

REGISTERED CHARITY NO: 1125556

REGISTERED CHARITY IN SCOTLAND NO: SC040058

COMPANY REGISTRATION NUMBER: 06593129

**HAIG HOUSING TRUST
(KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

HAIG HOUSING TRUST LIMITED (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

CONTENTS	Page
Report of the Trustees	2 – 10
Report of the Auditor	11 - 12
Consolidated Statement of Financial Activities	13
Consolidated and Charity Balance Sheet	14
Consolidated Cash Flow Statement	15
Notes to the Financial Statements	15 - 30

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

The Trustees present their report and the financial statements of the company for the year ended 31 March 2019.

CHAIRMAN'S STATEMENT

Haig Housing Trust has continued to deliver its core object of providing housing assistance to the Veteran Community through the provision of unsupported charitable rent housing across 60 estates throughout the UK and in Jersey. The Trust has continued to increase and rationalise its stock focussing on meeting demand particularly in London and the South East of England, making small and judicious release of stock where the properties were no longer meeting the primary charitable output. The Transitional homes reported last year have continued to be a success with all young service leavers who became tenants in full time employment. We expect this year that the first tranche of beneficiaries will complete their transition and expect to welcome new service leavers to benefit from this ground breaking transitional assistance.

Much effort has continued to complete the large development of new housing in Morden. These 68 new homes will be occupied from October 2019. Work continues to develop and define a new rent policy for the Trust having departed the HCA rent formula. The Trust intend to deliver a 'Living Rent' model for its beneficiaries ensuring that rent consumes a defined maximum of income in order to allow the beneficiary and family to lead a full and varied lifestyle.

The Trustee Council remains strong and vibrant. Trustees have been recruited with specific experience and expertise to replace retiring Trustees against a skills matrix seeking diversity in all forms.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charitable Objects

The objects of the Charity for the public benefit, in accordance with its Memorandum and Articles of Association, are:

a. To relieve need, financial hardship, sickness, disability, the effects of wounds, old age or other like condition by the provision of, or assistance with, housing for the following persons in order of priority:

(i) Members and former members of all ranks and ratings of the Armed Forces of the Crown, whether Regular or Reserve, and their spouses, widows or widowers.

(ii) Former or separated spouses of members or former members of the Armed Forces of the Crown, whether Regular or Reserve, who have dependent children living with them.

(iii) Such persons in a (ii) above without dependent children.

b. Such charitable purposes for the benefit of beneficiaries of the Charity as the Trustees decide.

Governing Document

The Charity is governed by the provisions of the Memorandum and Articles of Association, which were last amended in 2013. The Trustees recognise and are conducting a full assessment of the Charity's compliance with the Charity Commission's Governance Code.

Governing Body

The Governing Body consists of 10 independent non-executives Trustees who elect a Chairman from amongst their number. They are highly experienced in charity and ex-Service matters, and have served for many years as Charity Trustees. Between them they also have expertise in law, medicine, welfare, housing, benevolence, service charities, the Armed Forces and the Charity Sector.

In accordance with the Articles of Association, the minimum number of Trustees is 6 and the maximum 14. The current Trustees are listed later in this report. All Trustees are members of the Company; the guarantee of each member is limited to £1. Trustees are elected or re-elected by the

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

members at an AGM or may be co-opted by the board until the next AGM. Election or re-election at an AGM of each Trustee is for a maximum of 3 Years.

A retiring Trustee whilst eligible for re-election can only, usually, serve on the board for a maximum of 9 years.

All new Trustees are given an induction programme. Trustees are kept up to date with developments through regular bulletins and training where appropriate and the organisation is regularly updated on Trustee governance. The Charity has appointed external consultants to undertake a Governance and Board effectiveness review

Organisational Management

The Trustees of the Charity meet formally every quarter and delegate specific issues to various Committees that report to the full board. The current Committees are as follow:

- Strategy & Development Committee
- Audit & Risk Committee
- Nomination and Remuneration Committee
- Management Committee

The day-to-day management of the Charity's properties in Scotland is conducted by a local committee consisting of volunteer members from the legal, housing, charity and ex-Service sectors in Scotland. The committee meets three times a year and includes a beneficiary tenant from Scotland.

Remuneration Policy

The Trust's remuneration policy was agreed by the board December 2018 benchmarking each staff position to a corresponding role held in the Croner compendium of Charitable Salaries. After adoption the Council also awarded a 2.3% pay rise in line with the recommended median rise in the charity sector.

Investment Policy

The majority of The Trust's investments are managed by professional managers who are given agreed investment objectives and risk profiles to adhere to.

The managers objective is to achieve a 'growth' return with a 'medium' risk profile. They invest principally in investment grade fixed interest securities, "blue chip" equities and collective funds.

In addition £513k is held in a term deposit with a major UK Bank

Public Benefit

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit when reviewing objectives and activities.

The primary purpose of the Haig Housing Trust is to assist those in need who have served their Country through military service, both regular and reserve, in the Armed Forces by the provision of charitable housing. Haig Housing Trust aims to contribute considerable public benefit to the local and national community by relieving need, where it can, Veterans of the Armed Forces through provision of affordable housing. The relief of such need maximises the likelihood of its recipients maintaining their status as valuable members of the community as self-sufficient citizens who are able to make a positive contribution to society. It works in relieving need across the veteran community and their dependants by providing such housing.

Fundraising Activities

All fundraising approaches and relationships are managed by a small team whose actions are overseen by the leadership team. During the year fundraising activities have been reduced. The Charity is registered with the Fundraising Regulator and adheres to the Fundraising Code and all

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

good standards of practice including a commitment to protect vulnerable donors. The Trust complies with GDPR requirements and does not share any data for the purposes of fundraising with third parties or data sharing schemes. The Trust received one large donation from the estate of a past Chair and raised funds through a commemorative event marking the Armistice Centenary.

Principal Activities

The principal activity of the company during the year was to relieve need, financial hardship, sickness, disability, effects of wounds, old age or other like condition by the provision of assistance with housing for members or former members of the Armed Forces of the Crown, and their dependants.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

BOARD POLICY

The Charity provides, maintains and allocates 1,475 homes in the UK for the ex-Service community. Of these 58 have been purchased for or provided under a Shared Ownership agreement for and with disabled veterans who have suffered life changing injuries caused in recent conflicts. The remaining homes are spread throughout the UK in 60 estates located in 47 local authority areas. These estates vary from just 2 homes per location up to Morden, Surrey, which has 278 housing units of between 1 and 5 bedrooms to meet beneficiaries need.

The Charity maintains equity of between 25% and 75% in Shared Ownership homes charging a modest 3% rent on the element of equity it retains. The remaining general needs housing is wholly owned by the Charity and charges a charitable rent set below the Local Housing Allowance threshold (typically 80% but limited to 85% by direction of Trustees) and aspires to moving to a Living Rent model for adoption in April 2020.

The Charity has established a leading role in the ex-Service housing sector. The Chief Executive is Co-Chair of the grouping (Cluster) of Ex-Service housing charities who are members seeking to bring coordination and cooperation within the Cluster for the benefit of the whole veteran community. Additionally, it provides a practical housing advisory role to Cobseo and also, through attendance at Service resettlement and housing fairs, to the serving, but transitioning, Service community.

REVIEW OF ACTIVITIES AND ACHIEVEMENTS

The Trust bought and adapted 2 Special Purchase homes during the year.

This year 3 of the ex-Servicemen who had previously bought their homes using the shared ownership scheme purchased the remaining equity in their homes bringing the total since project inception to 25. The Trust now has no stake in these homes but monitors the success of the disabled Serviceman should assistance be necessary again in the future. The funds these have released and have been used for new purchases

The Trust has continued to buy property with the aid of the Veterans Accommodation Fund (VAF) Grant in Aldershot and Colchester (37 properties). These properties will form the third stage of a veterans pathway in cooperation with Riverside and Stoll who will provide the Hostel and Supported Living aspects of a pathway designed to bring a veteran to normal unsupported living playing their part in wider society.

In 2015, the Trust took over the management of 10 cottages owned by the Disabled Soldiers' and Sailors' (Hackney) Foundation (DDSHF). Following the success of this, the Trustees of the Foundation amended their articles and made Haig Housing Trust the parent entity on October 30, 2015. All stock was transferred to Haig Housing in October 2017 and the Foundation ceased operations in February 2019.

Haig Housing Trust continues to maintain and improve its stock through a forward cyclical plan for its properties. During the year 9,208 separate works were completed some of which included bathrooms & kitchens replacements, external redecorations and upgrading heating systems. The repairs and works resulted in a 90% good or very good satisfaction responses.

Management emphasis is focussing on our turnaround of void properties reducing rent loss but importantly bringing a home to a new beneficiary applicant as quickly as possible.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The figures below refer to the results for the year for the Charity only. In previous years they were consolidated with a subsidiary charity. Since 1 September 2017, all assets, liabilities and the trade of this subsidiary have been absorbed into Haig Housing Trust.

The Trust has generated a surplus of £1.2 Million compared to a surplus of £1.6 Million in 2018. The results for the year include surpluses on the disposal of properties no longer meeting the Trusts requirements of £0.4 Million (£1.4 Million in 2018). The figures for 2019 include the receipts of £815k of donations and legacies (£115k in 2018).

In accordance with UK GAAP, donations and grants received for property purchases or for the development of new homes are treated as income whilst the purchase of a house or expenditure on development, which are the Trust's major expenditure items are treated as fixed asset acquisitions. The cost of the latter are amortised over 50 to 70 years as depreciation. In 2019, grants of £290k were returned to the originators as some grant assisted fixed assets were purchased by beneficiaries taking advantage of the Trusts shared ownership scheme.

Rents and related income increased from £9.3 Million to £9.7 Million due to the full year effect of the increase in the number of properties in 2019 over 2018 and increases in rents charged.

Total resources expended amounted to £9.9 Million (2018: £9.4 Million) Of this £139K was attributed to being the direct costs of fundraising (2018: £82K). Other key items were direct property costs including repairs of £4.9 Million; direct staff costs of servicing tenants £1.6 Million; support costs of £1.9 Million and depreciation of £1 Million.

The Trust took a decision in 2016 to change its method of providing repairs to be able to provide a better service to beneficiaries with a long term view of reducing expenditure on reactive repairs. As with any change programme, total expenditure on repairs increased over the change period. This change has now started to stabilise with a lower spend in 2019 compared to 2018. This programme continues to be reviewed as there is a need to balance costs with tenant expectations.

Total capital expenditure in 2019 was £11.8 Million of which £11.6 Million was spent on increasing our housing stock via purchased or self development. Capital expenditure over the last 2 years includes the cost of developments to change our operational and reporting systems to provide both a better service to tenants and better management information. The Trust holds £3.4 Million of investments. Of this, £513K is held on long term cash deposits and the remainder as Accumulation Funds (with a professional investment manager) to provide a balanced financial return to the Charity.

The Audit and Risk Committee has responsibility for reviewing the performance of the investments against various benchmarks and the stock market in general. Investec manage the Accumulation Funds on a discretionary basis, within the ranges set out in the Trusts Investment Policy. During the year 2018/19 investments, like the market in general, have increased in value.

Cash at bank was £3.1 Million compared to £12.8 Million at 31 March 2018. The movement reflects the expenditure on new housing properties and the development programmes as supported by some fixed asset disposals. For the financial year 2019/20 Trustees have approved much lower levels of capital expenditures - approximately £1.8 Million and a further £1.8 Million in the following 4 years. Most of this is on additional Housing Properties.

Total net assets were £71.5 Million compared to £70.3 Million in 2018. It needs to be noted that these figures incorporate £0.7m of pension fund liabilities, which now reflects the Charity's share of the SHPS pension liability in accordance with FRS102, previous to this a liability equal to the net present value of deficit contributions was recognised. Refer to note 16 for further details.

The majority of the Trust's reserves are represented by investment in its housing properties. The Charity retains the capacity for further borrowing to meet its future capital expenditure programmes (provided the borrowing costs and repayments are supported by its cash flows).

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

RISK MANAGEMENT

Risks are those factors that could adversely affect the achievement of the Trust's business plan. The Trustees have a formal risk management process to assess risks and to implement risk management strategies. A full risk assessment is carried out periodically by the Trustees and risks are identified and assessed for impact and probability. Trustees monitor the plans to control the major risks through regular reporting of both risk management and internal control systems. The Trust has established systems to mitigate these risks.

Inherent to all organisations developing and maintaining properties are many potential risks, including collection of rents, changes in legislation and welfare reforms, liquidation of contractors, cost overruns and litigation with contractors. Whilst these cannot be quantified, the Trust takes all possible measures to minimise its exposure to such risks and is confident that it has the financial resources necessary to deal with unforeseen problems. The Trust also carries sufficient reserves to be able to withstand the risks associated with the above.

RESERVES POLICY

Reserves are split into restricted and unrestricted reserves (consisting of designated and general reserves).

Restricted reserves are donations, grants or legacies received which are earmarked by the donor for specific purposes. Such purposes are within the overall objectives of the Trust.

Designated reserves are unrestricted reserves that have been designated by the Trustees for specific purposes, the largest being the amount invested in fixed assets for use by the Charity which totalled £49.3 Million at the year end. General reserves not held as restricted or designated reserves are available for use at the discretion of the Trustees for the furtherance of the Trust's activities and objectives. At 31 March 2019, these stood at £1.9 Million (£7.2 Million in 2018 restated).

Trustees have examined the future cash flow plans and can confirm that the reserves currently available support the agreed strategy. During forthcoming years, surpluses will add to these and planned house purchases will deplete them.

The Trust faces inherent risks associated with the timing of rent receipts arising from either changes in beneficiaries' personal circumstances or due to the effects of changes in legislation in respect of welfare payments. Equally to continue to provide a service to beneficiaries or to comply with new legislation, there may be a need to make unscheduled and unexpected adjustments or repairs to properties to make them habitable.

The Trust continues to work towards a target of £2.5 Million of unrestricted general reserves whilst a new Reserves policy is formulated.

FUTURE PLANS

The strategy for the Trust approved in 2014 will see final delivery of the growth in stock with the remaining 68 homes under current construction. The development and bringing into service of the 8 Transitional Homes in Morden for the use of Service Leavers seeking to transition careers to employment in London has been successful. The Trust is investigating other options to expand this concept with advanced ideas in Colchester and a new offer in Dartford under consideration.

The Trust will continue to buy and adapt homes for the wounded as they exit the injury and care pathway. Assistance will continue to be needed albeit at lower demand than the peak of the recent conflicts.

Work continues to improve the maintenance of our properties which is complex and expensive due to the dispersal of estates throughout the UK and Channel Islands. Achieving quality and value for money is a driving target for the Trust. The next Strategic ambition is, after the recent stock growth, to invest in the refurbishment and improvement of current and older stock.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Further into the future the Trust is looking at ways of bringing more and different types of homes to our existing estates thereby offering more flexibility to beneficiaries.

The Trust has a small number of four or five bedroom properties. Some of these are currently occupied by single, elderly, beneficiaries who took up residence when their families were larger. We are considering how to make better use of these properties while also ensuring provision for the current occupants.

A strategy review will be undertaken to confirm the Trust's intention to offer a more broad range of housing assistance to the beneficiary base.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

BOARD OF TRUSTEES

The Trustees serving during the financial year and until the signing of this report were:

Mrs C Lester-Walker MBE (Chairman)

Mr S M Elliott
Gp Capt R G Kemp CBE QVRM AE (Resigned 27 September 2018)
Ms LMS Locke
Major General J Milne CB (Resigned 27 September 2018)
Major General J Stokoe CB, CBE
Mr A B Weir
Dr M J S Weir
Mr N G White
Mr D G Williams
Ms F M Gordon (Appointed 27 September 2018)
Lt Col I A Vere Nicoll (Appointed 27 September 2018)

LEGAL AND ADMINISTRATIVE DETAILS

CHIEF EXECUTIVE James Richardson MBE MA FCiM

LEADERSHIP TEAM Rakesh Gulati
Patrick Hogan
John Lau
Rory Ingleby-Mackenzie

COMPANY SECRETARY Rakesh Gulati BA FCA CiM MBA

REGISTERED CHARITY NO. 1125556 (England and Wales)
040058 (Scotland)

REGISTERED COMPANY NO. 06593129
Limited by guarantee

REGISTERED OFFICE Alban Dobson House
Green Lane
Morden, Surrey, SM4 5NS

BANKERS Barclays Bank plc
50 Pall Mall
London, SW1A 1QF

SOLICITORS Trowers & Hamblins LLP
3 Bunhill Row
London, EC1Y 8YZ

AUDITORS Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London, EC4Y 8EH

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the net income/ expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- follow the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 company will remain in business.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) and the charity's constitution. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the trustees are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- each trustee has taken all steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor. A resolution by the Council of Trustees to reappoint Crowe U.K. LLP will be proposed at the forthcoming Annual General Meeting.

The trustees' report including the strategic report was approved by the Board of Trustees on

24 October 2019 and signed on its behalf by:



Mrs C Lester-Walker MBE
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HAIG HOUSING TRUST

Opinion

We have audited the financial statements of Haig Housing Trust for the year ended 31 March 2019 which comprise Consolidated Statement of Financial Activities (incorporating an Income and Expenditure Account), Consolidated and Charity Balance Sheet, Consolidated Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HAIG HOUSING TRUST

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10 the trustees (who are also the directors of the 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 or the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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 to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 5 November 2019

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment funds £'000	Total 2019 £'000	<i>Total 2018 £'000</i>
INCOME FROM:						
<i>Donations and legacies</i>	2	261	554	-	815	115
<i>Charitable activities</i>						
Provision of housing to beneficiaries		9,527	175	-	9,702	9,275
<i>Profit on sale of assets</i>		449	-	-	449	1,449
<i>Investments</i>		86	8	-	94	125
<i>Other</i>		29	-	-	29	18
<i>Donations of assets</i>		-	-	-	-	-
Total Income		<u>10,352</u>	<u>737</u>	<u>-</u>	11,089	<u>10,982</u>
EXPENDITURE ON						
<i>Raising funds</i>		139	-	-	139	82
<i>Charitable activities</i>						
Provision of housing to beneficiaries		<u>9,254</u>	<u>476</u>	<u>-</u>	9,730	<u>9,324</u>
Total Expenditure	3	<u>9,393</u>	<u>476</u>	<u>-</u>	9,869	<u>9,406</u>
Net Income / (expenditure)		959	261	-	1,220	1,576
Net (losses) / gains on investments		180	8	-	188	55
Recognition of defined benefit pension liability	16	(144)			(144)	-
Actuarial losses on pension scheme liability	16	(109)			(109)	-
Transfers between funds	11	-	-	-	-	-
NET MOVEMENT IN FUNDS		886	269	0	1,155	1,631
Total funds brought forward (restated)		<u>49,722</u>	<u>20,003</u>	<u>609</u>	70,334	<u>68,703</u>
Total funds carried forward	10	<u>50,608</u>	<u>20,272</u>	<u>609</u>	71,489	<u>70,334</u>

There are no gains or losses other than as shown above and all activities are continuing.

Detailed comparative information is provided in the Note 19.
Notes 1 to 19 form an integral part of these accounts

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2019

Company number 06593129		Group		Charity	
	Notes	2019 £'000	Restated 2018 £'000	2019 £'000	Restated 2018 £'000
FIXED ASSETS					
Tangible assets	5	69,307	59,250	69,307	59,250
Investments	6	3,363	3,148	3,363	3,148
Total fixed assets		72,670	62,398	72,670	62,398
CURRENT ASSETS					
Debtors	7	726	397	726	397
Cash at bank and in hand		3,083	12,369	3,083	12,369
		3,809	12,766	3,809	12,766
CREDITORS: due within one year	8	(3,196)	(3,067)	(3,196)	(3,067)
NET CURRENT ASSETS		613	9,699	613	9,699
TOTAL ASSETS LESS CURRENT LIABILITIES		73,283	72,097	73,283	72,097
CREDITORS: due after one year	9	(1,061)	(1,215)	(1,061)	(1,215)
PENSION					
Deficit funding liability	16	-	(548)	-	(548)
Defined benefit liability	16	(733)	-	(733)	-
NET ASSETS		71,489	70,334	71,489	70,334
TOTAL CHARITY FUNDS					
Endowment funds		609	609	609	609
Restricted income funds		20,272	20,003	20,272	20,003
Unrestricted funds					
Designated reserves		48,711	42,534	48,711	42,534
General funds		1,897	7,188	1,897	7,188
TOTAL FUNDS	10	71,489	70,334	71,489	70,334

Charity only results; Income £10,963,000 Expenditure £9,724,000, Investment gains £188,000 and actuarial losses £253,000. Notes 1 to 19 form an integral part of these accounts

The financial statements were approved and authorised for issue by the Council of Trustees on

24 October

2019, and were signed on its behalf by:

C Lester-Walker MBE Chairman

D G Williams Trustee

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by operating activities	14	<u>1,585</u>	<u>2,074</u>
Cash flows from investing activities			
Interest and dividends received		51	71
Proceeds from the sale of property, plant and equipment		1,007	2,590
Purchase of property, plant and equipment		(11,694)	(5,688)
Net cash used in investing activities		<u>(10,636)</u>	<u>(3,027)</u>
Cash flows from financing activities			
Interest payable		(87)	(99)
Loan repayments		(148)	(143)
Net cash used in financing activities		<u>(235)</u>	<u>(242)</u>
Change in cash in the reporting period		<u>(9,286)</u>	<u>(1,195)</u>
Cash at the start of the reporting period	15	<u>12,369</u>	<u>13,564</u>
Cash at the end of the reporting period	15	<u>3,083</u>	<u>12,369</u>

Notes 1 to 19 form an integral part of these accounts

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES AND CHARITY INFORMATION

Charity information

Haig Housing Trust is a private company limited by guarantee (registered number 06593129) which is incorporated and domiciled in the UK and meets the definition of a public benefit entity under FRS102. The address of the registered office is Alban Dobson House, Green Lane, Morden, Surrey, SM4 5NS.

Basis of preparation

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 and UK Generally Accepted Practice.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

Having reviewed the financial position, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future. Accordingly they continue to adopt a going concern basis in preparing the financial statements.

Consolidation

The consolidated accounts incorporate the accounts of the Trust and its subsidiaries Haig Housing Trading Limited (company number 09331680, formerly Coming Home Campaign Limited). Results are consolidated on a line by line basis.

The prior year figures also consolidate Disabled Soldiers' & Sailors' (Hackney) Foundation (company number 00149866) up until the 1 September 2017 when all assets and liabilities were transferred to Haig Housing Trust, the charitable company dissolved on 9 April 2019.

The Trust has taken advantage of the exemption available under s408 of the Companies Act not to present an unconsolidated Statement of Financial Activities.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Financial instruments

Haig Housing Trust 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 amortised cost using the effective interest method.

Financial assets held at cost comprise cash and bank and in hand, together with trade and other debtors (excludes prepayments). The value of these assets at 31 March 2019 was £4,222,000 (2018 £13,179,000).

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Financial instruments (cont)

Financial liabilities held at cost comprise bank loans and overdrafts, trade and other creditors (excludes rent in advance). The value of these liabilities at 31 March 2019 was £3,955,000 (2018 £3,980,000)

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment. The value of these assets at 31 March 2019 was £2,863,000 (2018 £2,648,000).

b) Income

Income from rental and service charges is recognised in the financial statements in the period to which the rent or service charge relates and entitlement is earned.

Investment income is accounted for on an accruals basis

Donations received are accounted for through the income and expenditure account on a receipts basis.

Donated properties are included at their open market value or their existing use value at the date of the donation.

Non-performance related grants are accounted for as receivable.

c) Pension Costs

Haig Housing Trust participates in a defined benefit pension scheme (The Pensions Trust Social Housing Pension Scheme) and a defined contribution scheme. Costs in connection with both pension schemes are charged to the Statement of Financial Activities as contributions fall due. During the year, TPT decided to value each employer's share of the pension liability as such sufficient information is now available to account for the scheme as a defined benefit scheme. Therefore an adjustment has been recognised in the Statement of Financial Activities to reflect the change in measurement.

d) Depreciation

Housing Properties

Depreciation is charged to write down the value of freehold housing properties to their estimated residual value on a straight line basis over their remaining expected useful economic lives. No housing properties are shown at a value exceeding their estimated recoverable amount. Impairment losses recognised are shown under operating costs.

Freehold land is not depreciated.

Freehold properties are depreciated over 50 – 70 years depending on the property.

Leasehold properties are depreciated over the shorter of the term of the lease or their estimated useful life.

Other Fixed Assets

Assets costing more than £1,000 are capitalised. Depreciation is charged on a straight line basis over the expected economic life of the assets at the following rates:

Freehold offices	2.0%	50 years
Office equipment	33.3%	3 years
Motor vehicles	33.3%	3 years

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

e) Expenditure allocation

Expenditure is recognised in the period in which it is incurred and includes attributable VAT which cannot be recovered.

Support costs comprise of administration costs and are allocated to the various cost categories on the basis of an estimate of staff time attributable to each activity.

Governance costs are the expenses incurred by the charity in meeting their statutory and constitutional requirements and include Trustees' expenses and external audit fees.

f) Investments

Investments are stated at market value at the balance sheet date. Gains are calculated based on the movement in market value during the period. The investments in the subsidiary undertakings are stated at deemed cost less impairment.

g) Funds

Restricted funds

Donations or legacies received which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the charity.

Designated funds

These funds have been designated by the trustees for specific purposes. The largest designated fund represents amounts invested in fixed assets for use by the charity.

General fund

The funds are available at any time for the use at the discretion of Trustees for furtherance of the charity's activities and objectives.

g) Prior year restatement

Prior year funds have been restated following the decision to reclassify amounts previously received from Help for Heroes in a separate Restricted Fund. As at 1 April 2017 amounts previously received totaled £2,150,000 and were represented by fixed assets.

2. VOLUNTARY INCOME

	Unrestricted £'000	Restricted £'000	2019 £'000	2018 £'000
Council Grant	-	450	450	-
Legacies	133	-	133	
Other donations	128	104	232	115
	<u>261</u>	<u>554</u>	<u>815</u>	<u>115</u>

3. EXPENDITURE

	2019 £'000	2018 £'000
Raising funds:		
Staff costs	21	4
Other costs	84	67
Support costs	<u>34</u>	<u>11</u>
	139	82

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. EXPENDITURE (CONTINUED)

	2019 £'000	2018 £'000
Charitable activities		
<i>Provision of housing to beneficiaries</i>		
Staff costs	1,582	1,425
Property repair, servicing and management	4,875	4,919
Interest payable	87	99
Bad debt expense	44	41
Return of grant to Help for Heroes	290	225
Building Depreciation	979	929
Support costs	1,873	1,686
	9,730	9,324
Total Expenditure	9,869	9,406
Support costs		
Staff costs	554	439
Other costs	1,319	1,247
	1,873	1,686
STAFF COSTS		
	2019 £'000	2018 £'000
Wages and salaries	1,814	1,504
Social security costs	191	170
Pension costs (<i>includes defined benefit adjustment</i>)	152	194
	2,157	1,868

The average number of employees during the year was as follows:

	2019 No	2018 No
Cost of generating funds	1	-
Provision of housing	34	31
Support costs	12	10
	47	41

The number of employees who earned over £60,000 during the year was as follows:

	2019	2018
£60,001 - £70,000	2	2
£70,001 - £80,000	-	1
£80,001 - £90,000	3	2
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

Employer's pension contributions of £34,953 (2018: £34,273) were paid in respect of these higher paid employees.

The total employee benefits of 5 key management personnel of the charity were £520,182 (2018: 5 key management personnel £505,842).

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. NET INCOME

	2019 £'000	2018 £'000
Net income is stated after charging:		
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	2	2
Interest payable	87	99
Depreciation	1,155	1,088
Auditor's remuneration - audit	20	21
Auditor's remuneration - non audit	4	4

5. TANGIBLE FIXED ASSETS

Group and Charity	Housing properties £'000	Work in Progress £'000	Freehold Office £'000	Office Equipm't £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 April 2018	66,179	3,642	307	1,151	50	71,329
Additions	2,000	9,618		143		11,761
Transfer categories	45	(45)				-
Disposals	(598)		-	-	(32)	(630)
At 31 March 2019	67,626	13,215	307	1,294	18	82,460
Accumulated depreciation						
At 1 April 2018	11,003		125	901	50	12,079
Charge for the year	979		6	170		1,155
Disposals	(49)				(32)	(81)
At 31 March 2019	11,933	-	131	1,071	18	13,153
Net book value						
At 31 March 2019	55,693	13,215	176	223	-	69,307
<i>At 31 March 2018</i>	<i>55,176</i>	<i>3,642</i>	<i>182</i>	<i>250</i>	<i>-</i>	<i>59,250</i>
The cost of housing properties comprise:					2019 £'000	2018 £'000
Freeholds					54,740	53,326
Long leasehold					12,325	12,292
Short leaseholds					561	561
					67,626	66,179

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

6. INVESTMENTS

Group and Charity	2019	2018
	£'000	£'000
Market value at 1 April	3,148	3,061
Additions	48	54
Disposal	(21)	(22)
Gains on investments	188	55
	<u>3,363</u>	<u>3,148</u>
Market value at 31 March		
	<u>2,845</u>	<u>2,619</u>

Investments include £0.5m long term cash deposit with the Royal Bank of Scotland and £2.6m under management by Investec and are represented by holdings in UK and overseas fixed interest, equities and property funds.

7. DEBTORS

Group and Charity	2019	2018
	£'000	£'000
Rent debtors	221	168
Prepayments	239	87
Accrued income and other debtors	266	142
	<u>726</u>	<u>397</u>

8. CREDITORS: Due within one year

Group and Charity	2019	2018
	£'000	£'000
Bank loan	154	148
Trade creditors	343	623
Other creditors	27	19
Accruals	2,310	1,975
Rent in advance	362	302
	<u>3,196</u>	<u>3,067</u>

9. CREDITORS: Due after one year

Group and Charity	2019	2018
	£'000	£'000
Bank loan	1,061	1,216
Loans are repayable as follows:		
Due within one year	154	148
Between one and two years	160	155
Between two and five years	519	499
After five years	382	562
Total loans	<u>1,215</u>	<u>1,364</u>

Bank loans consist of two fixed rate loans with a rate of 6.8% expiring during 2025/26. The loans are secured on five of the estates owned by Haig Housing Trust. These make up a small proportion of overall housing stock and have a net book value of £6,927,334 at the year end.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

**10. ANALYSIS OF NET ASSETS
BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted funds £'000	Endowment Funds £'000	Total Funds £'000
Fund balances at 31 March 2019 are represented by:-				
Tangible fixed assets	49,327	19,371	609	69,307
Investments	3,084	279	-	3,363
Net current (liabilities) / assets	(9)	622	-	613
Loan due in more than one year	(1,061)	-	-	(1,061)
Pension liability	(733)	-	-	(733)

TOTAL NET ASSETS	50,608	20,272	609	71,489
-------------------------	---------------	---------------	------------	---------------

COMPARATIVE

	Unrestricted Funds £'000	Restricted funds £'000	Endowment Funds £'000	Total Funds £'000
Fund balances at 31 March 2018 are represented by:-				
Tangible fixed assets	42,965	15,676	609	59,250
Investments	2,869	279	-	3,148
Net current assets	5,651	4,048	-	9,699
Loan due in more than one year	(1,215)	-	-	(1,215)
Pension liability	(548)	-	-	(548)

TOTAL NET ASSETS	49,722	20,003	609	70,334
-------------------------	---------------	---------------	------------	---------------

**11 a. MOVEMENT IN FUNDS
2019**

	<i>Restated At 1 April £'000</i>	Income £'000	Expenditure £'000	Gains and transfers £'000	At 31 March £'000
Permanent Endowment	609				609
Restricted fund					
Veterans Accommodation	14,580				14,580
Colchester Borough Council	-	450	-	-	450
DSSHF	2,781	71	(68)	-	2,784
Disabled Officer Garden Homes	53	102	(117)	-	38
Help for Heroes (coming home)	2,275		(290)		1,985
Gulf War Fund	20	-	-	-	20
Other	-	104	-	-	104
Mrs Willie James Fund	294	10	(1)	8	311
Total restricted funds	20,003	737	(476)	8	20,272
Unrestricted funds					
Designated funds:					
Fixed asset fund	42,965		(1,038)	7,400	49,327
Leasehold liability fund	117				117
Pension reserve	(548)		68	(253)	(733)
Total designated funds	42,534	-	(970)	7,147	48,711
General funds	7,188	10,352	(8,423)	(7,220)	1,897
Total	70,334	11,089	9,869	(65)	71,489

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11 b. COMPARATIVE MOVEMENT IN FUNDS RESTATED (see note 1g)	<i>At 1 April £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Gains and transfers £'000</i>	At 31 March £'000
Permanent Endowment	674	-	(14)	(51)	609
Restricted fund					
Veterans Accommodation	14,580	-	-	-	14,580
DSSHF	2,794	52	(65)		2,781
Disabled Officer Garden Homes	(9)	83	(72)	51	53
Help for Heroes (coming home)	2,220	-	(150)	225	2,275
Gulf War Fund	20	-	-	-	20
Mrs Willie James Fund	309	10	(11)	(14)	294
Total restricted funds	19,894	145	(298)	262	20,003
Unrestricted funds					
Designated funds:					
Fixed asset fund	40,824	-	(1,056)	3,197	42,965
Leasehold liability fund	117	-	-	-	117
Pension reserve	(630)	-	82	-	(548)
Total designated funds	40,311	-	(974)	3,197	42,534
General funds	7,824	10,837	(8,120)	(3,353)	7,188
Total	68,703	10,982	(9,406)	55	70,334

11 c. FUNDS / RESERVES

Permanent Endowment

Relates to properties originally gifted to Disabled Officer Garden Homes.

Restricted Funds / Reserves

Veterans Accommodation Fund

This fund was created with monies from the Ministry of Defence and is to be used to develop /purchase properties in Morden, Scotland, Aldershot and Colchester. At 31 March 2019 the balance of the fund included properties purchased with a net book value of £8.4m and work in progress totalling £3m. There is a 15 year covenant on assets purchased with these funds.

Disabled Soldier and Sailors (Hackney) Foundation (DSSHF)

This restricted fund was created on the gift of the assets and liabilities of the above charity to Haig Housing Trust. Further details are included in note 17.

Disabled Officer Garden Homes

This fund (along with the permanent endowment fund) represents funds in respect of Disabled Officer Garden Homes administered by Haig Housing Trust. Further details are included in Note 17. The deficit on this fund is as a result of significant repairs and maintenance works carried out in the year and will be met from future surpluses as these works are now complete.

Gulf War Fund

This fund comprises amounts donated to assist the badly injured from the first Gulf War.

Help for Heroes (Coming Home)

These funds comprise amounts donated to provide housing to injured service men and women. Transfers in and out of this fund represent the sale and purchase of shared ownership properties.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11 c. FUNDS / RESERVES (continued)

Mrs Willie James Charity

Administered by Haig Housing Trust, the funds are used to support a variety of purposes for needy tenants.

Designated funds / reserves

Fixed asset fund

This represents the net book value of Tangible Fixed Assets held in unrestricted funds which are not available in the short term to fund the Trust's activities

Leasehold liability fund

An accumulation fund created to retain funds for the renewal and extension of leases on short and medium term leasehold properties.

Pension reserve

This represents funds set aside for the potential future costs arising from the Trust's commitment to the Social Housing Pension Scheme.

11 d. TRANSFERS BETWEEN FUNDS

	2019 £'000	2018 £'000
Coming Home (restricted) – Proceeds from property disposal net of property purchases.	-	225
Permanent Endowment – transfer of depreciation previously charged to Restricted DOGH Fund	-	51
Mrs Willie James Fund – Transfer to General Fund for historic expenses	-	(14)
Designated Fixed Asset Fund – Net additions to fixed assets	7,400	3,197

12. CAPITAL COMMITMENTS

	2019 £'000	2018 £'000
Capital expenditure contracted for	<u>1,600</u>	<u>14,300</u>

13. OPERATING LEASES – LESSOR

Properties owned by Haig Housing Trust are occupied under various tenancy agreements. The committed rental income generated under these agreements over the next 12 months is estimated to be £1,269,000 (2018: £1,183,000.)

14. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £'000	2018 £'000
Net income	1,220	1,576
Dividends and interest from investments and deposits	(73)	(125)
Movement in pension deficit liability	-	82
Interest payable	87	99
Depreciation charges	1,155	1,088
(Gain) on disposal of tangible fixed assets (inc WIP write off)	(449)	(1,449)
(Increase)/ Decrease in debtors	(329)	86
(Decrease)/ Increase in creditors	(26)	860
	<u>1,585</u>	<u>2,217</u>

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

15. ANALYSIS OF THE BALANCES OF NET CASH

	2019 £'000	2018 £'000	Change in year £'000
Cash at bank and in hand	3,083	12,369	(9,286)

16. PENSIONS

Defined benefit scheme

Haig Housing Trust participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

Overview of the whole scheme

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

	2019 £'000	2018 £'000
Fair Value of plan assets	2,384	2,538
Present value of defined benefit obligation	3,117	3,230
Surplus (deficit) in plan	(733)	(692)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(733)	(692)

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. PENSIONS (CONTINUED)

Reconciliation of opening and closing balances of the defined benefit obligation:

	2019 £'000
Defined benefit obligation at start of period	3,230
Current service cost	-
Expenses	3
Contributions by plan participants	-
Interest expense	74
Actuarial losses (gains) due to scheme experience	167
Actuarial losses (gains) due to changes in demographic assumptions	10
Actuarial losses (gains) due to changes in financial assumptions	160
Benefits paid and expenses	(527)
Defined benefit obligation at end of period	3,117

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

	2019 £'000
Fair value of plan assets at start of period	2,538
Interest income	58
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	228
Contributions by the employer	87
Contributions by plan participants	-
Benefits paid and expenses	(527)
Fair value of plan assets at end of period	2,384

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £286,000.

Defined benefit gains and losses recognised in Statement of Financial Activities:

	2019 £'000
Experience gain on plan assets (excluding amounts included in net interest cost)	228
Experience losses arising on the plan liabilities	(167)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)	(10)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)	(160)
Total loss recognised in other comprehensive income	(109)

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. PENSIONS (CONTINUED)

Scheme assets

	2019	<i>2018</i>
	£'000	<i>£'000</i>
Absolute Return	206	310
Alternative Risk Premia	138	96
Corporate Bond Fund	111	104
Credit Relative Value	44	-
Distressed Opportunities	43	25
Emerging Markets Debt	82	102
Fund of Hedge Funds	11	84
Global Equity	401	501
Infrastructure	125	65
Insurance-Linked Securities	68	67
Liability Driven Investment	872	925
Long Lease Property	35	-
Net Current Assets	5	2
Private Debt	32	23
Property	54	117
Risk Sharing	72	23
Secured Income	85	94
Total assets	2,384	2,538

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

	2019	<i>2018</i>
	% per annum	<i>% per annum</i>
Discount Rate	2.26	2.51
Inflation (RPI)	3.30	3.20
Inflation (CPI)	2.30	2.20
Salary Growth	3.30	3.20
Allowance for commutation of pension for cash at retirement	75% of max allowance	75% of max allowance

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. PENSIONS (CONTINUED)

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	2018 % per annum
Male retiring in 2019	2.51
Female retiring in 2019	3.20
Male retiring in 2039	2.20
Female retiring in 2039	3.20

The previous pension provision recognised in the accounts is as follows;

	2018 £'000
Present value of future deficit contributions	548

The net present value of deficit reduction contributions is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate has been historically recognised as a finance cost.

The main assumption used by Social Housing Pension Scheme in the calculation of the present value is the rate of discount, the rates used over the previous 2 years are as follows;

	31 March 2018 % per annum	31 March 2017 % per annum
Rate of discount	1.72	1.33

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.

Defined contribution scheme

The charity is also a member of the Social Housing defined contribution pension scheme. Contributions to the defined contribution schemes are recognised in the Statement of Financial Activities as they fall due.

Contributions for both schemes for the year to 31 March 2020 are expected to be in line with 2019.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17. LINKED CHARITIES AND SUBSIDIARIES

Disabled Officer Garden Homes, Mitchell Flats and Clevedon Homes have in the past been subject to a uniting direction granted by Charity Commission schemes. The objects of the linked charities below are generally the provision of housing accommodation for people in need, hardship or distress with preference given to ex-service men and women and other charitable purposes for the benefit of the residents as the trustees shall decide. However, in respect of Disabled Officer Garden Homes (DOGH) accommodation is for disabled former officers who are married or in a relationship analogous to marriage.

Disabled Soldier and Sailors (Hackney) Foundation (DSSHF) became a subsidiary of Haig Housing Trust in 2016. The Foundation's objects are to provide low cost accommodation to ex-servicemen and their families. Following a special resolution on 1 September 2017, DSSHF transferred all assets and liabilities to Haig Housing Trust with the entity being dissolved on 9 April 2019.

In addition, the Trust holds all allotted shares in Haig Housing Trading Limited (formerly Coming Home Campaign Limited, name changed on 11 June 2019), a limited company (registered in England and Wales 09331680) that carries out trading activities on behalf of the charity. This entity was dormant for the year ended 31 March 2019.

A summary of the results of each are shown below:

	DOGH £'000	Mitchell Flats £'000	Clevedon Homes £'000	Coming Home Campaign £'000	DSSHF £'000
Income	102	12	12	-	-
Expenditure	(117)	(16)	(12)	-	-
(Deficit) / Surplus	(15)	(4)	-	-	-
Net assets	645	(15)	589	-	-

18. RELATED PARTY TRANSACTIONS

There have been no related party transactions that require disclosure.

HAIG HOUSING TRUST (KNOWN AS HAIG HOUSING)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

19. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment funds £'000	Total 2018 £'000
INCOME FROM:					
<i>Donations and legacies</i>	2	115	-	-	115
<i>Charitable activities</i>					
Provision of housing to beneficiaries		9,138	137	-	9,275
<i>Profit on sale of assets</i>		1,449	-	-	1,449
<i>Investments</i>		117	8	-	125
<i>Other</i>		18	-	-	18
Total Income		<u>10,837</u>	<u>145</u>	<u>-</u>	<u>10,982</u>
EXPENDITURE ON					
<i>Raising funds</i>		82	-	-	82
<i>Charitable activities</i>					
Provision of housing to beneficiaries		<u>9,012</u>	<u>298</u>	<u>14</u>	<u>9,324</u>
Total Expenditure	3	<u>9,094</u>	<u>298</u>	<u>14</u>	<u>9,406</u>
Net Income / (Expenditure)		1,743	(153)	(14)	1,576
Net (losses) / gains on investments		60	(5)	-	55
Transfers between funds		<u>(216)</u>	<u>267</u>	<u>(51)</u>	<u>-</u>
NET MOVEMENT IN FUNDS		1,587	109	(65)	1,631
Total funds brought forward (restated)		<u>48,135</u>	<u>19,894</u>	<u>674</u>	<u>68,703</u>
Total funds carried forward	10	<u>49,722</u>	<u>20,003</u>	<u>609</u>	<u>70,334</u>