' CHARITABLE TRUST LIMITED**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)
11 November 2021
for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Consolidated statement of financial activities

(incorporating an income and expenditure account)

For the year ended 31 March 2021

		Unrestricted	Restricted	2021 Total	Unrestricted	Restricted	2020 Total
	Note	£	£	£	£	£	£
Income from:							
Donations and legacies	3	51	-	51	2,000	-	2,000
Charitable activities:	4						
HACT Local Sales		75,707	1,172,584	1,248,291	145,960	120,000	265,960
HACT Health Sales		348,906	-	348,906	358,071	-	358,071
HACT Insight Sales		390,643	-	390,643	457,446	-	457,446
HACT Value Sales		183,076	100,000	283,076	212,754	-	212,754
HACT Digital Sales		258,158	-	258,158	262,608	-	262,608
Total charitable activities		1,256,490	1,272,584	2,529,074	1,436,839	120,000	1,556,839
Other income	5	29,645	-	29,645	1,742	-	1,742
Total income		1,286,186	1,272,584	2,558,770	1,440,581	120,000	1,560,581
Expenditure on:							
Raising funds		32,803	-	32,803	4,459	-	4,459
Charitable activities:							
HACT Local Costs		65,828	832,930	898,758	78,769	126,723	205,492
HACT Health Costs		375,882	-	375,882	333,628	-	333,628
HACT Insight Costs		485,946	-	485,946	556,626	-	556,626
HACT Value Costs		167,362	-	167,362	196,972	-	196,972
HACT Digital Costs		240,403	-	240,403	280,380	-	280,380
HACT Talent Costs		-	-	-	9,225	-	9,225
Total charitable activities		1,335,421	832,930	2,168,351	1,455,600	126,723	1,582,323
Total expenditure		1,368,224	832,930	2,201,154	1,460,059	126,723	1,586,782
Transfers between funds		-	-	-	377	(377)	-
Net income/ (expenditure) for the year	7	(82,038)	439,654	357,616	(19,101)	(7,100)	(26,201)
Actuarial gains/(losses) on defined benefit pension schemes	20	(423,222)	-	(423,222)	555,121	-	555,121
Net movement in funds		(505,260)	439,654	(65,606)	536,020	(7,100)	528,920
Balances brought forward		421,200	40,000	461,200	(114,820)	47,100	(67,720)
Total funds carried forward		(84,060)	479,654	395,594	421,200	40,000	461,200

All of the above results are derived from continuing activities.

There were no other recognised gains or losses other than those stated above.

The attached notes form part of these financial statements.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Balance sheet

As at 31 March 2021

	Note	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Fixed assets:					
Intellectual property	10	493,334	493,334	616,667	616,667
Tangible assets	11	386	386	572	572
Investments	12	-	10,000	-	10,000
		<u>493,720</u>	<u>503,720</u>	<u>617,239</u>	<u>627,239</u>
Current assets:					
Debtors	13	1,013,684	1,002,435	377,511	349,483
Cash at bank and in hand		<u>323,299</u>	<u>316,694</u>	<u>69,236</u>	<u>69,039</u>
		<u>1,336,983</u>	<u>1,319,129</u>	<u>446,747</u>	<u>418,522</u>
Liabilities:					
Creditors: amounts falling due within one year	14	<u>(732,696)</u>	<u>(724,842)</u>	<u>(282,111)</u>	<u>(263,886)</u>
Net current assets		<u>604,287</u>	<u>594,287</u>	<u>164,636</u>	<u>154,636</u>
Net assets excluding pension liability		<u>1,098,007</u>	<u>1,098,007</u>	<u>781,875</u>	<u>781,875</u>
Defined benefit pension scheme liability	20	<u>(702,413)</u>	<u>(702,413)</u>	<u>(320,675)</u>	<u>(320,675)</u>
Total net assets / (liabilities)		<u><u>395,594</u></u>	<u><u>395,594</u></u>	<u><u>461,200</u></u>	<u><u>461,200</u></u>
Funds	16				
Restricted funds		479,654	479,654	40,000	40,000
Unrestricted funds:					
General funds		203,021	203,021	203,210	203,210
Revaluation reserve		<u>415,332</u>	<u>415,332</u>	<u>538,665</u>	<u>538,665</u>
Total unrestricted funds		<u>618,353</u>	<u>618,353</u>	<u>741,875</u>	<u>741,875</u>
Total funds excluding pension deficit liability		<u>1,098,007</u>	<u>1,098,007</u>	<u>781,875</u>	<u>781,875</u>
Pension reserves liability		<u>(702,413)</u>	<u>(702,413)</u>	<u>(320,675)</u>	<u>(320,675)</u>
Total funds		<u><u>395,594</u></u>	<u><u>395,594</u></u>	<u><u>461,200</u></u>	<u><u>461,200</u></u>

The financial statements have been prepared in accordance with the special provisions for small companies under Part15 of the Companies Act 2006.

As permitted by section 408 of the Companies Act 2006, the company has not presented its own profit and loss account and related notes.

Approved by the trustees on **23rd September 2021** and signed on their behalf by:

Gavin Cansfield
Chair

Babu Bhattacharjee
Treasurer

Company registration no. 4560091

The attached notes form part of the financial statements.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Consolidated statement of cash flows

For the year ended 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities:					
Net cash provided by operating activities	a		304,948		10,502
Cash flows from investing activities:					
(Purchase) of fixed assets		(316)		-	
Pension contributions payments		(50,569)		(96,867)	
Cash (used in) investing activities			(50,885)		(96,867)
Change in cash and cash equivalents in the year			254,063		(86,365)
Cash and cash equivalents at the beginning of the year			69,236		155,601
Cash and cash equivalents at the end of the year	b		323,299		69,236

a) Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net (expenditure) for the reporting period (as per the statement of financial activities)	357,616	(26,201)
Depreciation	502	738
Interest, rent and dividends from investments	-	-
Amortisation	123,333	123,333
(Increase)/decrease in debtors	(636,173)	(83,197)
Increase /(decrease) in creditors	450,585	(29,171)
Pension costs	9,085	25,000
Net cash provided by / (used in) operating activities	304,948	10,502

b) Analysis of cash and cash equivalents

	At 1 April 2020 £	Cash flows £	Other changes £	At 31 March 2021 £
Cash at bank and in hand	69,236	254,063	-	323,299
Total cash and cash equivalents	69,236	254,063	-	323,299

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102). The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charity and its wholly-owned subsidiary HACTAL on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Going concern

HACT has generated a loss on unrestricted reserve funds of £505,260, after inherited pension losses of £423,222. Net operating loss on normal activities was £82,038. At the end of the financial year there were defined benefit pension scheme liabilities of £702,413. Following the year end a thorough and detailed review of the financial position and future prospects was undertaken to safeguard the charity's future. The trustees believe that the pension's deficit shown on the balance sheet will not crystallise in the short term but is expected to be funded as necessary over the service lives of the related employees, through annual contributions. The trustees therefore consider it appropriate to prepare the financial statements on a going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income received in advance for the provision of specified service is deferred until the criteria for income recognition are met.

Income from the sale of tooling subscriptions is recognised at the point of invoice. Subscriptions are normally for a twelve month period so the whole of the income is recognised. Where a subscription is for a period greater than one year then part of the income falling outside of the current period is deferred.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise of trading costs and the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services, products and training and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

Grants payable

Grant expenditure is recognised where there is a legal or constructive obligation to pay. All grants are recognised in the financial statements as liabilities after they have been approved, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the charity.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 6.

Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £300. Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Fixtures and fittings	10 - 20%
Computer equipment	33%

Intellectual Property

Intellectual property is initially measured at cost and subsequently revalued and is included at valuation less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as intellectual property when all of the following criteria are demonstrated: the technical feasibility of completing the software so that it will be available for use or sale; the intention to complete the software and use or sell it; the ability to use the software or to sell it; how the software will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and use or sell the software; the ability to measure reliably the expenditure attributable to the software during its development.

The trustees consider a policy to revalue over a three years cycle as realistic and this revaluation took place in 2019. The intellectual property is expected to have a further useful life of 6 years and will be amortised on a straight line basis over this period of time.

Investments

Investments in the subsidiary company are held at cost.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pensions

Pensions: defined contribution

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately for those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of these contributions.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

Pensions: defined benefit

The charity operates a defined benefit pension scheme. The cost of providing pension and related benefits is charged to the statement of the financial activities over the employees' service lives on the basis of a constant percentage of earnings which is an estimate of the regular cost. variations from regular cost, arising from periodic actuarial valuations are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. any difference between the charge to the statement of financial activities and the contributories payable to the scheme is shown as an asset or liability in the balance sheet.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

HOUSING ASSOCIATIONS'
CHARITABLE TRUST
Notes to the financial statements
For the year ended 31 March 2021

2 Detailed comparatives for the statement of financial activities

	2020 Unrestricted	2020 Restricted £	2020 Total £
Income from:			
Donations and legacies	2,000	-	2,000
Charitable activities:			
HACT Local Sales	145,960	120,000	265,960
HACT Health Sales	358,071	-	358,071
HACT Insight Sales	457,446	-	457,446
HACT Value Sales	212,754	-	212,754
HACT Digital Sales	262,608	-	262,608
Other trading activities	1,742	-	1,742
Total income	1,440,581	120,000	1,560,581
Expenditure on:			
Raising funds	4,459	-	4,459
Charitable activities:			
HACT Local Costs	78,769	126,723	205,492
HACT Health Costs	333,628	-	333,628
HACT Insight Costs	556,626	-	556,626
HACT Value Costs	196,972	-	196,972
HACT Digital Costs	280,380	-	280,380
HACT Talent Costs	9,225	-	9,225
Total charitable activities	1,455,600	126,723	1,582,323
Total expenditure	1,460,059	126,723	1,586,782
Net income / expenditure for the year	(19,478)	(6,723)	(26,201)
Transfers between funds	377	(377)	-
Net income / (expenditure)	(19,101)	(7,100)	(26,201)
before other recognised gains			
Recognition of full SHPS pension liability	-	-	-
Actuarial gains on defined benefit pension scheme	555,121	-	555,121
Gains on revaluation of intellectual property	-	-	-
Net movement in funds	536,020	(7,100)	528,920
Reconciliation of funds:			
Balances brought forward	(114,820)	47,100	(67,720)
Total funds carried forward	421,200	40,000	461,200

3 Income from donations and legacies

	2021 Unrestricted £	2021 Restricted £	2021 Total	2020 Unrestricted £	2020 Restricted £	2020 Total
Donations	51	-	51	2,000	-	2,000
	51	-	51	2,000	-	2,000

HOUSING ASSOCIATIONS'
CHARITABLE TRUST
Notes to the financial statements
For the year ended 31 March 2021

4 Income from charitable activities

	2021			2020		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
HACT Local sales						
Invoiced sales	75,707	-	75,707	145,960	-	145,960
A2 Dominion	-	2,500	2,500	-	-	-
Longhurst	-	10,000	10,000	-	-	-
PA Housing	-	5,000	5,000	-	-	-
Optivo	-	10,000	10,000	-	-	-
Clarion	-	10,000	10,000	-	20,000	20,000
L & Q	-	20,000	20,000	-	20,000	20,000
Orbit	-	-	-	-	40,000	40,000
Peabody	-	20,000	20,000	-	20,000	20,000
Sovereign Housing	-	20,000	20,000	-	20,000	20,000
Energy Redress	-	700,000	700,000	-	-	-
Scottish Energy	-	375,084	375,084	-	-	-
Total	75,707	1,172,584	1,248,291	145,960	120,000	265,960
HACT Health sales						
Invoiced sales	348,906	-	348,906	358,071	-	358,071
Total	348,906	-	348,906	358,071	-	358,071
HACT Insight sales						
Invoiced sales	390,643	-	390,643	457,446	-	457,446
Total	390,643	-	390,643	457,446	-	457,446
HACT Value sales						
Invoiced sales	183,076	-	183,076	212,754	-	212,754
Fusion 21	-	30,000	30,000	-	-	-
Charis Grants	-	20,000	20,000	-	-	-
ABRI	-	40,000	40,000	-	-	-
WHG H.A	-	10,000	10,000	-	-	-
Total	183,076	100,000	283,076	212,754	-	212,754
HACT Digital sales						
Invoiced sales	258,158	-	258,158	262,608	-	262,608
Total	258,158	-	258,158	262,608	-	262,608
Grand total	1,256,490	1,272,584	2,529,074	1,436,839	120,000	1,556,839

5 Other income

	2021			2020		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Other income	29,645	-	29,645	1,742	-	1,742
	29,645	-	29,645	1,742	-	1,742

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

6a Analysis of expenditure - current year

	Basis of allocation	Cost of raising funds £	Charitable activities		Support costs £	2021 Total £	2020 Total £
			Grants & Contracts £	Cost of Programme Sales £			
Staff costs	Direct/Turnover	-	196,018	99,543	492,617	788,178	738,208
Grants award	Direct	-	615,132	-	-	615,132	11,223
HACT Local Costs	Direct	-	-	27,967	-	27,967	1,000
HACT Health Costs	Direct	-	-	101,850	-	101,850	57,750
HACT Insight Costs	Direct	-	-	193,084	-	193,084	215,393
HACT Value Costs	Direct	-	-	49,972	-	49,972	57,781
HACT Digital Costs	Direct	-	-	111,297	-	111,297	140,459
HACT Talent Costs	Direct	-	-	-	-	-	9,225
Fundraising	Direct	32,803	-	-	-	32,803	4,459
Support costs	Turnover	-	-	-	144,362	144,362	216,263
Amortisation	Direct	-	-	123,333	-	123,333	123,333
Governance costs	Turnover	-	-	-	13,176	13,176	11,688
		32,803	811,150	707,046	650,155	2,201,154	1,586,782
Support costs allocated		-	21,780	628,375	(650,155)	-	-
Total expenditure before other costs 2021		32,803	832,930	1,335,421	-	2,201,154	1,586,782
Total expenditure before other costs 2020		4,459	126,723	1,455,600	-	1,586,782	
Grants award						2021 £	2020 £
Corporate grants awards paid in the year						615,132	-
						615,132	-

Details of the grants awards can be found in the Trustees' report.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

6b Analysis of expenditure - prior year

	Basis of allocation	Charitable activities			2020 Total £
		Cost of raising funds £	Grants & Contracts £	Cost of Programme Sales £	
Staff costs	Direct/Turnover	-	102,755	98,174	537,279
Grants & Contracts	Direct	-	11,223	-	-
HACT Local Costs	Direct	-	-	1,000	-
HACT Health Costs	Direct	-	-	57,750	-
HACT Insight Costs	Direct	-	-	215,393	-
HACT Value Costs	Direct	-	-	57,781	-
HACT Digital Costs	Direct	-	-	140,459	-
HACT Talent Costs	Direct	-	-	9,225	-
Fundraising	Direct	4,459	-	-	-
Support costs	Turnover	-	-	-	216,263
Amortisation	Direct	-	-	123,333	-
Governance costs	Turnover	-	-	-	11,688
		4,459	113,978	703,115	765,230
Support costs allocated		-	12,745	752,485	(765,230)
Total expenditure before other costs 2020		4,459	126,723	1,455,600	-

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

7 Net expenditure for the year

This is stated after charging :

	2021	2020
	£	£
Depreciation	502	738
Amortisation of IP	123,333	123,333
Auditor's remuneration (excluding VAT) :		
Audit fees	10,350	10,200
Prior year over provision	(50)	-

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021	2020
	£	£
Salaries and wages	676,924	614,922
Social security costs	68,387	65,254
Employer's contribution to defined contribution pension schemes	33,782	31,008
Defined benefit pension schemes costs	9,085	27,024
	788,178	738,208

The following number of employees received employee benefits (excluding employer pension) during the year between:

	2021 No.	2020 No.
£60,000 - £69,999	1	2
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1

The total employee benefits including employer NIC and pension contributions of the key management personnel were £261,513 (2020: £356,770).

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2020: £nil) and no trustees were reimbursed expenses during the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2021 No.	2020 No.
Raising funds	1	1
Charitable activities	13	11
Support	1	1
Governance	1	1
	16	14

9 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

10 Intellectual property

	2021 £	2020 £
Cost at the start of the year	1,157,500	1,157,500
Amortisation at the start of the year	(540,833)	(417,500)
Amortisation charge for the year	(123,333)	(123,333)
Net book value at the end of the year	493,334	616,667
Historical Cost	78,002	78,002

The Intellectual Property consists of two data mapping tools used by Housing Authorities called Community Insight and Value Insight respectively. Both tools were jointly developed and owned 50:50 with OSCI. Both tools were professionally valued as at 31st March 2019 by Valuation Consulting LLP, an independent valuation firm. HACT's share of Community Insight was valued at £585,000 and Value Insight was valued at £155,000. The valuation is based on the fair market value. The Historic cost of Intellectual Property is £78,002.

The trustees consider a policy to revalue over a three years cycle as realistic. The intellectual property is expected to have a useful life of 6 years and will be amortised on a straight line basis over this period of time.

11 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At the start and at the end of the year	6,344	46,434	52,778
Additions in year	-	316	316
Disposals in year	-	(45,632)	(45,632)
At the end of the year	6,344	1,118	7,462
Depreciation			
At the start of the year	5,774	46,432	52,206
Charge for the year	432	70	502
Eliminated on disposal	-	(45,632)	(45,632)
At the end of the year	6,206	870	7,076
Net book value			
At the end of the year	138	248	386
At the start of the year	570	2	572

All of the above assets are used for charitable purposes.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

12a Investments

Investments at cost:	2021	2020
100% share capital of HACT Housing Action Ltd	£	£
10,000 ordinary £1 shares	10,000	10,000

The charitable company owns the whole of the issued share capital of HACTHAL, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. The subsidiary is exempt from audit by virtue of Section 479a of Companies Act 2006. A summary of the results of the subsidiary is shown below:

	2021	2020
	£	£
Turnover	69,482	104,275
Cost of sales	(23,510)	(35,629)
Gross Profit	45,972	68,646
Administrative expenses	(107)	(85)
Profit for financial year	45,865	68,561
Gift aid to parent charity	(45,865)	(68,561)
	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	40,911	31,928
Liabilities	(30,911)	(21,928)
Total funds	10,000	10,000

12b Parent Charity

The parent charity's gross income and the results for the year are as follows:

	2021	2020
	£	£
Gross income	2,489,288	1,456,307
(Deficit)/Surplus for the year	(458,771)	435,809

13 Debtors

	Group	Charity	Group	Charity
	2021	2021	2020	2020
	£	£	£	£
Trade debtors	579,258	544,952	345,360	313,629
Other debtors	398,004	398,004	16,639	16,639
Prepayments	36,422	36,422	15,512	15,512
Amount due from subsidiary	-	23,057	-	3,703
	1,013,684	1,002,435	377,511	349,483

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

14 Creditors: amounts falling due within one year	Group 2021	Charity 2021	Group 2020	Charity 2020
	£	£	£	£
Trade creditors	139,374	138,549	96,167	82,817
Taxation and social security	185,348	178,319	128,176	123,301
Other creditors	14,001	14,001	14,400	14,400
Accruals	32,450	32,450	18,068	18,068
Deferred income	361,523	361,523	25,300	25,300
	732,696	724,842	282,111	263,886

Deferred income	2021	2020
	£	£
Balance at the beginning of the year	29,100	29,100
Amount released to income in the year	(29,100)	(29,100)
Amount deferred in the year	361,523	25,300
Balance at the end of the year	361,523	25,300

Deferred income comprises of future subscriptions invoiced in 2020/21 but relating to future periods and investments in a project which will commence in 2021/22.

15 Analysis of net assets between funds - current year

	Restricted Reserves	General unrestricted	Revaluation Reserve	Pension Reserve	Total funds
	£	£	£	£	£
Tangible fixed assets	-	386	-	-	386
Intellectual property	-	78,002	415,332	-	493,334
Net current assets	479,654	124,633	-	-	604,287
Defined benefit pension (liability)	-	-	-	(702,413)	(702,413)
Net assets	479,654	203,021	415,332	(702,413)	395,594

Analysis of net assets between funds - prior year

	Restricted Reserves	General unrestricted	Revaluation Reserve	Pension Reserve	Total funds
	£	£	£	£	£
Tangible fixed assets	-	572	-	-	572
Intellectual property	-	78,002	538,665	-	616,667
Net current assets	40,000	124,636	-	-	164,636
Defined benefit pension (liability)	-	-	-	(320,675)	(320,675)
Net assets	40,000	203,210	538,665	(320,675)	461,200

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

16 Movements in funds

Current Year	As at the start of the year	Income & gains	Expenses & losses	Transfers	At the end of the year
	£	£	£	£	£
Restricted funds:					
Social Value Roadmap	-	100,000	-	-	100,000
Energy Redress	-	700,000	700,000	-	-
Scottish Energy	-	375,084	27,784	-	347,300
Centre for Excellence	40,000	97,500	105,146	-	32,354
Total restricted funds	40,000	1,272,584	832,930	-	479,654
Unrestricted funds:					
General funds	203,210	1,286,186	1,235,806	(50,569)	203,021
IP Revaluation reserve	538,665	-	123,333	-	415,332
Total unrestricted funds	741,875	1,286,186	1,359,139	(50,569)	618,353
Total funds excluding pension fund	781,875	2,558,770	2,192,069	(50,569)	1,098,007
Pension fund	(320,675)	-	432,307	50,569	(702,413)
Total funds including pension fund	461,200	2,558,770	2,624,376	-	395,594
Movements in funds					
Prior Year	As at the start of the year	Income & gains	Expenses & losses	Transfers	At the end of the year
	£	£	£	£	£
Restricted funds:					
Self Help Housing	10,100	-	10,390	290	-
JRF RCT	17,000	-	16,333	(667)	-
Centre for Excellence	20,000	120,000	100,000	-	40,000
Total restricted funds	47,100	120,000	126,723	(377)	40,000
Unrestricted funds:					
General funds	170,845	1,440,581	1,311,726	(96,490)	203,210
IP Revaluation reserve	661,998	-	123,333	-	538,665
Total unrestricted funds	832,843	1,440,581	1,435,059	(96,490)	741,875
Total funds excluding pension fund	879,943	1,560,581	1,561,782	(96,867)	781,875
Pension fund	(947,663)	555,121	25,000	96,867	(320,675)
Total funds including pension fund	(67,720)	2,115,702	1,586,782	-	461,200

Restricted funds purpose:

The income of the charity includes grants received for specific restricted projects. The trustees' report includes a description of the activities of each project.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

17 Legal status of the charity

The charity is a company limited by guarantee incorporated in the UK and has no share capital. The registered office is 49-51 East Road, London. Each member is liable to contribute a sum not exceeding £1 in the event of the charity being wound up.

18 Related party transactions

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

At 31 March 2021 an amount of £23,057 (2020: £3,703) was due from HACTHAL, the subsidiary of the Charity.

19 Operating lease note

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Equipment 2021 £	2020 £
Less than one year	306	1,541
One to five years	-	306
	<hr/>	<hr/>
	306	1,847
	<hr/>	<hr/>

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

20 Defined benefit pension scheme liability

	2021 £	2020 £
Social Housing Pension Scheme	701,000	319,000
The Growth Plan	1,413	1,675
	<u>702,413</u>	<u>320,675</u>

EMPLOYER: E3488 - HACT

PLAN: SOCIAL HOUSING PENSION SCHEME

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	2,940	2,625
Present value of defined benefit obligation	3,641	2,944
Surplus (deficit) in plan	(701)	(319)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(701)	(319)

Reconciliation of the impact of the asset ceiling

	31 March 2021 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2021 (£000s)
Defined benefit obligation at start of period	2,944
Current service cost	-
Expenses	2
Interest expense	70
Member contributions	-
Actuarial losses (gains) due to scheme experience	(40)
Actuarial losses (gains) due to changes in demographic assumptions	13
Actuarial losses (gains) due to changes in financial assumptions	688
Benefits paid and expenses	(36)
Defined benefit obligation at end of period	3,641

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

20 Defined benefit pension scheme liability (continued)

Reconciliation of opening and closing balances of the fair value of plan assets

	31 March 2021 (£000s)
Fair value of plan assets at start of period	2,625
Interest income	63
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	238
Employer contributions	50
Member contributions	-
Benefits paid and expenses	(36)
Fair value of plan assets at end of period	2,940

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £301,000.

Defined benefit costs recognised in statement of comprehensive income (SoCI)

	31 March 2021 (£000s)
Current service cost	-
Expenses	2
Net interest expense	7
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	9

Defined benefit costs recognised in Other Comprehensive Income (OCI)

	31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	238
Experience gains and losses arising on the plan liabilities - gain (loss)	40
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(13)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(688)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(423)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in Other Comprehensive Income - gain (loss)	(423)

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

20 Defined benefit pension scheme liability (continued)

Assets

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Global Equity	468	384
Absolute Return	162	137
Distressed Opportunities	85	51
Credit Relative Value	92	72
Alternative Risk Premia	111	183
Fund of Hedge Funds	-	2
Emerging Markets Debt	119	79
Risk Sharing	107	89
Insurance-Linked Securities	71	81
Property	61	58
Infrastructure	196	195
Private Debt	70	53
Opportunistic Illiquid Credit	75	63
High Yield	88	-
Opportunistic Credit	81	-
Corporate Bond Fund	174	150
Liquid Credit	35	1
Long Lease Property	58	45
Secured Income	122	100
Liability Driven Investment	747	871
Net Current Assets	18	11
Total assets	2,940	2,625

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

Key Assumptions

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.15%	2.38%
Inflation (RPI)	3.29%	2.63%
Inflation (CPI)	2.86%	1.63%
Salary Growth	3.86%	2.63%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

20 Defined benefit pension scheme liability (continued)

SCHEME: The Pensions Trust – The Growth Plan

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Provision at start of period	1,675	2,032
Unwinding of the discount factor (interest expense)	37	25
Deficit contribution paid	(347)	(337)
Remeasurements - impact of any change in assumptions	48	(45)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	1,413	1,675

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Interest expense	37	25
Remeasurements – impact of any change in assumptions	48	(45)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

HOUSING ASSOCIATIONS' CHARITABLE TRUST

Notes to the financial statements

For the year ended 31 March 2021

20 Defined benefit pension scheme liability (continued)

ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	0.66	2.53	1.39

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2021 (£s)	31 March 2020 (£s)	31 March 2019 (£s)
Year 1	358	347	337
Year 2	368	358	347
Year 3	379	368	358
Year 4	326	379	368
Year 5	-	326	379
Year 6	-	-	326
Year 7	-	-	-
Year 8	-	-	-
Year 9	-	-	-
Year 10	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.