

Co-operative and Community Benefit Society (FCA) No 19564R

Regulator of Social Housing No L1230

Great Places Housing Association

Report and Financial Statements

For the Year ended 31 March 2020

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

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GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

ASSOCIATION INFORMATION

Board

Chair	A. Davison
Deputy Chair	J. Rayner
Other Members	C. Amyes
	C. Cashman
	J. Fitzgerald
	J. Green
	M. Hanson
	M. Harrison
	M. Jones (from 1 April 2020)
	B. Nevin
	G. Page (from 1 April 2020)
	D. Robinson
	S. Young (to 19 September 2019)

Executive Directors

Chief Executive	M. Harrison
Executive Director of Finance and Company Secretary	P. Elvy
Executive Director of Growth and Assets	P. Bojar
Executive Director of Customer Services	G. Cresswell
Executive Director of People and Culture	A. Dean
Transitional Managing Director - Equity Region	A. Oldale (from 1 April 2020)

Registered office: 2a Derwent Avenue
Manchester
M21 7QP

Website: www.greatplaces.org.uk

Registered Numbers: Regulator of Social Housing No: L1230
Co-operative and Community Benefit Society No: 19564R

External Auditors:

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Internal Auditors:

PwC
No. 1
1 Hardman Square
Manchester
M3 3EB

Bankers:

The Royal Bank of Scotland plc
St Ann's Street
St Ann's Square
Manchester
M60 2SS

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

REPORT OF THE BOARD

The Board presents its report and the audited financial statements for the year ended 31 March 2020. A fuller review of Great Places Housing Association ("GPHA" or "the Association") is included within the Strategic Report of its parent Great Places Housing Group Limited ("GPHG" or "the Group").

Principal activities

Great Places Housing Association's principal activities include the development and management of social housing properties for the Great Places Housing Group.

Business review

The surplus after tax for the year ended 31 March 2020 was £14,279k (2019: £12,364k). At the year-end revenue reserves amounted to £135,756k (2019: £113,576k). The total comprehensive income for the year ended 31 March 2020 was £15,428k (2019: £2,814k).

In respect of the year ended 31 March 2020 gift aid payments of £750k (2019: £870k) were received on 24 March 2020 from Plumlife Homes Limited, £1,750k (2019: £409k) from Cube Homes Limited on 16 March 2020 and £53k (2019: £12k) from Terra Nova Developments Limited on 24 March 2020.

Housing property assets

Details of changes to the Association's property assets are shown in note 12 of the financial statements, Tangible fixed assets – housing properties.

Donations

During the year ended 31 March 2020 the Association made no political contributions and any charitable donations were made during the course of its ordinary activities (2019: nil).

Post balance sheet events

A special resolution was approved by the Financial Conduct Authority on 1 April 2020 under which the whole of the stock, property and other assets and all engagements of Equity Housing Group Limited were transferred to Great Places Housing Association. No consideration was payable by GPHA and two former EHG Board members became members of the GPHA and Great Places Housing Group Board.

Equality, diversity and inclusion

The Association has and continually reviews, a full and comprehensive policy of equality, diversity and inclusion.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Association has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

Board members and executive directors

The Board members and the executive directors of the Association at 31 March 2020 are set out on page 3 of these financial statements as well as details of all the members and directors that have served during the period from 1 April 2019 up to the date these statements have been signed.

Insurance policies indemnify the Board members and officers against liability when acting for the Group.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

REPORT OF THE BOARD

Internal Control and risk management

The Association's internal control and risk management is undertaken as part of Great Places Housing Group which are detailed in the Financial Statements and are available at <https://www.greatplaces.org.uk/about-us>.

Strategic Report

The Association has decided not to include a Strategic Report, on the basis that a Group Strategic Report has been included in the financial statements of its parent company Great Places Housing Group Limited.

Going concern

The Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. In particular, assurance is provided by the Association's latest Business Plan including sensitivity analyses and stress testing (approved April 2020) which demonstrates that the Association has sufficient funding facilities in place that will meet planned development and other expenditure and that it is fully able to service its debt facilities.

After a thorough review considering the impact of Covid-19 on all assets, liabilities and commitments, and taking into account the resulting inherent cash risk in property sales, including forecasts, projections and material uncertainty clauses within our investment property valuations, the Board are assured that there are sufficient cash reserves and agreed facilities in place to meet liabilities as they fall due.

Therefore the Board continues to adopt the going concern basis in the financial statements.

Annual general meeting (AGM)

The AGM will be held on 17 September 2020.

External auditors

A resolution to re-appoint BDO LLP will be proposed at the AGM on 17 September 2020.

Statement of compliance

In preparing this Board report, the Board has complied with the Regulator of Social Housing's Governance and Financial Viability Standard as set out in the Accounting Direction 2020.

Statement of the responsibilities of the Board for the report and financial statements

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

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

REPORT OF THE BOARD

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

In so far as each of the Board members is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The report of the Board was approved by the Board on 23 July 2020 and signed on its behalf by:



P. Elvy

Company Secretary

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION

We have audited the financial statements of Great Places Housing Association ("the Association") for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves 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 Association's affairs as at 31 March 2020 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association'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 Board are responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Report of the Board 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,

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the statement of the responsibilities of the Board set out on page 5, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

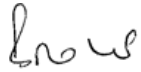
This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are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

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION

responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.



BDO LLP

Statutory Auditor

Manchester

6 August 2020

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

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

STATEMENT OF COMPREHENSIVE INCOME

		2020	2019
	Note	£'000	£'000
Turnover	4	98,120	98,687
Operating costs	4	(59,331)	(57,839)
Cost of sales	4	(8,598)	(9,249)
Surplus on sale of fixed assets	5	3,754	3,306
Operating surplus	6	33,945	34,905
Interest receivable	7	1,614	1,414
Interest payable and financing costs	8	(24,547)	(25,322)
PTGP pension re-measurement	26	-	(1)
Gift Aid from subsidiary undertakings	10	1,803	421
Movement in fair value of financial instruments	8	171	234
Movement in fair value of investment properties	13	1,293	713
Surplus on ordinary activities before taxation		14,279	12,364
Tax on surplus on ordinary activities	9	-	-
Surplus for the financial year		14,279	12,364
Actuarial gains/(losses) on defined benefit pension schemes	26	8,252	(1,865)
Re-measurement of SHPS obligation	26	-	(6,121)
Movement in fair value of hedged financial instruments	8	(7,103)	(1,564)
Other comprehensive income		1,149	(9,550)
Total comprehensive income for the year		15,428	2,814

All amounts relate to continuing activities.

The accompanying notes on pages 13 to 49 form part of these financial statements.



Board member
A. Davison



Board member
J. Rayner



Secretary
P. Elvy

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

STATEMENT OF FINANCIAL POSITION

	Note	2020 £'000	2019 £'000
Tangible fixed assets			
Housing properties	12	1,077,836	1,047,309
Investment properties	13	15,314	14,178
Other tangible fixed assets	14	6,978	6,861
		1,100,128	1,068,348
Fixed asset investments			
Homebuy loans	15	6,513	6,892
Fixed asset investments	16	461	480
Investment in joint venture	16	10	10
Total fixed asset investments		6,984	7,382
Total fixed assets		1,107,112	1,075,730
Debtors: Amounts falling due after one year	18	18,754	17,684
Current assets			
Stock and work in progress	17	11,496	6,404
Debtors	18	44,178	28,754
Investments	19	6,188	5,837
Cash and cash equivalents		35,311	56,789
		97,173	97,784
Creditors: Amounts falling due within one year	20	(61,445)	(52,964)
Net current assets		35,728	44,820
Total assets less current liabilities		1,161,594	1,138,234
Creditors:			
Deferred capital grant due after more than one year	21	(475,818)	(463,258)
Other creditors falling due after more than one year	21	(591,566)	(588,324)
Pension liability	26	(6,792)	(15,412)
Net assets		87,418	71,240
Capital and reserves			
Share capital (non-equity)	28	-	-
Income and expenditure reserve		135,756	113,576
Revaluation reserve		3,368	2,252
Designated reserve		142	157
Cash flow hedge reserve		(51,848)	(44,745)
Association's funds		87,418	71,240

The accompanying notes on pages 13 to 49 form part of these financial statements. The financial statements were authorised for issue and approved by the Board on 23 July 2020 and signed on its behalf by:



Board member
A. Davison



Board member
J. Rayner



Secretary
P. Elvy

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

STATEMENT OF CHANGES IN RESERVES

	Cash flow hedge reserve	Revaluation reserve	Designated reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2019	(44,745)	2,252	157	113,576	71,240
Surplus for the year	-	-	-	14,279	14,279
Actuarial gains on defined benefit pension scheme	-	-	-	8,252	8,252
Movement in fair value of hedged financial instruments	(7,103)	-	-	-	(7,103)
Gift Aid receipt (note 10)	-	-	-	750	750
Interest credited from income and expenditure reserve	-	-	1	(1)	-
Transfers	-	1,116	(16)	(1,100)	-
As at 31 March 2020	(51,848)	3,368	142	135,756	87,418

	Cash flow hedge reserve	Revaluation reserve	Designated reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2018	(43,181)	1,999	162	108,576	67,556
Surplus for the year	-	-	-	12,364	12,364
Actuarial losses on defined benefit pension scheme	-	-	-	(7,986)	(7,986)
Movement in fair value of hedged financial instruments	(1,564)	-	-	-	(1,564)
Gift Aid receipt (note 10)	-	-	-	870	870
Interest credited from income and expenditure reserve	-	-	1	(1)	-
Transfers	-	253	(6)	(247)	-
As at 31 March 2019	(44,745)	2,252	157	113,576	71,240

The accompanying notes on pages 13 to 49 form part of these financial statements.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider.

2. Accounting policies

The principal accounting policies are detailed below and they have all been applied consistently throughout the year.

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Great Places Housing Association included the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, “Accounting by registered social housing providers” 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Association is a Public Benefit Entity (PBE) and has applied the provisions for FRS102 specifically applicable to PBEs.

The Association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Basic Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Great Places Housing Group Limited as at 31 March 2020 and these financial statements are available at <https://www.greatplaces.org.uk/about-us>.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Association management to exercise judgement in applying the Association’s accounting policies.

Going concern

The Association’s latest Business Plan including sensitivity analyses and stress testing (approved April 2020) which demonstrates that the Group has sufficient funding facilities in place that will meet planned development and other expenditure and that it is fully able to service its debt facilities. After a thorough review considering the impact of Covid-19 on all assets, liabilities and commitments the Board are assured that there are sufficient cash reserves and agreed facilities in place to meet liabilities as they fall due.

The Association is able to mitigate a worst case scenario and avoid a covenant breach by managing the timing of development and repairs expenditure among other mitigating actions.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Going Concern (continued)

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. Therefore the Board continues to adopt the going concern basis in the financial statements.

Income

Income is measured at the fair value of the consideration received or receivable. The Association generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Sale of first tranche Low Cost Home Ownership and other housing properties developed for sale;
- Service charge receivable;
- Housing First income receivable; and
- Revenue grants and amortisation of capital grants.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales, properties built for sale and proceeds from the sale of land or property are recognised at completion of the sale.

Rent and service charge agreements

The Association has both fixed and variable service charges for its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

The Association has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate. The Association has reviewed its social housing rent arrears where a formal repayment schedule is in place and has determined that the net book value adjustment for these arrangements are not material so no adjustment has been made for these other than any bad debt provision provided.

Grants

Grants in respect of revenue expenditure are credited to the income statement when the conditions for receipt of agreed grant funding are met.

Capital grant is released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected.

Interest payable

Interest is capitalised on borrowings to finance developments up to the date of practical completion if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b) interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income statement in the year.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Interest receivable

Interest receivable is credited to the income statement in the year.

Leased assets

Where assets are financed by leasing agreements that give rights similar to ownership (finance leases), the assets are treated as if they have been purchased outright. The assets leased by the Association under finance leases are Investment Properties and are therefore accounted for under FRS 102 as Investment Properties. The corresponding leasing commitments are shown as amounts payable to the lessor.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. The annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

Property managed by agents

Where the Association carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the income and expenditure account of the Association.

Where the agency carries the financial risk, the income statement includes only that income and expenditure which relates to the Association.

In both cases, where revenue grants are claimed by the Association, these are included as income in the Statement of Comprehensive Income to the extent that they are passed to the agent.

Derivative instruments and hedge accounting

The Association holds floating rate loans which expose the Association to interest rate risk. To mitigate against this risk the Association uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Association has designated each of the swaps, against existing drawn floating rate debt. To the extent the hedge is effective, other than adjustments for own or counter party credit risk, movements in fair value adjustments are recognised in other comprehensive income. For the Credit Suisse swap which is not effectively hedged movements are charged to the income statement. This swap expired during the year.

Value Added Tax (VAT)

GPHA is VAT registered as part of the Great Places Housing Group Limited registration. A large proportion of its income, rents and service charges, is exempt for VAT purposes thus giving rise to a partial exemption calculation. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Tangible fixed assets

Housing properties

Housing properties are principally properties which are available for rent and are stated at cost less depreciation and impairment. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised. Works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Association disposes of a long lease on low cost home ownership units for a share ranging between 35% and 75% of value. The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset. The remaining element, is classed as Property, Plant and Equipment (PPE) and included in completed housing properties at cost, less any provisions needed for depreciation or impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Depreciation of housing properties

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Structure	100 years	Heating systems	25 years
Roofs	60 years	External doors	25 years
Bathrooms	25 years	Solar and photovoltaic panels	25 years
Windows	25 years	Kitchens	20 years
Lifts	25 years	Boilers	12 years

2. Accounting policies (continued)

Impairment

The housing property portfolio for the Association is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or Cash Generating Units ("CGUs") for which impairment is indicated to their recoverable amounts. Initially the Association compares the fair value less costs to sell by reference to EUV-SH. If this is lower than the net book value, the CGUs are then assessed for their value in use by calculating a Depreciated Replacement Cost ("DRC") for each CGU.

The DRC will be based upon the lower of:

- the cost of constructing an equivalent asset on the same site together with the original land costs; or
- the cost of acquiring an equivalent asset on the open market.

The Association defines CGUs as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger generating units. Where the recoverable amount of an asset or CGU is lower than its carrying value, an impairment is recorded through the income statement.

Stock swaps

Housing properties acquired from other social landlords in exchange for non-monetary assets, or a combination of monetary and non-monetary assets, are measured at fair value. Where there is government grant associated with housing properties acquired as part of the stock swap, the obligation to repay or recycle the grant transfers to the Association. The fair value of the properties is included within property, plant and equipment and accordingly no grant is disclosed within creditors. In the event of the housing properties being disposed, the Association is responsible for the recycling of the grant.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from either Market Value – Vacant Possession ("MV-VP") or Market Value – Subject to Tenancies ("MV-ST"). The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing MV-VP needs to be made. No depreciation is provided. Changes in fair value are recognised in the income statement. Note 13 outlines the material valuation uncertainty that the property valuer has included in their valuation report due to Covid-19.

Other tangible fixed assets

Other fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rate used for Freehold and leasehold offices is 50 years and Office equipment, fixtures and fittings 4 to 25 years.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Reserves

The Association designates those reserves which have been set aside for uses which, in the judgement of the Directors, prevent them from being regarded as part of the free reserves of the Association. The only reserve which constitutes free reserves is the Income and Expenditure reserve. The Association has a reserve that is designated for use in the support, training and development of apprentice maintenance employees. The revaluation reserve is created from surpluses on the revaluation of investment properties held by the Association.

The Association has a cash flow hedge reserve which is used for the effective hedges that are in place for the stand alone interest rate swap agreements. Where an effective hedge is in place the fair value movement on the swap is recognised in the cash flow hedge reserve. Where there is no effective hedge it is recognised in the revenue reserve.

Homebuy loans

Homebuy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest and any impairment loss is recognised in the income statement to the extent that it cannot be offset against the Homebuy grant. Grant relating to Homebuy equity is recognised as deferred income until the loan is redeemed and the grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent that the proceeds permit. The Association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the property. If there is a fall in the value of the property the shortfall in proceeds is offset against the recycled grant.

Investment in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are accounted for at cost less any accumulated impairment.

Current Assets

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal. They are also reviewed for impairment as part of determining the net realisable value.

Materials stock

Stock is stated at the lower of cost and net realisable value. Costs comprise parts and materials for use by our in house repairs team for the repair and maintenance of our housing properties and stocks are valued at purchase price using the first in, first out method. Materials stock is held in the Distribution Centre and in the van fleet.

Debtors and Creditors

Debtors and Creditors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Social housing grant

SHG due from Homes England is included as a current asset. SHG received in advance from Homes England is included as a current liability.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Recoverable amount of rental and other trade receivables

The Association estimates the recoverable amount of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Investments

All investments held by the Association are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historic cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historic cost. Investments that are receivable within one year are not discounted.

Contingent liability

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Leaseholder sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received is included in creditors.

Finance costs

The cost of raising loan finance is initially capitalised and offset against the loan principal and is amortised to the income statement on a straight line basis over the term of the loan.

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Grant in relation to newly acquired or existing housing properties is accounted for using accruals model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the income statement on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the SORP the useful life of the housing property structure has been used and, where applicable, its individual components (excluding land).

Where social housing grant funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income statement.

Grants due from government organisations or received in advance are included as current assets or liabilities.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Recycled Capital Grants

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Association adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under “creditors due after more than one year”. The remainder is disclosed under “creditors due within one year”.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in section 11 of FRS 102 are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historic cost. Loans that are payable within one year are not discounted.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the income statement. At each year end, the instruments are revalued to fair value, with the movements posted to the income statement, unless hedge accounting is applied.

Pensions

The Association participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (“SHPS”), and two Local Government Pension Schemes (“LGPS”) one administered by the South Yorkshire Pension Authority (“SYPA”) and the second administered by the Greater Manchester Pension Fund (“GMPF”). At 31 March 2020 there were 55 active members of the SHPS scheme, three active members of the SYPA scheme and one active member of the GMPF scheme.

For these schemes, scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted as appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Association.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

The Association also participates in a defined contribution scheme operated by the Social Housing Pension Scheme. Contributions payable under this scheme are charged in the income statement in the period to which they relate.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with requires the use of certain critical accounting estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events.

- Indicators of impairment of the Association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value - Social Housing ("EUV-SH") or depreciated replacement cost.
- The anticipated costs to complete on a development scheme is based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the Director's best estimate of sales value based on economic conditions within the area of development.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- Whether leases entered into by the Association either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.
- Cash collateral held by third parties is reported under current asset investments. We believe this provides greater clarity to users of the financial statements by clearly differentiating investment related balances from other debtors.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Tangible fixed assets (see notes 12 to 14). Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

The following table shows the financial impact of changes in those useful economic lives.

Component	Change in assumption	Increase in annual charge (£'000)
Roof	Component life reduced from 60 to 50 years	111
Windows	Component life reduced from 25 to 20 years	327
Kitchen	Component life reduced from 20 to 15 years	267
Bathroom	Component life reduced from 25 to 20 years	258
Boiler	Component life reduced from 15 to 12 years	338

Pensions

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

	Change in Assumption	Change in Liabilities	Change in Liabilities (£'000)
Discount Rate	Increase of 0.1% p.a.	Decrease by 2.3%	(1,081)
Rate of inflation	Increase of 0.1% p.a.	Increase by 2.2%	1,034
Rate of salary growth	Increase of 0.1% p.a.	Increase by 0.1%	47
Rate of mortality	Probability of surviving each year increased by 10%	Increase by 2.6%	1,222

Investment Properties

Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers (refer to note 2). The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook of the UK property market. A sensitivity analysis is provided for this below

	Change in assumption	Change in value (£'000)
Investment Properties	Increase/decrease of 10%	1,531

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

4. Particulars of turnover, cost of sales, operating costs and operating surplus

Where revenue grants are claimed by the Association, these are included as income in the income statement and expenditure to the extent that they are passed to the agent.

				2020
	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings	84,868	-	(55,373)	29,495
Other social housing activities				
Supporting people	1,634	-	(1,658)	(24)
Properties owned but managed by others	958	-	(821)	137
First tranche shared ownership sales	8,318	(7,078)	-	1,240
Housing First	1,637	(1,520)	(137)	(20)
Community/neighbourhood services	27	-	(819)	(792)
	12,574	(8,598)	(3,435)	541
Non-social housing activities				
Commercial property income	240	-	(171)	69
Other	438	-	(352)	86
	98,120	(8,598)	(59,331)	30,191
Surplus on disposal of fixed assets (note 5)				3,754
				33,945
	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings	84,301	-	(55,103)	29,198
Other social housing activities				
Supporting people	1,636	-	(1,430)	206
Properties owned but managed by others	953	-	(711)	242
First tranche shared ownership sales	10,957	(9,249)	-	1,708
Marketing income	589	-	(564)	25
Housing First	-	-	-	-
Community/neighbourhood services	-	-	-	-
	14,135	(9,249)	(2,705)	2,181
Non-social housing activities				
Commercial property income	251	-	(31)	220
Other	-	-	-	-
	251	-	(31)	220
	98,687	(9,249)	(57,839)	31,599
Surplus on disposal of fixed assets (note 5)				3,306
				34,905

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

4. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

	General needs housing	Supported housing*	Low cost home ownership	Key worker housing	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	60,099	5,861	3,231	191	69,382	70,461
Service charge income	2,059	4,210	176	-	6,445	6,080
Amortisation of government grants	4,276	728	355	-	5,359	5,389
Other income	1,496	2,110	-	76	3,682	2,371
Turnover from social housing lettings	67,930	12,909	3,762	267	84,868	84,301
Management	10,754	2,097	1,367	139	14,357	14,344
Service charge costs	2,470	4,073	174	87	6,804	5,813
Routine maintenance	6,315	1,458	10	12	7,795	7,401
Planned maintenance	2,715	490	1	-	3,206	3,494
Major repairs expenditure	4,853	521	5	4	5,383	5,019
Bad debts	377	33	(5)	4	409	789
Property lease charges	297	10	-	-	307	237
Depreciation of housing properties:						
-annual charge	13,676	1,662	957	25	16,320	16,777
-accelerated on disposal of components	756	-	-	-	756	860
Impairment of housing properties	-	-	-	-	-	365
Other costs	33	1	2	-	36	4
Operating expenditure on social housing lettings	42,246	10,345	2,511	271	55,373	55,103
Operating surplus on social housing lettings	25,684	2,564	1,251	(4)	29,495	29,198
Void losses	214	205	(1)	91	418	647

* Supported Housing includes Housing for Older People

Charges for support services are now included within service charge income.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

5. Surplus on sale of fixed assets

	Shared ownership	Other housing properties	Investment properties	Open Market Home Buy	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Disposal proceeds (net of costs)	4,991	7,173	257	485	12,906	11,438
Carrying value of fixed assets	(2,911)	(243)	(240)	-	(3,394)	(4,085)
	2,080	6,930	17	485	9,512	7,353
Capital grant recycled (note 23)	(747)	(4,655)	-	(356)	(5,758)	(4,047)
	1,333	2,275	17	129	3,754	3,306

6. Operating surplus

This is arrived at after charging:

	2020 £'000	2019 £'000
Depreciation of housing properties	16,411	16,856
Accelerated depreciation on component disposal	756	860
Impairment of housing properties	-	365
Depreciation of other tangible fixed assets	118	119
Amounts paid under operating leases:		
-Land and buildings	307	237
-Vehicles	54	12
Auditor's remuneration (excluding VAT)		
-for the audit of the financial statements	31	28
-for other services relating to taxation	3	5

7. Interest receivable and other income

	2020 £'000	2019 £'000
Interest receivable and similar income	490	551
Group companies loan interest	1,124	863
	1,614	1,414

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

8. Interest payable and financing costs

	2020 £'000	2019 £'000
Intra group loans	20,722	20,918
Loans and bank overdrafts	3,558	3,319
Net interest payable on pension liabilities	356	345
Finance leases	199	195
Payable on recycled grant	72	77
Other finance costs including non utilisation fees, commitment fees and arrangement fees amortised or written off	1,061	1,161
	25,968	26,015
Interest payable capitalised on housing properties under construction	(1,421)	(693)
	24,547	25,322
Other financing costs (note 22d)		
Gain on fair value of non-hedged derivative instruments	(171)	(234)
Other financing costs through other comprehensive income		
Loss/(gain) on fair value of hedged derivative instruments	7,103	1,564
	31,479	26,652

Capitalised interest was charged at rates of 0.75% (2019: 0.50% until July 2018 and then at 0.75%) receivable and 4.80% (2019: 4.79%) payable.

9. Taxation

The Association has been granted exemption from taxation under the provision of Section 505 of the Income and Corporation Taxes Act 1988 because of its charitable status.

10. Gift aid

In the year to 31 March 2020, subsidiaries Terra Nova Developments Limited and Cube Homes Limited made gift aid payments of £53k (2019: £12k) and of £1,750k (2019: £409k) on 16 March 2020 and 24 March 2020 respectively.

A gift aid payment of £750k (2019: £870k) was received on 24 March 2020 in respect of the year ended 31 March 2020 from Plumlife Homes Limited.

	2020 £'000	2019 £'000
Gift Aid from subsidiary undertakings	1,803	421
Gift Aid from other group undertakings	750	870
	2,553	1,291

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

11. Directors and members

The Chief Executive of Great Places Housing Group is a member of the Board, no other executive directors of the Association are members of the Board.

The senior executive officer who served during the year was the Chief Executive who is an employee of Great Places Housing Group Limited and there were no emoluments paid to him by Great Places Housing Association (2019: £nil). The senior executive officer's emoluments are disclosed in the accounts of Great Places Housing Group Limited.

No emoluments were paid to the members of the Board during the year by Great Places Housing Association (2019: £nil).

The full time equivalent number of staff whose remuneration is £60,000 or more (including pension contributions) is disclosed below:

	2020	2019
	No.	No.
£60,001 to £70,000	1	1
£70,001 to £80,000	1	1
£80,001 to £90,000	1	-

12. Tangible fixed assets – housing properties

At the 31 March 2020 the Association had 23 properties in Blackburn, Lancaster and Morecambe where a sale had been agreed with two other housing associations. The sale is subject to legal consultation in line with the tenant involvement and empowerment standard. The housing properties involved have a carrying value of £2,502k and an associated Homes England grant liability of £1,538k.

Interest capitalised

Cumulative interest capitalised in housing properties is £10,501k (2019: £9,084k).

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets – housing properties (continued)

	Social housing properties held for letting	Other social housing properties held for letting	Housing properties for letting under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total housing properties 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 April 2019	1,064,753	1,090	23,853	118,132	15,297	1,223,125
Additions	231	-	33,012	109	11,691	45,043
Components capitalised	9,555	-	-	-	-	9,555
Interest capitalised	-	-	580	-	841	1,421
Schemes completed	13,049	-	(13,049)	11,665	(11,665)	-
Disposals	(7,826)	-	-	(3,940)	-	(11,766)
Component disposals	(3,075)	-	-	-	-	(3,075)
Transfers and acquisitions to other RPs	(762)	-	-	-	-	(762)
Transfer to Investment Properties	-	(42)	-	(50)	-	(92)
As at 31 March 2020	1,075,925	1,048	44,396	125,916	16,164	1,263,449
Depreciation and impairment						
As at 1 April 2019	166,199	168	-	9,449	-	175,816
Charged in year	15,515	8	-	888	-	16,411
Component disposal	(1,965)	-	-	-	-	(1,965)
Released on disposal	(4,207)	-	-	(293)	-	(4,500)
Transferred to other RPs	(140)	-	-	-	-	(140)
Transfer to Investment Properties	-	(3)	-	(6)	-	(9)
As at 31 March 2020	175,402	173	-	10,038	-	185,613
NBV as at 31 March 2020	900,523	875	44,396	115,878	16,164	1,077,836
NBV as at 31 March 2019	898,554	922	23,853	108,683	15,297	1,047,309

Expenditure to works on existing properties

	2020	2019
	£'000	£'000
Amounts capitalised	9,558	8,250
Amounts charged to income statement	5,383	5,019
	14,941	13,269

Housing properties book value, net of depreciation impairment

	2020	2019
	£'000	£'000
Freehold land and buildings	791,657	751,420
Long leasehold land and buildings	286,177	295,889
	1,077,834	1,047,309

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible fixed assets – investment properties

	2020 £'000	2019 £'000
Valuation		
At the beginning on the year	14,178	13,675
Additions	-	-
Disposals	(240)	(210)
Transferred from Housing Properties	83	-
Revaluation	1,293	713
At the end of the year	15,314	14,178
	2020 £'000	2019 £'000
Historical cost of completed investment properties		
Gross cost	13,602	13,518
Accumulated depreciation based on historical cost	(4,936)	(5,285)
Historical cost net book value	8,666	8,233

The investment properties were valued at 31 March 2020 by Aspin and Company Chartered Surveyors ("Aspin"), on the basis of Market Value, as defined in the Valuation Global Standards of the Royal Institution of Chartered Surveyors ("Red Book Global").

The outbreak of the Covid-19, declared by the World Health Organisation as a Global Pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, Aspin can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 means that Aspin are faced with an unprecedented set of circumstances on which to base a judgement.

Aspin's valuation assessment is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the Red Book Global. Consequently, less certainty –and a higher degree of caution –should be attached to their valuation than would normally be the case. The valuation reported is provided with this material uncertainty.

The surplus on revaluation of investment properties is £1,293k. Of this £1,116k has been credited to the revaluation reserve as it represents an increase to the original property values rather than a reversal of a previous negative revaluation.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

14. Tangible fixed assets – other

	Freehold offices £'000
Cost	
As at 1 April 2019	7,913
Additions	235
Disposals	-
As at 31 March 2020	8,148
Depreciation and Impairment	
As at 1 April 2019	1,052
Charged in year	118
Released on disposal	-
As at 31 March 2020	1,170
NBV as at 31 March 2020	6,978
NBV as at 31 March 2019	6,861

15. Investments – Homebuy loans

	2020 £'000	2019 £'000
At the beginning of the year	6,892	7,551
Loans redeemed	(379)	(659)
At the end of the year	6,513	6,892

16. Fixed asset investment

	Fixed asset investments £'000s	Joint Venture £'000s
As at 1 April 2019	480	10
Disposal	(19)	-
As at 31 March 2020	461	10

Fixed asset investments comprise of shared equity loans of £461k (2019: £480k). These loans were funded by Great Places Housing Association (GPHA) and not Homes England. The joint venture is with Reviva Urban Renewal Limited ("Reviva") which is a company in which GPHA has a one third interest. The other parties to the joint venture are Mosscaire St Vincent's Housing Group and Irwell Valley Housing Association. Reviva has been dormant throughout the last six years and has not traded.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

17. Stock and work in progress

	2020 £'000	2019 £'000
Shared ownership properties:		
- completed	2,789	3,352
- under construction	8,128	2,536
Materials stock	579	516
	11,496	6,404

The figures above include £478k (2019: £85k) of capitalised interest.

18. Debtors

	2020 £'000	2019 £'000
Due within one year		
Rent and service charges receivable	4,667	5,241
Provision for bad and doubtful debts	(2,733)	(2,526)
	1,934	2,715
Due from group undertakings	28,479	19,677
Trade debtors	273	448
Social housing grant receivable	8,452	1,476
Others debtors	4,187	3,650
Prepayments and accrued income	853	788
	44,178	28,754
Due after more than one year		
Due from subsidiary undertakings (note 32)	18,754	17,684
	18,754	17,684

Amounts due in less than one year from group undertakings are interest free and due on demand.

19. Current asset investments

	2020 £'000	2019 £'000
THFC EIB £20m facility to cover security withdrawal	2,690	2,620
AHF PLC's £20.5m facility to cover 12 months interest	814	804
AHF PLC's £20.5m facility to cover security withdrawal	398	397
AHF PLC's £29.5m facility to cover 12 months interest	717	708
AHF PLC's £29.5m facility to cover security withdrawal	1,569	1,308
	6,188	5,837

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

20. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Debt, net of arrangement fees (note 22a)	848	363
Loan due to parent undertaking (note 22b)	8,593	8,575
Obligations under finance lease (note 22c)	81	78
Interest rate swap due to parent undertaking (note 22d)	4,277	3,602
Deferred capital grant (note 23)	5,444	5,587
Recycled capital grant fund (note 24)	2,608	4,247
Pension deficit (note 26)	-	11
Trade creditors	1,002	608
Rent and service charges received in advance	1,840	1,806
Social housing grant received in advance	4,676	1,716
Owed to group undertakings	6,978	6,127
Other taxation and social security	264	204
Leaseholder sinking funds	8,778	7,916
Other creditors	9,845	7,290
Accruals and deferred income	6,211	4,834
	61,445	52,964

Leaseholder sinking funds are held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities.

Amounts due in less than one year from group undertakings are interest free and due on demand.

21. Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Debt, net of arrangement fees (note 22a)	69,347	71,638
Loan due to parent undertaking (note 22b)	461,652	464,120
Obligations under finance lease (note 22c)	2,889	2,970
Interest rate swap due to parent undertaking (note 22d)	47,571	41,314
Deferred capital grant (note 23)	475,818	463,258
Recycled capital grant fund (note 24)	10,107	8,200
Pension deficit (note 26c)	-	53
Other creditors	-	29
	1,067,384	1,051,582

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

22. Debt Analysis

a) Loans repayable

	2020 £'000	2019 £'000
Loans are repayable as follows:		
In one year or less or on demand	848	363
In more than one year, but not more than two years	109	386
In more than two years, but not more than five years	403	2,061
In more than five years	75,330	75,961
	76,690	78,771
Less: Loan arrangement fees	(6,495)	(6,770)
	70,195	72,001

	2020 £'000	2019 £'000
Bond issue premium and discount		
AHF 2014 bond issue proceeds	20,500	20,500
Premium on AHF 2014 issue	108	111
	20,608	20,611

	2020 £'000	2019 £'000
Fixed and variable rate split:		
Bond	20,608	20,611
Fixed rate	56,082	58,160
Variable rate	-	1
	76,690	78,772

The weighted average interest rate of these loans at 31 March 2020 is 3.98% (2019: 4.04%).

Housing loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest. Finance for Residential Social Housing PLC (Fresh), bank and debenture loans are secured by fixed charges over individual properties.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

22. Debt analysis (continued)

b) Loan due to parent undertaking

The loan due to parent undertaking is split between fixed and variable interest rates as detailed below:

	2020	2019
	£'000	£'000
In one year or less or on demand	8,593	8,575
In more than one year, but not more than two years	8,724	8,593
In more than two years, but not more than five years	24,522	25,475
In more than five years	428,406	430,052
	470,245	472,695

	2020	2019
	£'000	£'000
Bond	293,198	293,728
Fixed rate	51,000	51,000
Variable rate (fixed by swaps see note 22d)	107,000	127,000
Variable rate	19,047	967
	470,245	472,695

On 22 October 2012 Great Places Housing Group Limited ("Great Places") issued a £200m bond of which £50m was retained. £150m was immediately on lent to Great Places Housing Association. The bond has a 30 year term at a fixed interest rate of 4.811%.

On 5 December 2013, Great Places released part of the £50m retained bond which was immediately on lent to Great Places Housing Association. The release resulted in the issue of £31.78m of bonds at a spread of 1.04% over the gilt yield to provide a fixed rate funding at an all in cost of 4.574%.

On 9 October 2014, Great Places released the final part of the retained bond of £18.22m at a spread of 1.02% over the gilt yield to provide a fixed rate funding at an all in cost of 4.002% which was immediately on lent to Great Places Housing Association.

On 19 March 2018, Great Places tapped its existing bond for £145m, including £70m retained for later sale. £75m was immediately on lent to Great Places Housing Association. The bond matures in October 2042, in line with the 2012 issue, and achieved a spread of 1.40% over the gilt yield to provide a fixed rate of funding at an all in cost of 3.334%.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

22. Debt analysis (continued)

c) Obligations under finance leases

	2020	2019
	£'000	£'000
In one year or less or on demand	81	78
In more than one year, but not more than two years	84	81
In more than two years, but not more than five years	272	261
In more than five years	2,533	2,628
	2,970	3,048

d) Interest rate swaps fair values due to parent undertaking

	2020	2019
	£'000	£'000
In one year or less or on demand	4,277	3,602
In more than one year, but not more than two years	4,277	3,431
In more than two years, but not more than five years	12,687	10,293
In more than five years	30,607	27,590
	51,848	44,916

The Association's parent, Great Places, has entered into a number of stand alone interest rate swap agreements in order to fix the Group's exposure to LIBOR interest rate movements. The loans, which Great Places has interest rate swaps in place against, have been on lent to the Association under an Intra-group loan agreement. Under the terms of this agreement the Association has indemnified Great Places in relation to any costs in relation to the interest rate swaps or similar hedging arrangements. It is the Association that ultimately recognises any fair value gains and losses in its income statement.

The notional amount of the swap agreements is £107m against 3 and 6 month LIBOR rates and the fixed swap rates are between 4.195% and 4.965% with maturity dates between 2024 and 2037. Further details are given in note 25. The swap fair values have been obtained from swap counterparties and verified by the Association's treasury advisors at each reporting date. The repayment profile set out above is calculated based on expected future swap payments required based on estimated LIBOR rates.

e) Debenture stocks

	2020	2019
	£'000	£'000
THFC Ltd: 8.625% Debenture stock, 2023	750	750

The debenture loan of £750k to THFC Ltd, 8.625% Debenture, was repaid early in May 2020.

GREAT PLACES HOUSING ASSOCIATION**Year ended 31 March 2020****NOTES TO THE FINANCIAL STATEMENTS****22. Debt analysis (continued)****f) Net debt**

	2020	2019
	£'000	£'000
Cash and cash equivalents	35,311	56,789
Debt (note 22a)	(70,195)	(72,001)
Loans due to parent (note 22b)	(470,245)	(472,695)
Finance leases (note 22c)	(2,970)	(3,048)
Interest rate swap (note 22d)	(51,848)	(44,916)
Debenture stock (note 22e)	(750)	(750)
Net debt	(560,697)	(536,621)

Reconciliation of net debt

	2020	2019
	£'000	£'000
Net debt at beginning of year	(536,621)	(529,670)
(Decrease) in cash and bank overdrafts	(21,478)	(13,769)
Net repayment of obligations under finance leases	78	77
Repayment of existing debt	2,078	1,076
Repayment of loans due to parent	8,575	10,028
New debt	(6,125)	(3,045)
Payment of loan fees	(707)	(890)
Cash (inflow)/outflow from debenture stock	-	400
Non cash (increase) in interest rate swap exposure	(6,932)	(1,330)
Non cash - amortisation of loan fees	432	859
Non cash - amortisation of bond premium	3	3
Net debt	(560,697)	(536,261)

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

23. Deferred capital grant

	Social housing grant £'000	Homebuy grant £'000	Total 2020 £'000	Total 2019 £'000
Total grant at start of period	533,593	6,892	540,485	538,264
Grants received in the year	23,719	-	23,719	7,010
Grants recycled in the year	(5,402)	(356)	(5,758)	(4,137)
Grants disposed in the year	(1,520)	(23)	(1,543)	(651)
Total grant at end of period	550,390	6,513	556,903	540,486
Total amortisation at start of period	(71,640)	-	(71,640)	(66,733)
Released to income in the period - social housing	(5,359)	-	(5,359)	(5,389)
Released to income in the period - other	(29)	-	(29)	(29)
Released on disposal	1,387	-	1,387	510
Total amortisation at end of period	(75,641)	-	(75,641)	(71,641)
Net book value at end of period	474,749	6,513	481,262	468,845
Net book value at start of period	461,953	6,892	468,845	471,531
Of which:				
Due within one year			5,444	5,587
Due after more than one year			475,818	463,258
			481,262	468,845

24. Recycled capital grant fund

	2020 £'000	2019 £'000
At the beginning of the year	12,447	9,047
Grants recycled		
- Housing Properties	4,655	2,434
- Shared Ownership	747	989
- Homebuy	356	624
Interest accrued	72	77
Transfers from other group members	63	90
Development of properties	(5,625)	(814)
At the end of the year	12,715	12,447
Of which:		
Due within one year	2,608	4,247
Due greater than one year	10,107	8,200
	12,715	12,447

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

25. Financial instruments

	2020 £'000	2019 £'000
Financial assets		
Financial assets measured at historical cost:		
- Homebuy loans	6,513	6,892
- Trade receivables	273	448
- Other receivables	62,659	45,990
- Current asset investments	2,690	2,620
- Cash and cash equivalents	35,311	56,789
Total financial assets	107,446	112,739
	2020 £'000	2019 £'000
Financial liabilities		
Financial liabilities measured at historical cost:		
- Loans payable	540,440	544,696
- Trade creditors	1,002	608
- Other creditors	51,307	42,433
- Finance leases	2,970	3,048
- Deferred capital grant	481,262	468,845
Derivative financial instruments hedged*	51,848	44,745
Derivative financial instruments non-hedged**	-	171
Total financial liabilities	1,128,829	1,104,546

*Derivative financial instruments designated as hedges of variable interest rate risk derived from swaps

** Derivative financial instruments non-hedged are measured at fair value through profit and loss.

The cash flows arising from the interest rate swaps will continue until their maturity in the periods 20 November 2024 to 19 December 2037, coincidental with the repayment of the term loans. The change in fair value in the period resulted in an increase in the liability of £7,102k (2019: £1,564k) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

One of the swaps with Credit Suisse (which expired during the year) was not effectively hedged and is therefore measured at fair value through the income statement in line with FRS 102, the change in fair value in the period for this swap was an increase of £171k (2019: £234k).

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

26. Pensions

	2020 £'000	2019 £'000
Actuarial gains and losses on defined benefit pension schemes:		
SHPS	7,646	(1,636)
The Growth Plan - PTGP	-	7
Local Government Pension Schemes	606	(236)
Total other comprehensive income	8,252	(1,865)

Pension liability

	2020 £'000	2019 £'000
SHPS:		
Present value of funded obligations	(47,003)	(53,684)
Fair value of plan assets	40,894	39,480
Net liability (note 26a)	(6,109)	(14,204)

LGPS:

Present value of funded obligations	(4,092)	(4,931)
Fair value of plan assets	3,409	3,723
Net liability (note 26c)	(683)	(1,208)
Pension liability	(6,792)	(15,412)

a) Social Housing Pension Scheme

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

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

The scheme is classified as a "last-man standing arrangement". Therefore the Association 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.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation showed assets of £4,553m, liabilities of £6,075m and a deficit of £1,522m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

26. Pensions (continued)

a) Social Housing Pension Scheme (continued)

Tier 1	£45.7m per annum (payable monthly and increasing by 4.7% each year on 1 April)
From 1 April 2016 to 30 September 2020:	
Tier 2	£32.1m per annum (payable monthly and increasing by 4.7% each year on 1 April)
From 1 April 2016 to 30 September 2023:	
Tier 3	£35.2m per annum (payable monthly and increasing by 3.0% each year on 1 April)
From 1 April 2016 to 30 September 2026:	
Tier 4	£34.0m per annum (payable monthly and increasing by 3.0% each year on 1 April)
From 1 April 2016 to 30 September 2026:	

The Association's contribution to the SHPS for the year ended 31 March 2020 was £1,302k (2019: £950k). We estimate that the contributions to be paid in the next financial year will be £1,359k.

The earliest date that sufficient information was available from The Pensions Trust was 31 March 2018. In accordance with the revised FRS 102 paragraph 28.11C, the relevant date to apply the adjustment in other comprehensive income is 1 April 2018. When applying defined benefit accounting for the first time the following adjustments are needed to remove the liability for the present value of the deficit funding agreement and recognise the net pension deficit.

	2019
	£'000
Deficit funding agreement liability previously recognised at 31 March 2018	6,136
Net pension deficit on actuarial basis	12,257
Charge to Other Comprehensive Income	6,121

Financial Assumptions:

In calculating the scheme assets and liabilities, the fund actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible that actual outcomes will differ from those indicated. The main assumptions used by the actuary were:

	2020	2019
	% per annum	% per annum
Discount rate	2.35%	2.35%
Inflation rate (RPI)	2.56%	3.25%
Inflation rate (CPI)	1.56%	2.25%
Salary Growth	2.56%	3.25%
Allowance for commutation of pension for cash at retirement	75%	75%

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

26. Pensions (continued)

Mortality Assumptions:

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

Life expectancy at age 65 (Years)	Males	Females
People retiring in 2020	21.5	23.3
People retiring in 2040	22.9	24.5

Analysis of the amount charged/(credited) to the statement of comprehensive income:

	2020	2019
	£'000	£'000
Current service cost	422	366
Administrative expenses	24	10
Total charge to operating costs	446	376
Interest on plan assets	(922)	(962)
Interest on pension scheme liabilities	1,248	1,280
Total charge to other finance costs	326	318

Analysis of the amount credited/(charged) to other comprehensive income:

	2020	2019
	£'000	£'000
Actuarial loss on liabilities	6,533	(3,603)
Re-measurement of plan assets	1,113	1,967
Total other comprehensive income	7,646	(1,636)

Changes in present value of defined benefit obligation:

	2020	2019
	£'000	£'000
Opening defined benefit obligation	(53,684)	(49,762)
Current service cost	(422)	(366)
Expenses	(24)	(10)
Benefits and expenses	1,857	1,351
Interest expense	(1,248)	(1,280)
Actuarial gain/(loss) on liabilities	6,533	(3,603)
Member contributions	(15)	(14)
Closing defined benefit obligation	(47,003)	(53,684)

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

26. Pensions (continued)

Changes in fair value of plan assets:

	2020	2019
	£'000	£'000
Opening fair value of plan assets	39,480	37,505
Re-measurement of plan assets	1,113	1,967
Interest on plan assets	922	962
Benefits/transfers paid	(1,857)	(1,351)
Employer contributions	1,221	383
Member contributions	15	14
Closing fair value of plan assets	40,894	39,480

Analysis of the movement in the deficit during the year:

	2020	2019
	£'000	£'000
Deficit in the fund at the beginning of year	(14,204)	(12,257)
Movement in year:		
Current service costs	(422)	(366)
Employer contributions	1,221	383
Net interest	(326)	(318)
Administrative expenses	(24)	(10)
Re-measurement of plan assets	1,113	1,967
Actuarial (loss)/gain on liabilities	6,533	(3,603)
Deficit at end of year	(6,109)	(14,204)

b) Pension Trust's Growth Plan

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 Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following 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 Association made a final payment into the scheme in 2019/20 and there is no liability remaining.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

26. Pensions (continued)

c) Local Government Pension Schemes

The Association participates in two Local Government Pension Schemes ("LGPS"), one administered by South Yorkshire Pensions Authority ("SYPA") and one by Greater Manchester Pension Fund ("GMPF"). They are both defined benefit multi-employer benefit schemes administered under the Regulations governing the Local Government Pension Scheme. In accordance with accounting standards, the Association has grouped the disclosures of the two local government pension schemes in line with FRS 102. At 31 March 2020 there were four active members of the Schemes employed by the Association. The employer's contribution rate is 19.1% (2019: 14.2%) for SYPA and 20.6% (2019: 20.0%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £21k.

A full actuarial valuation was carried out at 31 March 2017 and supplementary figures were provided for 31 March 2020 by a qualified independent actuary.

Financial Assumptions:

In calculating the scheme assets and liabilities, the fund actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible outcomes will differ from those indicated. The main assumptions used by the actuary were in the range:

	As at 31 March 2020	As at 31 March 2019
Financial Assumptions		
Rate of increase in salaries	2.70-3.35%	3.3% - 3.45%
Discount rate for scheme liabilities	2.30%	2.4% - 2.5%
Rate of increase in pensions	1.90-2.20%	2.3% - 2.5%
Inflation (CPI)	2.10%	2.20%

Mortality Assumptions:

The post retirement mortality assumptions used to value the benefit obligation are based on the PA92 tables. Based on these assumptions the average range of future life expectations at age 65 are summarised below:

	Males	Females
Current pensioners	20.5-22.4	25.2-23.1
Future pensioners	22.0-23.9	27.1-25.0

Amounts recognised in the balance sheet:

	2020 £'000	2019 £'000
Present value of funded obligations	(4,092)	(4,931)
Fair value of plan assets	3,409	3,723
Net liability	(683)	(1,208)

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

26. Pensions (continued)

Analysis of the amount charged/(credited) to the income statement:

	2020 £'000	2019 £'000
Current service cost	44	103
Past service costs	42	-
Administrative expenses	-	1
Settlement/curtailments	-	24
Total charge to operating costs	86	128
Interest on plan assets	(91)	(95)
Interest on pension scheme liabilities	121	118
Total charge to other finance costs	30	23

Analysis of the amount credited/(charged) to other comprehensive income:

	2020 £'000	2019 £'000
Actuarial (loss)/gain on liabilities	948	(372)
Re-measurement of plan assets	(342)	136
Total other comprehensive income	606	(236)

Changes in fair value of plan assets:

	2020 £'000	2019 £'000
Opening fair value of plan assets	3,723	3,506
Re-measurement of plan assets	(342)	136
Interest on plan assets	91	95
Benefits/transfers paid	(105)	(116)
Administrative expenses	-	(1)
Employer contributions	35	84
Member contributions	7	19
Closing fair value of plan assets	3,409	3,723

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

26. Pensions (continued)

Changes in present value of defined benefit obligation:

	2020	2019
	£'000	£'000
Opening defined benefit obligation	(4,931)	(4,411)
Current service cost	(44)	(103)
Past service costs	(42)	-
Benefits/transfers paid	105	116
Curtailment	-	(24)
Interest on pension liabilities	(121)	(118)
Actuarial (loss)/gain on liabilities	948	(372)
Member contributions	(7)	(19)
Closing defined benefit obligation	(4,092)	(4,931)

Analysis of the movement in the deficit during the year:

	2020	2019
	£'000	£'000
Deficit in the fund at the beginning of year	(1,208)	(905)
Movement in year:		
Current service costs	(44)	(103)
Employer contributions	35	84
Past service costs	(42)	-
Net interest	(30)	(23)
Curtailment	-	(24)
Administrative expenses	-	(1)
Re-measurement of plan assets	(342)	136
Actuarial gain/(loss) on liabilities	948	(372)
Deficit at end of year	(683)	(1,208)

Major categories of plan assets as a percentage of total plan assets:

	2020		2019	
	£'000	%	£'000	%
Equities	2,091	61.3%	2,201	59.1%
Bonds	599	17.6%	722	19.4%
Property	269	7.9%	332	8.9%
Cash/Liquidity	216	6.3%	203	5.5%
Other	234	6.9%	265	7.1%
Total	3,409	100.0%	3,723	100.0%

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

27. Employees

The average number of employees, including the Executive Team, expressed as full time equivalents during the year was as follows:

	2020	2019
	No	No
Housing, support and care	234	226
Maintenance	27	20
Administration	9	4
	270	250

Employee costs were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	7,300	7,443
Social security costs	641	610
Other pension costs	371	397
	8,312	8,450

28. Non-equity share capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up. Shares in the Association issued to members are not transferable. Upon a shareholder ceasing to be a member, his/her share is forfeited and the value is credited to the revenue reserve.

	2020	2019
	£	£
Shares of £1 each issued and fully paid		
At the beginning of the year	14	15
Shares issued during the year	-	2
Shares surrendered during the year	(1)	(3)
At the end of the year	13	14

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

29. Financial commitments

Capital expenditure commitments were as follows:

	2020 £'000	2019 £'000
Expenditure contracted but not provided for in the accounts	75,214	47,095
Expenditure authorised by the Board, but not contracted	80,719	59,125
	155,933	106,220

Capital commitments will be funded as follows:

	2020 £'000	2019 £'000
Existing loan facilities	66,334	21,637
First tranche sales	38,249	24,343
Grants	26,069	20,762
Existing reserves	25,281	39,478
	155,933	106,220

30. Accommodation in management and development

At the end of the year, number of units in management for each class of accommodation was as follows:

	Owned not managed	Managed not owned	Owned and Managed	2020 Total Owned and Managed	2019 Total Owned and Managed
General Needs - social rent	137	655	8,205	8,997	9,231
General Needs - affordable rent	20	-	4,404	4,424	4,130
Low Cost Home Ownership	1,295	-	47	1,342	1,314
Supported Housing	186	53	916	1,155	1,123
Supported - Housing for older people	-	-	301	301	300
Intermediate Rent	115	-	285	400	423
Non Social Rented	97	-	52	149	149
Social Leased	225	14	428	667	671
Non Social Leased	49	-	-	49	49
Total	2,124	722	14,638	17,484	17,390

Accommodation in development at year end	692	453
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The 2019 unit numbers have been restated to match the definitions used by the Regulator of Social Housing in their FVA and Statistical Data Returns. The unit numbers for 2019 are 164 lower than those disclosed last year due to the exclusion of certain agency managed properties, and a number of office / staffroom units previously included in the statutory accounts numbers, and higher by 1,900 to include properties owned but not managed by the Association.

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

30. Accommodation in management and development (continued)

The note below is a reconciliation of the movement in unit numbers broken down by the category of asset. There was a net increase of 93 properties in the year driven by new stock acquired offset by sales.

	General Needs - social rent	General Needs - affordable rent	Low Cost Home Ownership	Supported housing*	Intermediate rent	Other	Total
Opening unit numbers	9,231	4,130	1,314	1,423	423	869	17,390
New stock acquired	14	99	96	21	-	5	235
New stock into management	-	-	-	20	-	-	20
Other gains - change of use/remodelling	4	1	-	2	-	3	10
Sales to Local Authorities	-	-	-	(4)	-	-	(4)
Sales to another RP	(14)	(6)	-	-	-	-	(20)
Sales to the open market	(23)	(2)	-	(6)	(2)	(1)	(34)
Sales to tenants freehold	(6)	(8)	(38)	-	-	-	(52)
Sales to tenants leasehold	(11)	(3)	(30)	-	-	(10)	(54)
Other losses	(4)	-	(1)	-	-	(1)	(6)
Movement within categories	(194)	213	1	-	(21)	-	(1)
Net change in stock	(234)	294	28	33	(23)	(4)	94
Closing stock numbers	8,997	4,424	1,342	1,456	400	865	17,484

31. Contingent liabilities

The Association has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2020, the value of grant received in respect of these properties that had not been disposed of was £12,944k (2019: £13,018k).

At 31 March 2020, the Association had 39 ongoing legal cases relating to property disrepair. Based on historical cases the value of potential settlements is approximately £117k.

Cross guarantees

Following the refinancing exercise in December 2007 by Great Places Housing Group Limited ("Great Places"), cross guarantees are in place with Great Places Housing Association ("GPHA"). These facilities are loans to Great Places and then on-lent to GPHA under a guarantee structure; i.e. the loans are secured against the assets of both the Association and those of the Group.

The guarantee structure also covers the interest rate swaps entered into by Great Places. As disclosed in note 22b, £470m (2019: £473m) of the Group's loans are on lent to GPHA under this arrangement.

GREAT PLACES HOUSING ASSOCIATION

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32. Related parties

During the year the Association had intra-group transactions with its subsidiary Terra Nova Developments Limited, a non-regulated entity, incurring costs of £4,276k (2019: £3,620k) relating to housing property design and build services. At 31 March 2020 the Association owed Terra Nova Developments Limited £190k (2019: £509k).

The Association has a loan with its subsidiary, Cube Homes Limited ("Cube"), a non-regulated entity. At the end of the year the value of the loan was £18,754k (2019: £17,684k). Interest of £1,124k (2019: £863k) was charged by the Association to Cube on this loan during the year.

The Association has taken advantage of the exemption available under FRS 102 not to disclose transactions with regulated Group Companies.

33. Ultimate controlling party

The ultimate controlling party of the Association is Great Places Housing Group Limited, which is a company registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing under the Housing Act. The consolidated accounts of Great Places Housing Group Limited can be obtained from Great Places Housing Group Limited, 2a Derwent Avenue, Manchester, M21 7QP, or via its website at www.greatplaces.org.uk.

Great Places Housing Association is the parent company of Terra Nova Developments Limited and Cube Homes Limited, both of which traded during the year and are incorporated in the United Kingdom.

34. Post balance sheet events

A special resolution was approved by the Financial Conduct Authority on 1 April 2020 under which the whole of the stock, property and other assets and all engagements of Equity Housing Group Limited were transferred to Great Places Housing Association. No consideration was payable by GPHA and two former EHG Board members became members of the GPHA and Great Places Housing Group Board.

The transaction will be accounted for in the next financial year as an acquisition with assets and liabilities reported at fair value. Work is ongoing to fair value the assets and liabilities. At 31 March 2020 Equity Housing Group Limited owned approximately 5,000 units with a turnover of £26m and net assets of £73m.