Co-operative and Community Benefit Society (FCA) No 30045R

Regulator of Social Housing No L4465

Great Places Housing Group Limited

Report and Financial Statements

For the Year ended 31 March 2020

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ASSOCIATION INFORMATION

Board

Chair	A. Davison
Deputy Chair	J. Rayner (also Chair of Remuneration and Appraisal Committee)
Other Members	C. Amyes
	C. Cashman
	J. Fitzgerald
	J. Green (also Chair of Audit and Assurance Committee)
	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: L4465
Co-operative and Community Benefit Society No: 30045R

External Auditors:	Internal Auditors:	Bankers:
BDO LLP	PwC	The Royal Bank of Scotland plc
3 Hardman Street	No 1 Spinningfields	St Ann's Street
Spinningfields	1 Hardman Square	St Ann's Square
Manchester	Manchester	Manchester
M3 3AT	M3 3EB	M60 2SS

REPORT OF THE CHAIR

This year has seen significant developments and challenges for Great Places Housing Group.

Following the announcement in April 2019 that Great Places had been chosen as the preferred partner to form a legal partnership with Equity Housing Group, we have worked towards forming a new organisation from April 2020, to help deliver on our joint strategic ambitions and tackle the housing crisis together. This has been a major undertaking and has included the added test of working towards creating a new organisation during the unprecedented events of the global Coronavirus pandemic.

Reacting to the pandemic has challenged all organisations and Great Places is no different. A management command structure has been implemented to enable Great Places to operate effectively and plan for the post pandemic activities. We have ensured all frontline services have been delivered with all staff having adequate personal protective equipment to protect our customers and colleagues. The majority of our colleagues have been working from home which has proved relatively simple due to our IT infrastructure and electronic processes. Despite these challenges, the completion of the merger gives our new organisation greater business resilience, financial strength and geographical focus and has enabled us to respond effectively to the impact of Coronavirus and support our colleagues and customers many of whom are amongst the most vulnerable. In the long-term, it means that will be able to provide better services, build more affordable housing and invest more in its communities across the north-west, Yorkshire and Derbyshire. With additional resources and expertise, we will also be able to help improve the life chances of the people living in our communities and expand our social value initiatives. We are indebted to the commitment, dedication and hard work of our colleagues throughout this extraordinarily challenging time.

In April 2020 Great Places Housing Group maintained its G1 rating with the housing regulator and obtained a V2 rating in an interim judgement post merger, which reflects our development ambitions. Our credit rating with Moody's remains unchanged (A3 stable) and whilst Fitch have maintained our A+ rating, they have placed all of their Registered Provider clients on a negative outlook in light of Covid-19. We remain in a strong position to effectively manage the risks facing our business moving forward.

In 2019/20 the Group generated turnover of £120.9m and a surplus of £16.9m. We exceeded our target for seven out of ten Critical Success Factors (beating stretch targets on four of them), with excellent performance in many measures including the number of Households into work, training and volunteering and development completions. There is still room for improvement in areas including our customer satisfaction score and digital engagement and these areas will have renewed focus in the next financial year.

This has been another strong year for our Development team with the successful early delivery of its first year commitments as part of our Homes England strategic partnership. We have successfully secured an extra £20.5m funding through this partnership to build an additional 534 homes in the North West over the next four years. The funding is in addition to the near £30m grant Great Places Housing Group obtained as part of its Wave 1 strategic partnership contract with Homes England last July. It means Great Places Housing Group and its partners will be able to build 1,284 additional affordable homes including social rent, affordable rent, rent to buy and shared ownership over the next four years.

We have also been selected as one of 14 established housing associations and providers to partner with Legal & General Affordable Homes to form a nationwide network of management partners, and we will use our local expertise and the established infrastructure to support Legal & General in delivering its planned pipeline of 3,500 affordable homes.

Our joint venture activity continues to make steady progress. Great Places is one of five housing providers in the Sheffield City Region that have joined to form Forge New Homes. This new venture is looking to work collaboratively with the Sheffield City Region Combined Authority and the nine local authorities in the region to deliver homes for market sale across all nine districts to meet the needs of the local communities. The company initially aims to develop at least 300 new homes each year but plans to grow quickly to at least 500 new homes annually. In addition, Hive Homes the joint venture between ourselves, Greater Manchester Combined Authority (GMCA) and nine other housing associations has seen offers accepted on five sites totalling 360 plots. Planning has already submitted on the first site with negotiations other sites progressing well and a customer website set to launch shortly.

The Greater Manchester Housing First pilot, launched last year in partnership with the GMCA and the 10 local authorities to tackle long-term homelessness of people with complex needs has made significant progress. Great Places is the accountable body for the pilot, and has worked to establish systems and the infrastructure to ensure a smooth process for referrals targeting most in need of our support. This has ensured that more than 100 people have been helped into safe and secure homes in the first year.

Great Places takes its environmental commitments seriously. We were one of the first organisations in the North West this year to implement a large scale solar panel programme in our homes and our environmental team works with customers to make sure they understand how to gain the greatest benefit from this generated electricity. We also continue to roll out our Carbon Literacy training to all of our teams, to ensure colleagues know what they can do to reduce their carbon impacts and how they can make a difference.

By the end of this financial year, Great Places will be on track to becoming a Platinum Carbon Literate organisation – which means at least 80% of colleagues will have completed the training. We have also offered our training to external organisations including Cheshire West and Chester Council, Salford Council and Transport for Greater Manchester. We are also helping Electricity North West become the first Carbon Literate energy network operator in the world.

We have continued to work to improve the support we provide to our customers, enhancing our digital offer, particularly in terms of customer communications, which has proved invaluable in providing essential service and support messages during the Coronavirus situation. We have also successfully implemented a new Community Investment framework to ensure that we continue to support our customers and create thriving and sustainable communities. In response to recent events and we have also set up a hardship fund to provide additional emergency support to those customers most affected by the Coronavirus pandemic.

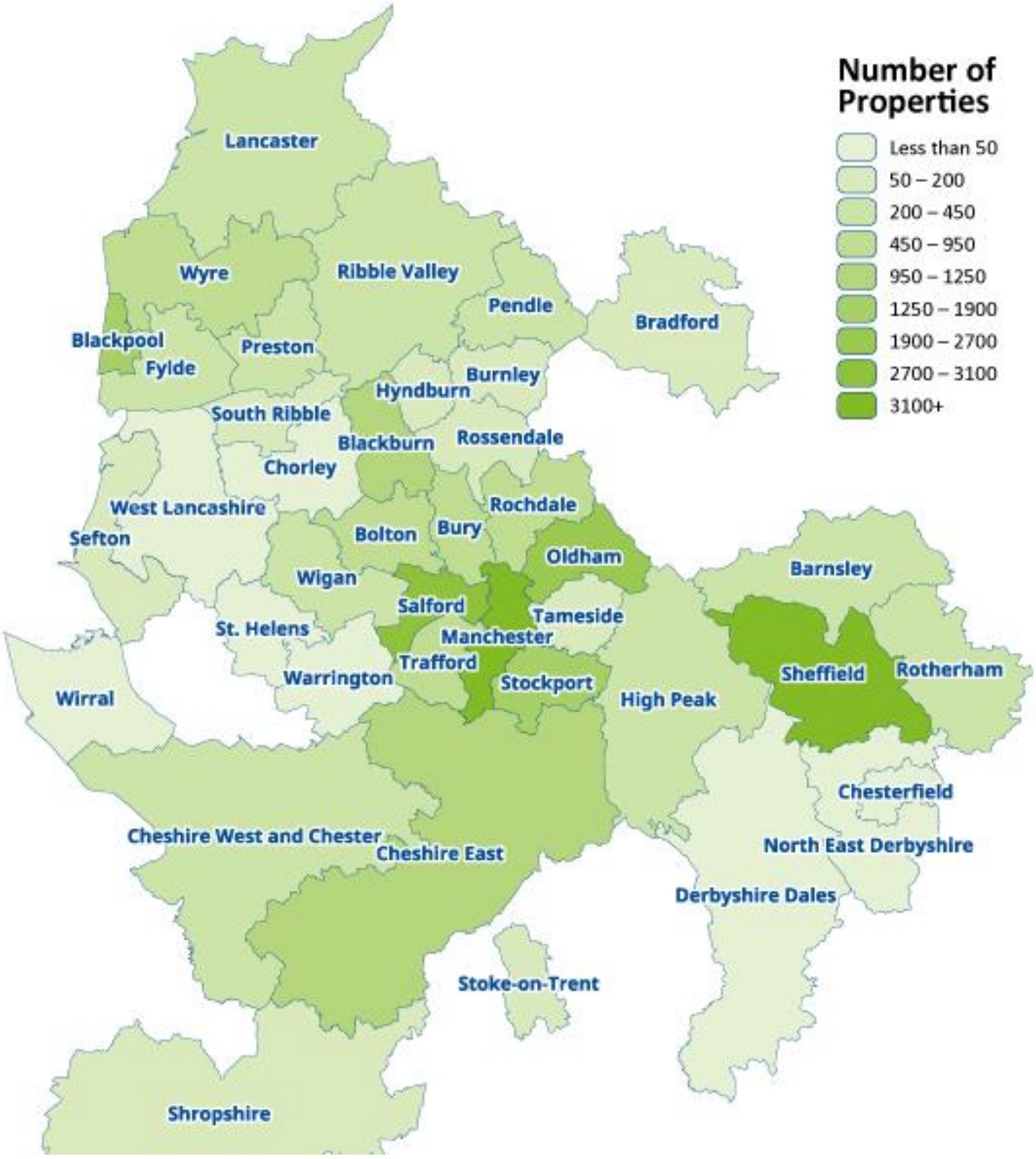
Social value remains a top priority at Great Places and most recently, social value has been firmly incorporated into the £750m Innovation Chain North (ICN) framework. The construction and associated professional services framework that is managed by Great Places has been involved in the development of 4,000 properties over the last seven years. The prominent inclusion will ensure Great Places and clients will not only be playing their part to tackle the housing crisis, but also create tangible outcomes that are locally focused, adopting a holistic approach to social value.

Finally, I am really pleased to welcome two new members to the Group Board, Grenville Page and Mervyn Jones who join following our merger with Equity. They bring with them a wealth of experience and expertise that will be invaluable in helping guide the future direction of the new Great Places moving forward. Carole Hassan has also joined in a role of Partnership Champion to help ensure the merger with Equity is a success.

Tony Davison
Chair

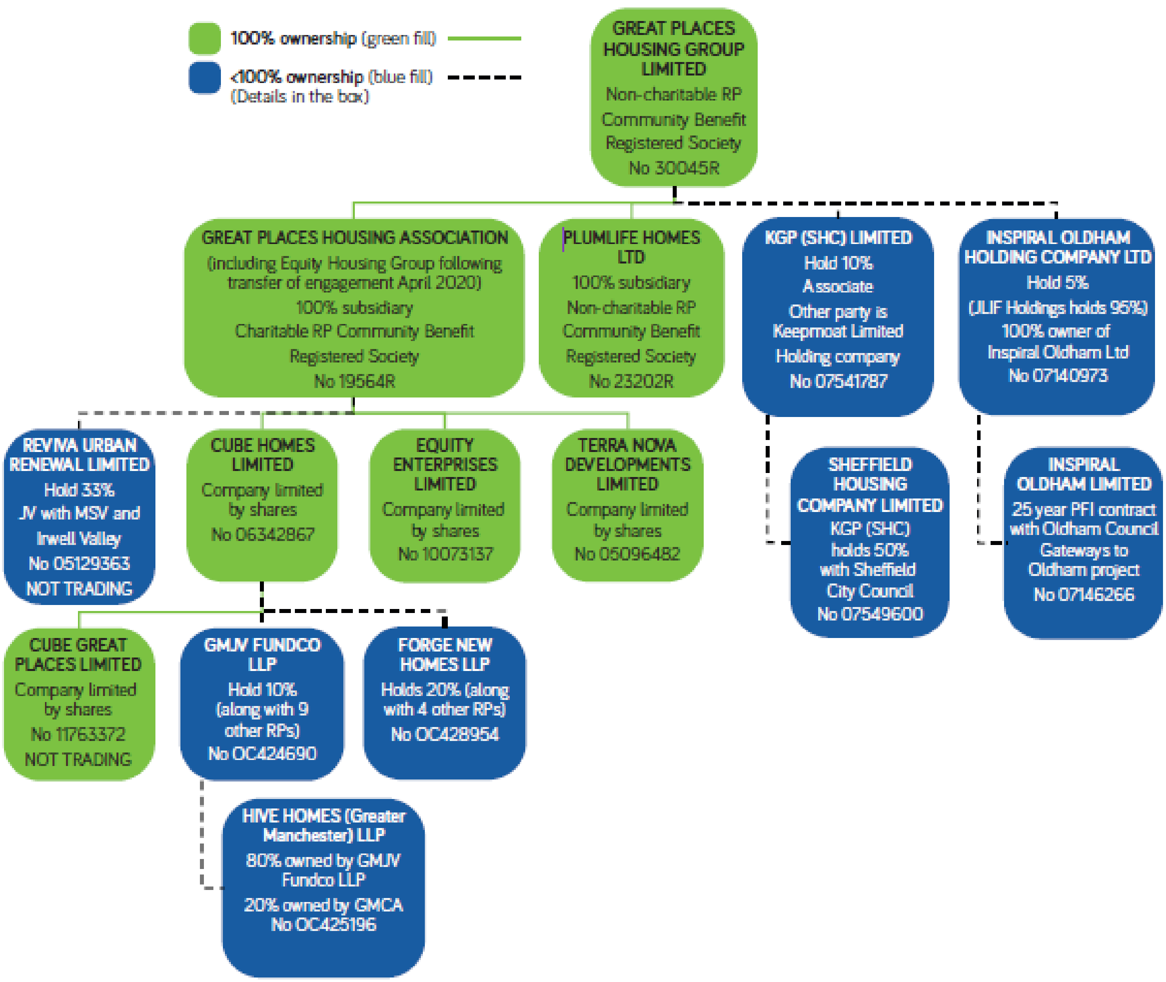
STRATEGIC REPORT AND REPORT OF THE BOARD

Great Places Housing Group Limited ("GPHG" or "the Group") is a not-for-profit organisation which seeks to provide outstanding customer service and which, subsequent to the Transfer of Engagements of Equity Housing Group on 1st April 2020, now manages over 24,000 homes in around 41 local authority areas across the North West and Yorkshire, as shown on the map below. The Group has particular concentrations in Manchester, Sheffield, Salford, Oldham and Stockport – these five local authority areas make up over a half of the Group's properties. We aim to build thriving neighbourhoods and to transform the lives of our residents.



Group structure

The group structure is illustrated in the following chart:



The Group comprises the non asset owning, non charitable parent ("The Association"), which is a Co-operative and Community Benefit Society ("CCBS"), together with two direct subsidiaries:

- Great Places Housing Association ("GPHA"), a CCBS with charitable status; and
- Plumlife Homes Limited ("Plumlife"), a CCBS not having charitable status.

GPHA has two active third tier subsidiaries: Cube Homes Limited ("Cube") and Terra Nova Developments Limited ("Terra Nova"). GPHA has one dormant third tier subsidiary Equity Enterprises from 1st April 2020 following the successful Transfer of Engagements of Equity Housing Group into GPHA. The Group is also involved in three joint venture companies and one associate and Cube itself has a wholly owned subsidiary, Cube Great Places Limited which is not currently trading.

Whilst GPHG has ultimate control, GPHA has responsibility for the management of the Group's general needs and supported housing properties. Plumlife is responsible for low-cost home ownership and leasehold management, Cube exists to provide the Group with a vehicle to undertake market sale and market rent activity and Terra Nova undertakes design and build construction contracts.

Board members and executive directors

The Board members and the executive directors of the Group as at 31 March 2020 are disclosed in note 11. 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 are set out on page 3. Two new members joined the board in April 2020, they had previously been Board members of Equity Housing Group.

The Board members are drawn from a wide background bringing together professional, commercial and housing experience. In recognition of the challenges and responsibilities facing the Board and the time and effort they put into performing their duties, the Group remunerates its Board members and formalises these arrangements through individual Board member service contracts.

The executive directors are the Group Chief Executive and the other members of the Group's executive management team. They hold no interest in the Group's shares and act as executives within the authority delegated by the Board.

Of the executive directors, only the Group Chief Executive is a member of the Great Places Board. Insurance policies indemnify Board members and officers against liability when acting for the Group.

Primary activities

The Group's primary activities include:

- Management and development of general needs social and affordable housing for rent, supported housing, extra care, low-cost home ownership and housing for market sale;
- Management of market rent, leasehold and privately owned property;
- Provision of related services such as financial inclusion and social investment activities; and
- Regeneration of neighbourhoods and communities.

We are committed to doing our part to help address the national housing shortage. We own or manage more than 24,000 properties and are a major developer of new affordable homes for a diverse range of people with 768 homes in development at 31 March 2020. In 2019/20 the Group increased its housing stock by 234 homes (1.2%), this includes building 229 affordable/social homes. Full details of the movement in unit numbers can be found in note 30 (note this excludes properties relating to Equity Housing Group Limited).

The 2016-2021 Shared Ownership Affordable Homes Programme ("SOAHP") has an allocation of 866 homes with scheme costs totalling £121.5m and grant totalling £20.3m. The Homes England Strategic Partnership has an allocation of 750 homes with anticipated costs of £103.6m and grant totalling £29.2m, to be completed by 2022. The Strategic Partnership extension has an allocation of 534 homes with 385 of those being delivered by other registered providers with the Great Places 149 homes with anticipated costs of £19.4m and grant totalling £6.3m. The breakdown of homes per programme is shown in the table below.

Programme	Shared Ownership	Social Rent	Affordable Rent	Rent to buy	Supported Homes	Other RPs	Total
SOAHP	578	-	120	108	60	-	866
Homes England Strategic Partnership	150	120	480	-	-	-	750
Strategic Partnership extension	-	42	107	-	-	385	534

Objectives and Strategy

The Group's vision and values are:

VISION:	Great homes. Great communities. Great people.
Great homes:	Maximising our investment in sustainable homes.
Great communities:	Building successful, vibrant communities.
Great people:	Providing outstanding customer service and support.
VALUES:	We are fair, open and accountable. We know, respect and care about our customers. We appreciate the effort of everyone who works here. We promote partnerships, efficiency and value for money. We passionately embrace creativity, change and innovation.

The current Corporate Plan sets out the Group's 10 year ambitions as well as its plans for the first three years of the plan. Our 10 year ambition is:

To grow and improve as an organisation

To meet the housing needs of today's society and generations to come, we need to get bigger and better. Our focus will be on providing more high-quality homes and using our increased size to support our continued investment in our property assets and initiatives that enhance the social, economic and environmental well-being of our customers and their communities.

To remain a vision-driven and values-led organisation

There is a positive Great Places way of doing things based around "profit for purpose" that we will continue to celebrate. It's our values that convince people to choose our homes, to join our team, to go into partnership with us and to give us their support.

Managing performance and delivery against objectives

The Group manages performance through a balanced scorecard which assesses the achievement of the Corporate Objectives through a range of quantitative and qualitative measures. Each objective is assessed against the relevant set of measures and any corrective action identified. Board focus is on a much smaller suite of "Critical Success Factors" ("CSFs") each of which is supported by a wider range of Key Performance Indicators ("KPIs") and operational and management indicators which together give a clear steer on whether the organisation is progressing against the three year targets and the 10 year ambitions within the corporate plan 2018/21.

The Group monitors and reports on the CSFs against our vision of Great Homes, Great Communities and Great People as well our operating principles.

Critical Success Factors	2018/19 Year end	2019/20 Target	2019/20 Stretch target	2019/20 Actual result
Great Homes				
Development completions (excluding Cube)	281	177	N/A	229
Trusted stock condition data*	85%	95%	100%	96%
Great Communities				
Overall satisfaction	7.79/10	7.85	8.00	7.53
Digital Customer Contacts	56%	65%	70%	62%
Current arrears including HB	3.7%	5.5%	5.0%	4.7%
Average re-let time (days)	19.3	23.0	21.0	18.2
Households into work, training and volunteering	880	750	825	1,431
Great People				
Colleague Engagement	78%	70%	80%	86%
Average days sickness per employee	11.3	7.8	7.2	9.3
Operating Principles				
Group surplus before tax**	£13.2m	£14.0m	N/A	£17.2.m

** the prior year data has been restated due a change in methodology*

Great Homes:

- We achieved 229 social development completions against a target of 177, including the draw down of £17,556k grant from Homes England. In addition to this Cube also completed a further 87 homes, the majority of which were for market sale

- In addition to the completions, there were 466 social starts on site against our target of 670. We were on track to start an additional 227 homes across four schemes in March but due to Covid-19 these schemes were delayed into 2020/21

- In an exciting development Great Places has also commenced its first modular home development at Mill Hill in Blackburn, planning permission was received in February with enabling work starting in March 2020

- This year has been a successful year for collecting, reviewing and cleansing our stock condition data. We started the year with around 85% trusted survey data and after completing 2,686 surveys this year have ended with 96% trusted survey data, exceeding our CSF target for the year. We have also started to review stock condition data for our blocks and communal areas

Great Communities:

- We are disappointed to miss our challenging customer satisfaction target and also see the score decrease slightly compared to the prior year. Some of the low scores were attributed to the gas servicing contractor and to help address this, in May 2020, the Group replaced its gas servicing contractor. The new contractor is the same provider who had worked with Equity Housing Group previously which will help to ensure a seamless transition

- The proportion of customer contacts made digitally has increased from 56% to 62%. This is an improvement on the prior year and is in line with our service delivery framework of doing "with, not for". There is clear evidence of greater self service by our customers and there are consequential efficiencies through reduced telephone activity being measured too. We were slightly below our target for the year

- 2019/20 was a successful year for the Community Investment team, reaching the stretch performance target for the year's CSF and also reaching the corporate plan target to support 2,000 households in to work, training or volunteering 12 months ahead of schedule

- We ended the year beating our stretch target on arrears. We have now started to see a steady but significant increase of Universal Credit claimants - which is proving to be the main challenge now and moving into the future, compounded by the spike in claims since Covid-19

- We were also successful in our bid to be involved as one of 14 strategic partners with Legal & General Affordable Homes to manage affordable homes across the North West and South Yorkshire

Great People:

- We missed the target on sickness days per employee which finished the year at 9.3 days, however this was a significant improvement on the previous year. During March we saw the impact of the current coronavirus situation on colleague sickness figures, end even excluding those we recognise that we would still have missed the target

- The most recent colleague survey took place in March for all colleagues (i.e. including Equity Colleagues as they were then). This was carried out independently by Anthem and the headline results show a colleague engagement score of 86%, an improvement of 2% on the previous survey and also exceeding the target we set for ourselves of 80%

- We are, and commit to continue to be, an accredited living wage employer

Operating Principles:

- Group surplus before tax achieved at year end was £17.2m which was £3.2m above target. Through enhanced procurement contract management we have delivered efficiency savings of £1.2m over the 2019/20 period, increased the scrutiny of our supply chain performance and further embedded social value in our processes

- In the year we implemented an ordering system which has improved financial control. Following the implementation we initially struggled to pay our suppliers as quickly as we would have liked as there were issues with the reliability of the system and the training that staff had received. These have been addressed and we've started to see improvements in the new financial year

- We have successfully renegotiated our loan portfolio, and received the required consents as part of our merger with Equity Housing Group. Using the success of our operational efficiency programme, we will use a similar methodology to generate the savings that were outlined in the Business Case

Results for Financial Year end 31 March 2020

The Group has achieved a surplus after tax of £16.9m (2019: £13.7m), an increase of £3.2m (23%) compared to 2019. Turnover was £120.9m (2019: £109.1m), the increase was driven by higher property sales with very strong performance from Cube generating turnover of £16m and profits of £3.8m.

Operating surplus was £38.5m (2019: £36.3m) with an increase in operating costs of £2.2m predominantly driven by costs associated with the partnership with Equity.

Housing properties at cost have increased to £1,263m, (2019: £1,224m) up by a net £39m (3%) in the year. In year additions of £44m were funded by £24m of grant, £12m of sales receipts and the remainder from internal resources. Over £52m was invested in building new homes.

A further £9m of expenditure facilitated 2,491 programmed improvements to around 1,900 properties in the existing portfolio, whilst there was also over £8m outlaid on the Group's responsive, re-let and servicing maintenance activities. These figures demonstrate that Great Places has again allocated around £70m of funding to expand or improve the homes it provides.

For the year ended 31 March	2016 £M	2017 £M	2018 £M	2019 £M	2020 £M
Income Statement					
Total turnover	103.9	109.4	100.7	109.1	120.9
Operating surplus	33.8	34.0	33.0	36.3	38.5
Surplus for the year after tax	**12.4**	**12.7**	**11.8**	**13.7**	**16.9**
Statement of Financial Position					
Housing properties at cost	1,139.4	1,174.7	1,201.1	1,223.8	1,263.5
Depreciation	(134.6)	(147.3)	(164.1)	(176.3)	(186.1)
Investment properties	13.9	15.5	18.2	17.7	21.0
Other fixed assets	6.4	10.0	8.2	8.2	8.0
Fixed assets	**1,025.1**	**1,052.9**	**1,063.4**	**1,073.4**	**1,106.3**
Investments	9.9	9.2	8.6	7.8	7.5
Net current assets	28.4	45.8	64.0	60.9	52.9
Total assets less current liabilities	**1,063.4**	**1,107.9**	**1,136.0**	**1,142.1**	**1,166.7**
Creditors due after one year (inc. pension)	550.2	591.7	600.9	608.8	601.1
Social Housing Grant	473.7	467.6	467.8	464.9	477.4
Reserves	39.5	48.6	67.3	68.4	88.1
	1,063.4	**1,107.9**	**1,136.0**	**1,142.1**	**1,166.7**

Treasury Management

The Group's borrowing decreased by £4m during the year as a result of a several scheduled loan repayments and capital repayments being made and some legacy debts being repaid in full, offset by a £6m drawdown on a revolving credit facility.

The Group's borrowings are principally from banks and the debt capital markets, at both fixed and floating rates of interest. The approved Treasury Strategy, which is updated annually, identifies a hedging approach that allows for flexibility and caters for a changing interest rate environment. The strategy approved in July 2019 specifies that a minimum of 75% fixed rate debt should be maintained. As at 31 March 2020 the Group had 96.5% fixed rate debt, including debt fixed by interest rate swap arrangements.

The Group remains in a very strong funding position to meet our funding needs for the next two and a half years. This is demonstrated by:

- Current cash balances of £40m;
- Undrawn Santander facility of £44m (fully secured);
- Remaining undrawn NatWest long term facilities of £38m (c.£5m still to be secured);
- Undrawn Natwest revolving facility of £30m (fully secured); and
- The ability to go back to the market to sell the remaining £70m of fully secured bond.

Capital structure (loan and finance lease liabilities)					
as at 31 March	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Maturity					
Within one year	3,208	4,817	8,999	9,021	9,527
Between one and two years	2,659	9,929	9,155	9,065	8,923
Between two and five years	34,537	30,357	28,349	27,817	25,215
After five years	462,616	499,617	514,780	508,684	506,306
TOTAL	**503,020**	**544,720**	**561,283**	**554,587**	**549,971**
Fixed / variable split					
Fixed including cancellable (including amounts fixed by interest rate swaps)	473,020 (94.0%)	470,402 (86.0%)	559,663 (99.7%)	553,620 (99.8%)	530,924 (96.5%)
Variable	30,000 (6.0%)	74,318 (14.0%)	1,620 (0.3%)	967 (0.2%)	19,048 (3.5%)
Type of facility					
Own name Bond issue	201,712	201,676	294,262	293,728	293,198
Post 2007 facilities	265,226	310,117	254,081	249,079	247,156
Other legacy debt	36,082	32,927	12,940	11,781	9,617

The Group's loans are secured against housing properties using either Existing Use Value – Social Housing ("EUV-SH") or Market Value Subject to Tenancy ("MVST"). Properties are revalued by valuers appointed by the relevant funder at intervals stated in the loan documentation.

Interest rate swaps are used to provide a hedge against the Group's exposure to interest rate fluctuations. The hedging strategy, included within the Treasury Strategy, is regularly reviewed to ensure it remains appropriate in an ever changing financial climate and also in response to the Group's funding strategy.

Hedging is one of the tools adopted to manage the market price risk of interest costs, and together with a range of sensitivity analyses run against the Group's Business Plan, allows Great Places to monitor its exposure in this regard. The Group has stand alone swaps transacted through International Swaps and Derivatives Association ("ISDA") agreements to hedge variable rate loans from banks. No new hedging was undertaken in the year and one interest rate swap expired in the year, Credit Suisse.

A total of £28.5m of cash collateral (as shown on the table below) was provided to counterparties at 31 March 2020 and is included within investments on the balance sheet. The average maturity of the swaps is 12 years. A further £0.9m of cash collateral was paid to counterparties by 2 April 2020, following the valuations made as at the 31 March 2020. The fixed rates of interest on the whole portfolio ranges from 2.39% to 10.71%. On the standalone swaps the fixed rates range from 4.20% to 4.97%. The Group borrows and lends only in sterling and so is not exposed to currency risk.

Standalone Swaps - Mark to Market exposure at 31 March 2020				
Counterparty	Unsecured Threshold	Mark to Market Exposure	Collateral required	Cash in place
Barclays	£7,500,000	£11,323,663	£3,823,663	£4,175,000
RBS	£3,000,000	£16,957,292	£13,957,292	£13,404,614
Santander	£4,900,000	£9,515,465	£4,615,465	£4,520,000
Lloyds TSB	£7,500,000	£14,051,420	£6,551,420	£6,379,000
As at 31/03/20	**£22,900,000**	**£51,847,840**	**£28,947,840**	**£28,478,614**
As at 31/03/19	£25,900,000	£44,916,619	£21,845,493	£19,291,614
As at 31/03/18	£25,900,000	£43,586,194	£20,281,211	£18,386,232
As at 31/03/17	£25,900,000	£50,604,832	£26,803,479	£26,563,874
As at 31/03/16	£25,900,000	£49,217,187	£25,235,283	£26,720,068

The unsecured threshold decreased by £3m due to the Credit Suisse swap which expired in November 2019.

The Group's lending agreements require compliance with a number of financial and non-financial covenants, most notably interest cover and gearing, both of which are shown on the following page. The Group's position is monitored on an ongoing basis. These financial statements and Business Plan projections confirm that the Group is in compliance with its loan covenants and internal golden rules at the balance sheet date and we expect to remain compliant in the foreseeable future.

Liquidity, cash management and investment

The Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group shall ensure it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft, revolving credit or other stand-by facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business and service objectives. These requirements are set out in the approved Treasury Strategy and are monitored regularly as part of the cash flow reporting regime.

The Group Business Plan 2020/21 includes the Transfer of Engagements of Equity Housing Group into Great Places Housing Association from 1 April 2020, with the aspiration to build 11,000 homes over the next 10 years. As a result of these development ambitions, the combined business plan identifies funding requirements over the next three years of £234.7m with £78.2m required in 2020/21. At 31 March 2020, the Group's undrawn long term bank facilities amount to £81.8m, with an additional £30m revolving credit facility. At the same date Equity Housing Group had additional undrawn bank facilities of £39.4m. The Group also can issue the retained element of its bond for a further £70m. These facilities are intended to finance the Group's ongoing development activity.

The remaining long term facilities are either fully secured or with security identified and charging work underway. This comfortably meets the liquidity requirements set out in the Treasury Strategy which was last updated in July 2019. The Group holds its surplus cash as cash or cash equivalents and will not invest in gilts, equities or other non-money assets.

Key statistics and ratios

For the year ended 31 March	2016	2017	2018	2019	2020
Surplus % Surplus for the year as % of turnover	11.9%	11.6%	11.8%	12.6%	14.0%
Interest Cover (operating surplus, excluding property sales; excluding grant amortisation; adding back depreciation, impairment and gift aid) / (net interest payable) GOLDEN RULE >140%	173.0%	197.0%	191.0%	187.8%	202.4%
Interest Cover (covenant) (as above, but with major repair capitalisation limited to 40% of total major repair expenditure)	163.0%	176.0%	169.0%	172.0%	187.1%
Gearing* (Total borrowings less cash at bank and in hand)/ (Housing properties at cost less properties under construction) GOLDEN RULE <55%	44.0%	43.1%	40.9%	41.0%	41.9%
Operating Margin before interest %** (Operating surplus / turnover excluding grant amortisation) GOLDEN RULE >28%	28.9%	30.0%	32.2%	31.6%	29.9%
Social Housing Letting interest cover (Surplus on social housing lettings / net interest paid in cash flow statement)	1.3x	1.2x	1.3x	1.1x	1.2x
Recurrent cash interest cover (Operating surplus plus depreciation and impairment / net interest in cash flow statement)	2.0x	2.1x	2.3x	1.9x	2.1x
Debt to revenue (Loans less fees plus finance leases / turnover)	4.8x	4.9x	5.5x	5.0x	4.5x

** The definition for Gearing on this table differs from the RSH metric; the above includes housing properties at cost less those under construction, whilst the RSH definition includes housing properties at net book values*
*** The definition for Operating Margin on this table differs from the RSH metric, the RSH definition excludes gains or losses on disposal of fixed assets*

Value for Money: Overview

Great Places understands the importance of getting more out of our available resources to provide high quality homes and a great customer service – thereby demonstrating value for money ("VFM"). We are a "profit for purpose" organisation aiming to maximise our surplus to enable us to deliver our identified priorities and to attain our vision of Great Homes, Great Communities, Great People.

For us, value for money is an integral part of our overall strategy to deliver our corporate ambitions rather than an add-on or standalone activity. The Board monitors organisational progress against key priority areas to ensure we maintain an emphasis on delivering core objectives, on becoming a more economic, efficient and effective business, and on reacting swiftly and appropriately to the key challenges being faced.

The more efficient we are, the more resources we have to build new homes, improve existing homes, enhance our services, undertake activities designed to maximise social impact and fund other key corporate priorities. With a clear focus on what matters most, 2019/20 was another successful year for Great Places.

VFM – comparisons and benchmarking

The table below shows performance against the Sector Scorecard which categorises 15 measures over five broad categories, and within which are included the seven VFM Standard metrics (shaded grey) and also includes results last year as well as showing our performance by comparison to a group of similar organisations.

Metric	2018/19			2019/20		2020/21
	Great Places	Family Group[1]	Sector Median	Great Places	Target	Target
Operating Margin - Overall (VFM)	30.0%	24.8%	25.8%	28.9%	30.4%	27.0%
Operating Margin - SHL	34.8%	28.7%	29.2%	34.7%	34.7%	27.9%
EBITDA MRI (VFM)	146%	170%	184%	150%	132%	133%
Development (No)	298	160	83 (27)	316	312	400
Units Developed as % of units owned (SH+NSH) (VFM)	1.3% + 0.4%	1.1% + 0.0%	1.5% + 0.0%	1.4% + 0.5%	1.2% + 0.6%	2.80%
Gearing (VFM)	46.4%	40.9%	43.4%	46.8%	42.2%	45.2%
Social Housing Cost per Unit (VFM)	£3,087	£3,412	£3,690	£3,246	£3,334	£3,370
Rent collected	99.4%	99.5%	99.8%	99.5%	98.8%	99.0%
Overheads as % of Turnover	11.1%	12.0%	12.8%	13.0%	10.5%	12.1%
Service Charge CPU	£396	£483	£365	£436	£398	£506
Management CPU	£889	£963	£1,059	£906	£923	£902
Maintenance CPU	£451	£909	£951	£482	£661	£478
Major Repairs CPU	£1,005	£698	£703	£1,101	£1,081	£1,082
Other Social Housing Costs	£346	£157	£218	£321	£271	£327
Customer Satisfaction*	7.79/10			7.53/10	7.85/10	7.3/10
Investment: Communities	£843k	£149k	£98k	£819k	£863k	£835k
Reinvestment % (VFM)	3.4%	4.9%	6.2%	5.2%	6.3%	12.6%
Return on Capital Employed (VFM)	3.1%	3.6%	3.8%	3.3%	3.3%	3.0%
Repairs Ratio (responsive:planned)	0.45	0.7	0.65	0.44	0.5	0.44
Occupancy rate	99.5%	99.5%	99.5%	99.5%	99.4%	99.5%

**The sector scorecard asks for a % satisfaction figure whereas Great Places utilises the Institute of Customer Service methodology which provides for a score on a scale of 1 to 10. The results are therefore not comparable.*

[1] Our Family Group for benchmarking purposes – Accent, Accord, Cobalt, EMH, Equity, ISOS, Johnnie Johnson, Irwell Valley, Leeds Federated, Longhurst, Mosscare St Vincent's, Muir, Nottingham Community, Orbit, Regenda, Riverside, South Yorkshire, Stonewater, Onward and Yorkshire

Key messages over the five scorecard categories:

Business health: Our operating margin, at 29%, the proportion of surplus generated from turnover on a provider's day-to-day activities, was better in 2019/20 than both our family group and the Greater Manchester figure and is contextualised by the commentary that "higher operating margins tend to be recorded by associations with a development programme, who manage more than 5,000 homes across a variety of tenures and have leveraged assets". Equally Great Places has a significant proportion of supported housing which is acknowledged as a factor that pushes up unit costs and hence pushes down operating margins. Our overall operating margin for 2019/20 has reduced slightly from 2018/19 and is targeted to reduce again, due to the investment in systems and colleagues over the next 12 month period. EBITDA is improved from last year due to lower than planned capitalised repairs, and again, is targeted to reduce next year due to significant investment in fire safety and other building works within both revenue and capital maintenance.

Development: Our outcomes are higher than the prior year and still significantly above the median figure for both our family group and the sector as a whole. Over the past 10 years, Great Places has developed around 6,000 new homes and the Sector Scorecard evidences that development as a % of stock is an area where we remain particularly strong and expect to be in future years.

Our strong development performance contributes to our % gearing being higher than the sector median and we are still in a comfortable position in relation to covenants. We expect that our gearing % will increase as we are making the most of our assets to be able to deliver on our 10 year ambition to develop 11,000 new homes as stated in our revised Business Plan.

Operating efficiencies: our headline cost per unit is £3,246 for 2019/20 which is a deterioration on the previous year across most of the sub-headings but better than target of £3,334. The RSH published scorecard recognised a 12% increase in this metric across the sector, therefore we are still comparing favourable across our peers. Our higher percentage of Supported Housing, and having stock located in areas of deprivation are both drivers for increased costs and consequently show our overall low figure in an even better light.

Our overheads have remained broadly in line with last year, slightly worse than target and we expect this to rise in the next 12 months as we invest in systems and other technological advances.

Outcomes delivered: For customer satisfaction, we continue to follow the Institute of Customer Service (“ICS”) approach including their 10 point scale, so cannot directly compare with the rest of the sector’s % score. However the ICS median for housing associations is 7.35/10 so our current score of 7.53/10 shows that our customers are more satisfied with the service they receive from us, compared to other housing associations. Our satisfaction score has fallen compared to the prior year and we are working to address this.

The Scorecard also shows that our ambitious development programme is not at the expense of other Profit for Purpose priorities and that we still invest comparatively heavily in our communities. Reinvestment at 5.2% was behind the target of 6.3%, but a significant improvement on the prior year.

Effective asset management: Our Return on Capital Employed, at 3.3% is in line with target and slightly better than last years performance which reflects our high proportion of new and hence relatively expensive properties. Benchmarking shows this is the case with the majority of associations who have a proportionately large development programmes. Our occupancy rate at 99.5% is broadly in line with performance last year, which was around the median for all groupings and our ratio of expenditure on routine maintenance to spend on planned maintenance is low which is perceived to be positive.

As a whole: It is unlikely that any organisation or group of organisations can consistently achieve upper quartile performance in all areas of the Scorecard, illustrating the diversity of the measures and of participants. Great Places is better than the sector median for 8 out of 15 indicators in the Scorecard and performs particularly well in respect of those relating to development and investment in communities.

VFM: Embedding a strategic approach

Having a strategic approach to VFM, and making decisions to ensure we make the best use of the Group's resources, is not new for Great Places and the significant improvement in financial performance and quality of service delivery over recent years is prime evidence of success in this regard. Improving VFM is viewed as a sign of good governance in action, as a means of achieving corporate objectives and as a key determinant of business effectiveness.

Over the past year, our strategic approach has been focused on Building Greatness, which is the title of our Corporate Plan 2018-21, and regular updates around our strands of Great homes, Great communities and Great people, plus our eight under-pinning Operating Principles, have been reported to Board. We have set 21 3-year targets which challenge the organisation to grow and improve and which are closely related to both our annual Critical Success Factors and to our 10-year ambitions. We will continue to develop this as part of our Equity integration programme, named the Cosmos programme, which is shown in our targeted VFM metrics for the next five years demonstrating the position improving across most of the measures.

RSH VFM metrics	2021	2022	2023	2024	2025
Operating Margin – overall	27.0%	28.8%	31.7%	32.5%	33.2%
Operating Margin – Social Housing Lettings	27.9%	27.9%	30.7%	32.0%	32.6%
EBITDA MRI Interest cover	133.0%	160.0%	167.0%	178.0%	162.0%
New Supply: Units developed as % of units owned	2.8%	4.3%	2.7%	3.8%	4.7%
Gearing	45.2%	45.2%	47.5%	49.3%	51.5%
% Reinvestment	12.6%	10.3%	11.4%	13.9%	14.9%
Return on capital employed (ROCE)	3.0%	3.3%	3.2%	3.5%	3.5%
Headline social housing cost per unit	£3.37k	£3.13k	£2.97k	£2.92k	£3.02k

Through our strategic approach, VFM is incorporated into all decision-making with an acknowledgement that we cannot deliver our vision, values and priorities without delivering VFM. We always seek the optimum of low costs, high performance and high customer satisfaction.

Social Return

The Group's commitment in this area is demonstrated by the establishment of a community investment team which aims to provide employment, training, volunteering and apprenticeship opportunities both to our own direct customers and also people living in the communities within which we operate. Our corporate plan sets a three year target to help 2,000 people in to work, training or volunteering which we achieved this year, 12 months ahead of the schedule. A Social Value Coordinator is in post in order to maximise output.

The table below provides information on how the Group has performed against targets it was set in terms of social investment in our communities:

Social Investment KPI	Actual	Target
Number of people/tenants into training (accredited & non accredited)	1,039	425
Number of people/tenants into employment (incl. apprenticeships)	167	200
Number of people/tenants into volunteering opportunities	225	125
Overall number of people/tenants into employment, training & volunteering	1,431	750

As part of our procurement process we ask our potential suppliers about their social return activities and how they can support the work undertaken by our community investment team and during this year we have a appointed a social value specialist officer to assist this approach.

At the end of March 2020 a Hardship Fund was created to support our most vulnerable customers who were suffering financially as a result of Covid-19. The Hardship Fund is intended to bridge a gap between a crisis event and statutory provision or return to work. It's there to support our customers with emergency access to food, fuel (gas, electricity and water bills) or other essential items through discretionary payments.

Affordability is important to us and this is demonstrated by 90% of our housing being for social and affordable rent, supported housing and low cost home ownership. Further detail on the breakdown of unit numbers is shown in note 30.

We are considering and responding to the recent white paper on Environmental, Social and Governance (ESG) reporting and have chosen to report on some of the measures being considered in our quarterly updates to investors, which can be found on our website.

Profit for purpose

Great Places is a "profit for purpose" organisation. Cube, the Group's commercial subsidiary, generates additional profit that is gift aided back to the charitable element of the Group. We aim to be as efficient as possible, to remain a top-quartile performer and maximise our surplus. However, we then choose to use a large chunk of our surplus to go far beyond our landlord obligations and realise our values and our vision of Great homes, Great communities, Great people. The simple principle is that the more efficient we are as an organisation, the more of the added value work we can carry out to transform communities and improve the lives of our customers who live there. We have a Community Investment Strategy in place and as mentioned above a dedicated Community Investment team.

Risk management

Statement of Compliance with our Governance Code

The Group Board has adopted a bespoke Code of Governance for the Group which fully incorporates the requirements of the NHF Code of Governance ("Promoting Board Excellence for Housing Associations" that was published in February 2015), but which actually goes further in some areas to add additional detail and clarity. Great Places is also actively engaged in the NHF's review of the 2015 NHF Code of Governance and is a member of the advisory panel, which consists of Chief Executives, sector experts and governance professionals.

Great Places undertakes an independent triennial Governance review and the last review in 2017 confirmed that the Group is fully compliant with the Code of Governance. In 2019 the Regulator of Social Housing ("RSH") re-affirmed that the Group has the highest G1 Governance assessment which the RSH again confirmed in April 2020 in an interim judgement following the Equity transfer of engagements.

A range of information on the composition of our Board is included at note 11 of these statements, including the remuneration of both the non-executive Board members and also the executive team.

The Group publishes a wide range of information on its website that seeks to provide all stakeholders with a range of useful "transparency" information. This includes details of all costs over £500 related to the Group's Homes England development contracts, which is updated quarterly.

The Group Board currently has 11 non-executive members, of whom there are seven male and four female members. The Chief Executive is also a Board member. The average attendance at Board meetings between 1 April 2019 and 31 March 2020 was 93%. During that period there were nine scheduled Board meetings, plus one strategic away day. In addition, training or information sessions are held prior to every regular Board meeting.

There are two Committees of the Board – the Audit and Assurance Committee and the Remuneration and Appraisal Committee. Both have clearly defined terms of reference. In addition the Board can create time-bound "Task and Finish" groups through which a small number of Board members can provide additional insight and guidance on specified issues or projects. During 2019/20 (as had also been the case in both the two previous years) a Task and Finish group was established to set the Group's revised Critical Success Factors for 2020/21. A separate group was also established to oversee the due diligence and other work leading up to completion of the Transfer of Engagements of Equity Housing Group into Great Places Housing Association.

Statement of compliance with RSH Financial Viability and Governance standard

The Board of Great Places has carefully considered its responsibilities under the Regulator's Economic Standards covering Rents, VFM and Governance and Financial Viability. A detailed report has been considered by the Audit and Assurance Committee which reviews the evidence presented to support the compliance position against each required outcome of the standard as well as the guidelines laid out in the Code of Practice.

A full register of all relevant law has been developed outlining the legislation that we are required to adhere to, and details of how we meet the requirements of each Act of Parliament. On consideration of the evidence provided, the Group confirms it has met all regulatory requirements during the year.

The Group's structure is relatively simple and the independence of Cube is designed to ensure social housing assets are not put at undue risk. Any decision to pursue commercial activity via this arm of the business is closely assessed in terms of its impact on the social assets owned by Great Places Housing Association.

Our divestment regime ensures we make the best use of social housing assets by disposing of inefficient stock to generate income to fund the provision of new homes, thereby keeping the value of assets within the sector and ensuring value for money for the business in terms of management costs.

Our Board members have been selected and appointed based on an assessment of the skills and expertise required to discharge the duties of the Board including expertise in finance and housing. The Board members complete an annual evaluation of their effectiveness, and any gaps are addressed via individual development plans.

The Group has an excellent business planning process which embraces a rigorous approach to development of assumptions including benchmarking. They are prudent in respect of liquidity and interest rate risk, and reflect the Group's risk appetite. The Treasury Management team work alongside our independent advisors, to ensure that the Group has sufficient headroom to meet the Business Plan commitments, and to remain comfortably within agreed funder covenants.

Stress testing scenarios have been undertaken against the new Business Plan under the direction of the Board and reviewed with the Executive Directors. The stresses test the Group's resilience against a number of key risks. The stress testing model maps the effect of various scenarios against our internal golden rule thresholds linked to interest cover, gearing, operating margin and major repair expenditure as well as the effect on our unencumbered asset position, and potential security exhaustion. It was clear from the stress testing scenarios that the proposed plans satisfied our internal golden rule thresholds. The Group has four permanent mitigations in place a minimum cash buffer of £15m, minimum 75% fixed rate debt, Asset and liability register and its early warning monitor. In addition, the Group a pipeline of 30 further mitigating actions that could be put in place to deliver significant savings.

The Group has always completed statutory and regulatory returns within stated timeframes, and has taken steps to introduce additional controls to reduce the risk of errors within these returns. We maintain a register of all fraudulent losses which is managed by the Executive Director of Finance, overseen by the Audit and Assurance Committee and reported to the Regulator annually via the prescribed method and we have a strong track record of transparency and openness with the regulator.

Key Risks

Risk	Nature of Risk and Risk Appetite	Mitigation
Health & safety	Failure to reduce or remove threats to colleague and customer health & safety leads to harm and reputational damage. *Risk Appetite – avoid the risk*	A health and safety strategy and committee is in place. We have issued lone working devices to all relevant colleagues and have a mandatory training programme in place. To address concerns about colleague mental health due to the impact of Covid-19 a wellbeing offer has been put in place. Commissioning of an independent customer health and safety compliance review
Equity integration programme	Effective integration of the two organisations is critical to making the partnership a success. *Risk Appetite – open to risk*	Governance and oversight forums have been established alongside a programme risk register. A programme management office has been established and appropriately resourced to deliver the documented programme plan. A Partnership Champion is in place to act as a critical friend.
Secure and resilient technology infrastructure to meet the needs of the business	Secure infrastructure is the fundamental building block required for us to build a more resilient business that can support innovative systems and ways of working. *Risk Appetite – moderate the risk*	The infrastructure has been thoroughly tested due to the impact of Covid-19 and has proven to be resilient. Training plans have been rolled out within the technology team. Processes have been put in place to ensure all relevant patches are implemented.
Customer poverty, welfare reform & the inability to pay rent	Our tenants' ability to pay rent is a key risk to the business that we have limited control over given the external political environment. *Risk Appetite – averse to risk*	A new Income Management Strategy has been put in place. Robust monitoring and management of Universal Credit claimants and impact on arrears. Rent arrears are included within the balanced scorecard performance report. This is of particular importance given the impact of Covid-19 on the economy. A dedicated Community Investment team is in place to support, employment support and training work.
Shared ownership and market sales programme	Exposure to the housing market through our large sales programme poses risks to the business plan. Brexit and Covid-19 could adversely impact the housing market. *Risk Appetite – open to risk*	An experienced and professional sales team is in place which is supported by our strong Plumlife brand. A thorough site intelligence programme and market research takes place before a site is purchased. The sales programme is stringently tested as part of the business plan stress test.
Recruitment and retention	Recruitment and retention are crucial to the delivery of our corporate objectives, and the loss of skills and knowledge pose challenges in maintaining performance. *Risk Appetite – moderate the risk*	A People strategy is in place. This is supported by competitive terms and conditions with regular salary benchmarking. A bonus scheme rewards colleagues and pay is considered as part of the annual appraisal process. New feedback mechanisms are being used to ensure feedback is received from all colleagues.

Internal controls assurance

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public assets and money are safeguarded and properly accounted for, and that they are being used economically, efficiently and effectively.

A wide range of internal control mechanisms are in place and being operated to help the organisation meet its strategic objectives, to operate within the law, to make effective use of public money and to report activities accurately. These bring together information from all significant parts of the business and provide assurance to the Board that an effective system of internal controls is in place. The most significant sources are through:

- Our approach to assurance, based around the three lines of defence model;
    - The 1st line of defence describes controls operated by day to day management
    - the 2nd line covers more independent checks carried out by other internal teams
    - the 3rd line incorporates external assurance obtained from auditors or regulators
- The existence of the Audit and Assurance Committee, with appropriate terms of reference;
- An independent internal audit function;
- Risk management framework;
- Financial and non-financial performance monitoring and management;
- Appropriate communications structures;
- Effective customer scrutiny arrangements;
- Effective strategies, policies and procedures; and
- External stakeholders, including the regulator and accreditation bodies.

Internal Controls Framework

A comprehensive framework of internal controls is in place consisting of sources of assurance that, when brought together, provide a complete picture of all significant parts of the business. Great Places have a system of operational controls in place supported by risk management and compliance checks.

Progress during 2019/20

A number of steps have been taken to improve the control environment including updating policies and procedures, reviewing the assurance map and associated controls, stress testing of the business plan, the implementation of a business continuity command structure and the commissioning of an independent customer health and safety compliance review.

Audit work undertaken in 2019/20

During 2019/20, internal audit and assurance work was undertaken by PricewaterhouseCoopers LLP (PwC) employing a risk based internal audit approach. Work carried out under this framework included 11 assurance reviews across a broad range of service areas, and 1 advisory review (a Merger Governance roadmap). The reviews have produced:

- two high risk outcomes (Financial Controls and Occupational Health & Safety);
- five medium risk outcomes (Complaints, Procurement, Business Continuity, Facilities Management and Safeguarding); and
- four low risk outcomes (Gas Safety, Payroll, Income Management and Plumlife Sales).

In total, 46 findings were identified. Two recommendations were identified to be high risk (relating to the controls around journals in finance, and the management of grey fleet checks in health & safety) with 52% of findings being classified as low risk.

Internal audit follow up has also been conducted on two occasions during the year with 86% of recommendations fully implemented. All high risk recommendations have been implemented.

In their internal audit annual report for 2019/20 PwC state that 'Our work has identified that there are effective controls in place within Great Places to ensure that actions agreed as a result of Internal Audit reviews are implemented in a timely way and that evidence to support their implementation is recorded on the audit issue tracking system.

Internal controls assurance conclusion

The Board have reviewed the effectiveness of the system of internal control, including the sources of assurance agreed by the Board as being appropriate for that purpose. The Board is satisfied that there is sufficient evidence to confirm that adequate systems of internal control have existed and have operated throughout the year, and that those systems have been aligned to the management of significant risks facing the organisation.

Modern Slavery

Great Places is required to adopt a Modern Slavery transparency statement outlining the steps that the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking part in any part of its business, including its supply chains. The Board of Great Places approves the statement annually and the full statement is published on the Great Places website. Modern Slavery is a core induction training module delivered to all Great Places new starters.

Donations

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

Going concern

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. In particular, assurance is provided by the Group's latest Business Plan including sensitivity analyses and stress testing (approved April 2020) which demonstrates that the Group has funding facilities in place that will meet planned development and other expenditure over the next two and a half years and that it is fully able to service its debt facilities whilst continuing to comply with all its funders' covenants.

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 rent and service charge income and 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

The annual general meeting 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 the Strategic Report and the Report of the Board, the Board has followed the principles set out in the SORP 2018.

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

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 Group and 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 Group and 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 Group and 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

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

Opinion

We have audited the financial statements of Great Places Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association balance sheet, the consolidated and Association statement of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2020 and of the Group's surplus and the Association's deficit 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 Group and 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 Group's or 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 Strategic Report and 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, 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 Strategic Report and 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 Parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Parent 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 24, 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 Group and 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 Group or 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 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 GROUP LIMITED

Year ended 31 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2020 £'000	2019 £'000
Turnover	4	120,897	109,117
Operating costs	4	(64,714)	(63,184)
Cost of sales	4	(21,662)	(13,195)
Surplus on sale of fixed assets	5	3,937	3,611
Operating surplus	6	**38,458**	**36,349**
Interest from fixed asset investment	16	31	36
Income from current asset investment	19	100	198
Interest receivable	7	517	579
Interest payable and financing costs	8	(23,576)	(24,763)
PTGP pension re-measurement	26	-	(1)
Movement in fair value of financial instruments	8	171	234
Movement in fair value of investment properties	13	1,507	863
Surplus on ordinary activities before taxation		**17,208**	**13,495**
Tax on surplus on ordinary activities	10	(270)	253
Surplus for the financial year		**16,938**	**13,748**
Actuarial gains/(losses) on defined benefit pension schemes	26	10,113	(3,486)
Re-measurement of SHPS obligation	26	-	(8,310)
Movement in fair value of hedged financial instruments	8	(7,103)	(1,564)
Tax (charge) / credit in relation to other comprehensive income	10	(251)	673
Other comprehensive income/(expenditure)		**2,759**	**(12,687)**
Total comprehensive income for the year		**19,697**	**1,061**

All amounts relate to continuing activities.

The accompanying notes on pages 37 to 82 form part of these financial statements.

Board member	Board member	Secretary
A. Davison	J. Rayner	P. Elvy

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Note	2020 £'000	2019 £'000
Turnover	4	19,546	16,573
Cost of Sales	4	(668)	(593)
Operating costs	4	(18,790)	(16,238)
Operating surplus / (deficit)	6	**88**	**(258)**
Interest receivable and other income	7	20,724	20,920
Interest payable and financing costs	8	(20,834)	(21,014)
Interest from fixed asset investment	16	31	36
Surplus/(Deficit) on ordinary activities before taxation		**9**	**(316)**
Tax on surplus/(deficit) on ordinary activities	10	(55)	289
(Deficit) for the financial year		**(46)**	**(27)**
Actuarial gains/(losses) on defined benefit pension schemes	26	1,861	(1,621)
Re-measurement of SHPS obligation	26	-	(2,189)
Tax (charge) / credit in relation to other comprehensive income	10	(251)	673
Other comprehensive income / (expenditure)		**1,610**	**(3,137)**
Total comprehensive income / (expenditure) for the year		**1,564**	**(3,164)**

All amounts relate to continuing activities.

The accompanying notes on pages 37 to 82 form part of these financial statements.

Board member
A. Davison

Board member
J. Rayner

Secretary
P. Elvy

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2020

CONSOLIDATED BALANCE SHEET

	Note	2020 £'000	2019 £'000
Tangible fixed assets			
Housing properties	12	1,077,343	1,047,507
Investment properties	13	20,974	17,679
Other tangible fixed assets	14	7,989	8,180
Total tangible fixed assets		**1,106,306**	**1,073,366**
Fixed asset investments			
Homebuy loans	15	6,513	6,892
Fixed asset investments	16	831	896
Investment in joint venture	16	117	60
Total fixed asset investments		**7,461**	**7,848**
Total fixed assets		**1,113,767**	**1,081,214**
Current assets			
Stock and work in progress	17	29,899	22,165
Debtors	18	18,105	12,767
Investments	19	34,667	25,129
Cash and cash equivalents		39,727	62,128
Total current assets		**122,398**	**122,189**
Creditors: Amounts falling due within one year	20	(69,514)	(61,280)
Net current assets		**52,884**	**60,909**
Total assets less current liabilities		**1,166,651**	**1,142,123**
Creditors: Amounts falling due after one year			
Deferred capital grant	21	(477,422)	(464,931)
Other creditors	21	(591,627)	(588,457)
Pension liability	26	(9,483)	(20,313)
Net assets		**88,119**	**68,422**
Capital and reserves			
Share capital (non-equity)	28	-	-
Income and expenditure reserve		135,934	110,449
Revaluation reserve		3,891	2,561
Designated reserve		142	157
Cash flow hedge reserve		(51,848)	(44,745)
Consolidated funds		**88,119**	**68,422**

The accompanying notes on pages 37 to 82 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	Board member	Secretary
A. Davison	J. Rayner	P. Elvy

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2020

ASSOCIATION BALANCE SHEET

	Note	2020 £'000	2019 £'000
Tangible fixed assets			
Other tangible fixed assets	14	1,011	1,319
Fixed asset investments	16	340	386
Total fixed assets		**1,351**	**1,705**
Debtors: Amounts falling due after one year	18	509,223	505,434
Current assets			
Debtors	18	20,194	20,197
Investments	19	28,479	19,292
Cash and cash equivalents		208	112
		48,881	**39,601**
Creditors: Amounts falling due within one year	20	(50,431)	(40,859)
Net current liabilities		**(1,550)**	**(1,258)**
Total assets less current liabilities		**509,024**	**505,881**
Creditors:			
Amounts falling due after more than one year	21	(509,223)	(505,434)
Pension liability	26	(2,691)	(4,901)
Net liabilities		**(2,890)**	**(4,454)**
Capital and reserves			
Share capital (non-equity)	28	-	-
Income and expenditure reserve		(2,890)	(4,454)
Association's deficit		**(2,890)**	**(4,454)**

The accompanying notes on pages 37 to 82 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 GROUP LIMITED

Year ended 31 March 2020

CONSOLIDATED 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)	2,561	157	110,449	68,422
Surplus for the year	-	-	-	16,938	16,938
Actuarial gains on defined benefit pension schemes	-	-	-	10,113	10,113
Fair value adjustments of financial instruments	(7,103)	-	-	-	(7,103)
Tax charge in relation to other comprehensive income	-	-	-	(251)	(251)
Transfers	-	1,330	(16)	(1,314)	-
Interest credited from I&E reserve	-	-	1	(1)	-
As at 31 March 2020	**(51,848)**	**3,891**	**142**	**135,934**	**88,119**

	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)	2,158	162	108,222	67,361
Surplus for the year	-	-	-	13,748	13,748
Actuarial losses on pension scheme	-	-	-	(11,796)	(11,796)
Fair value adjustments of financial instruments	(1,564)	-	-	-	(1,564)
Tax credit in relation to other comprehensive income	-	-	-	673	673
Transfers	-	403	(6)	(397)	-
Interest credited from I&E reserve	-	-	1	(1)	-
As at 31 March 2019	**(44,745)**	**2,561**	**157**	**110,449**	**68,422**

The accompanying notes on pages 37 to 82 form part of these financial statements.

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve	Total
	£'000	**£'000**
As at 1 April 2019	(4,454)	(4,454)
Deficit for the year	(46)	(46)
Actuarial gains on defined benefit pension schemes	1,861	1,861
Tax charge in relation to other comprehensive income	(251)	(251)
As at 31 March 2020	**(2,890)**	**(2,890)**

	Income and expenditure reserve	Total
	£'000	**£'000**
As at 1 April 2018	(1,290)	(1,290)
Deficit for the year	(27)	(27)
Actuarial losses on defined benefit pension schemes	(3,810)	(3,810)
Tax credit in relation to other comprehensive income	673	673
As at 31 March 2019	**(4,454)**	**(4,454)**

The accompanying notes on pages 37 to 82 form part of these financial statements.

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 £'000	2019 £'000
Cash flows from operating activities		
Surplus for the financial year	16,938	13,748
Non cash adjustments to surplus:		
Depreciation of housing properties	17,546	17,743
Depreciation of fixed assets - other	725	760
Impairment – housing properties	-	365
Impairment – work in progress	-	25
Amortised grant	(5,407)	(5,439)
Adjustment for investing or financing activities:		
Surplus on the sale of fixed assets	(3,937)	(3,611)
Proceeds from sale of fixed assets	11,145	10,887
Cost of sales on properties developed for sale	19,473	12,602
Interest payable and finance costs	23,576	24,763
Interest received	(517)	(579)
Taxation expense	270	(253)
Other adjustments to surplus:		
Net fair value (gains) recognised in profit or loss	(1,678)	(1,097)
Difference between net LGPS pension expense and cash contribution	-	44
Difference between net SHPS/PTGP pension expense and cash contribution	(781)	(1,281)
Adjustment for working capital:		
Cash expenditure on developing property for resale	(26,137)	(22,298)
Decrease/(Increase) in trade and other debtors	1,332	(2,901)
Increase in stocks	(62)	(64)
(Decrease)/increase in trade and other creditors	(1,887)	2,091
Cash from operations	**50,599**	**45,505**
Corporation tax paid	28	106
Net cash generated from operating activities	**50,627**	**45,611**

The accompanying notes on pages 37 to 82 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Cash flows from investing activities		
Purchase and construction of fixed asset housing properties	(45,729)	(36,080)
Social housing grant received	14,078	11,243
Homebuy loans repaid	379	659
Fixed asset investments	8	113
Sale of other fixed assets	-	210
Purchase of other fixed assets	(534)	(752)
Purchase and construction of investment properties	(1,945)	(59)
Redemption of current asset investments	-	2,079
Increase in cash collateral held by counterparties	(351)	(1,374)
Increase in swap collateral	(9,187)	(1,330)
Interest received	517	579
Net cash used in investing activities	**(42,764)**	**(24,712)**
Cash flows from financing activities		
Interest paid	(25,631)	(27,016)
Loan issue costs and other fees incurred	(629)	(890)
Loans received	6,125	3,045
Loans repaid	(10,129)	(9,128)
Net cash from financing	**(30,264)**	**(33,989)**
Decrease in cash	**(22,401)**	**(13,090)**
Cash at beginning of year	**62,128**	**75,218**
Cash at end of year	**39,727**	**62,128**

The accompanying notes on pages 37 to 82 form part of these 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

Basis of accounting
The financial statements of the Group and Association have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for the Group included the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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. In preparing the separate financial statements of the parent Association, advantage has been taken of the disclosure exemptions available in FRS 102 insofar as no cash flow statement has been presented for the parent Association.

Basis of consolidation
The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Going concern
The Group'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 Group 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. Further the Group has access to undrawn loan facilities set out in Note 25.

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 Group 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;
- Housing First income receivable;
- Service charge receivable; and
- Revenue grants and amortisation of capital grants.

2. Accounting policies (continued)

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 outsight sales 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.

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 receivable
Interest receivable is recognised in the Statement of Comprehensive Income in the year.

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 Group 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.

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 Group 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. Leased assets are depreciated over the life of the lease or their estimated useful economic lives in the business, if shorter.

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 Statement of Comprehensive Income on a straight-line basis over the term of the lease.

2. Accounting policies (continued)

Derivative instruments and hedge accounting
The Group holds floating rate loans which expose the Group to interest rate risk. To mitigate this risk the Group 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 Group has designated each of the swaps against existing drawn floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. For the Credit Suisse swap which is not effectively hedged movements are charged to the income statement.

It is the Association which is the legal party to the swap agreements, but its subsidiary GPHA has indemnified the Association against any obligations in relation to the swaps. Therefore the ultimate cost is borne by GPHA and the Association shows an equal gain and loss in relation to its fair value asset due from GPHA (note 18) and the fair value liability to the swap counterparties (notes 20 and 21). The swap fair values have been obtained from the valuations provided by the swap counterparties at each reporting date and compared with valuations obtained from the Group's treasury advisors for assurance.

Taxation - Current and deferred taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense is recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

GPHA, Plumlife and Cube are VAT registered as part of the Group's registration. A large proportion of their income, (rents and service charges) are exempt for VAT purposes thus giving rise to a partial exemption calculation. Terra Nova is registered separately for VAT. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

2. Accounting policies (continued)

Property managed by agents
Where the Group carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Statement of Comprehensive Income of the Group. Where the agency carries the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates to the Group. Where revenue grants are claimed by the Group, these are included as income in the Statement of Comprehensive Income to the extent that they are passed to the agent.

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)

Donated land
Land donated by local authorities and other government sources is added to cost at the fair value of the land at the time of the donation and an amount equivalent to the increase in value between market value and cost is added to other grants and recognised in the balance sheet as a liability. Where the donation is from a non-public source, the value of the donation is included as income.

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 to 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.

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 rates used for other assets are:

Freehold and leasehold office property	50 years
Office equipment, fixtures and fittings	4 to 25 years
ICT equipment	3 to 4 years

2. Accounting policies (continued)

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.

Fixed asset Investments

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 Group 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.

Associates and joint ventures
An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside of the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor’s share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Other fixed asset Investments
All other investments are accounted for at cost less impairment.

Current Assets

Properties for sale
Shared ownership properties where the first tranche is unsold, 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 the 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.

2. Accounting policies (continued)

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 of our housing properties. 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. 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. Any losses arising from impairment are recognised in the income statement in other operating expenses.

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. 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).

Contingent liabilities

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.

Any discount or premium realised on the issue of a bond or similar financial asset is capitalised and offset or added to the bond principal, and is then amortised to the income statement on a straight line basis over the term of the asset.

2. Accounting policies (continued)

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 the 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.

Recycled Capital Grant Fund
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 – borrowings – Negative compensation and funding indemnity clauses
The Association’s loan facilities have been assessed as basic financial instruments. The Association’s fixed rate loan facilities allow early payment of the principal and accrued interest in relation to fixed interest tranches. There is an indemnity clause that requires the borrower to pay a compensation premium to the lender if market rates have fallen since the inception of the loan. There is also a clause that means that if market rates have increased, the borrower (i.e. the Association) would benefit from a compensation premium.

The Association does not consider that the clause allowing the Association to potentially receive a compensation premium upon early repayment of some or all of the fixed rate loan liability makes this financial instrument “non-basic” or “other” as outlined in FRS 102 section 11. The Association considers that this particular loan clause is specifically compliant with sections 11.9b and 11.9c of FRS 102 and that the substance of this loan arrangement was that it was always intended to be a simple fixed rate loan arrangement.

Pensions
The Group 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 Great Manchester Pension Fund (GMPF). At 31 March 2020 there were 115 active members of the SHPS scheme, three active members of the SYPA scheme and one active member of the GMPF scheme.

For these schemes, assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and are discounted as appropriate high quality corporate bond rates.

2. Accounting policies (continued)

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 Group.

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 Group 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.

Reserves
The Group 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 Group 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 Group.

The Association has a cash flow hedge reserve which is used for the effective hedges that are in place for the standalone 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 that is no effective hedge it is recognised in the revenue reserve.

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.

- Whether there are indicators of impairment of the Group'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 or depreciated replacement cost.

- The anticipated costs to complete on a development scheme based on expected construction cost, the effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, we 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 Executive Directors' best estimate of sales value based on economic conditions within the area of development.

- Whether leases entered into by the Group 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 appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.

- 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 recoverability of the rent receivable balances outstanding at year end.

- Cash collateral held by third parties is reported under current asset investments. This provides greater clarity to users of the financial statements by clearly differentiating investment related balances from other debtors.

Key sources of estimation uncertainty

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 the Group below. The Association has no Investment Properties.

	Change in assumption	Change in value (£'000)
Investment Properties	Increase/decrease of 10%	2,097

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

Key sources of estimation uncertainty

Tangible fixed assets (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 table below shows the financial impact to changes to the 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. The sensitivity in the Association and GPHA schemes are shown below

GROUP

	Change in Assumption	Change in Liabilities	Change in Liabilities (£'000)
Discount Rate	Increase of 0.1% p.a.	Decrease by 2.3%	(1,540)
Rate of inflation	Increase of 0.1% p.a.	Increase by 2.2%	1,493
Rate of salary growth	Increase of 0.1% p.a.	Increase by 0.1%	81
Rate of mortality	Probability of surviving each year increased by 10%	Increase by 2.6%	1,649

ASSOCIATION

	Change in Assumption	Change in Liabilities (%)	Change in Liabilities (£'000)
Discount Rate	Increase of 0.1% p.a.	Decrease by 2.7%	(459)
Rate of inflation	Increase of 0.1% p.a.	Increase by 2.7%	459
Rate of salary growth	Increase of 0.1% p.a.	Increase by 0.2%	34
Rate of mortality	Probability of surviving each year increased by 10%	Increase by 2.5%	425

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

GROUP

	Turnover	Cost of sales	Operating costs	2020 Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings	**87,917**	**-**	**(57,879)**	**30,038**
Other social housing activities				
Supporting people	1,634	-	(1,658)	(24)
Properties managed but owned by others	1,751	-	(1,500)	251
First tranche shared ownership sales	8,319	(7,078)	-	1,241
Housing First	1,637	(1,520)	(137)	(20)
Marketing income	737	-	(668)	69
Materials supply to other housing provider	748	(591)	(133)	24
Community / neighbourhood services	27	-	(819)	(792)
Other social housing	78	-	(54)	24
	14,931	**(9,189)**	**(4,969)**	**773**
Non-social housing activities				
Market and commercial rented	1,344	-	(847)	497
Developments for sale	15,962	(12,395)	(497)	3,070
Other non-social housing	743	(78)	(522)	143
	18,049	**(12,473)**	**(1,866)**	**3,710**
	120,897	**(21,662)**	**(64,714)**	**34,521**
Surplus on disposal of fixed assets (note 5)				3,937
				38,458

ASSOCIATION

	Turnover	Cost of sales	Operating costs	2020 Operating surplus
	£'000	£'000	£'000	£'000
Management and development services	18,493	-	(18,487)	6
Materials supply to other housing provider	748	(590)	(133)	25
Other	305	(78)	(170)	57
	19,546	**(668)**	**(18,790)**	**88**

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

GROUP				**2019**
	Turnover	**Cost of sales**	**Operating costs**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	**87,334**	**-**	**(57,473)**	**29,861**
Other social housing activities				
Supporting people	1,636	-	(1,430)	206
Properties managed but owned by others	1,522	-	(1,205)	317
First tranche shared ownership sales	10,957	(9,249)	-	1,708
Housing First	-	-	-	-
Marketing income	1,317	-	(1,429)	(112)
Materials supply	761	(593)	(163)	5
Community / neighbourhood services	-	-	-	-
Other Social Housing	234	-	(468)	(234)
	16,427	**(9,842)**	**(4,695)**	**1,890**
Non-social housing activities				
Market and commercial rented	1,288	-	(1,016)	272
Developments for sale	4,068	(3,353)	-	715
Other non-social housing	-	-	-	-
	5,356	**(3,353)**	**(1,016)**	**987**
	109,117	**(13,195)**	**(63,184)**	**32,738**
Surplus on disposal of fixed assets (note 5)				3,611
				36,349

ASSOCIATION				**2019**
	Turnover	**Cost of sales**	**Operating costs**	**Operating deficit**
	£'000	**£'000**	**£'000**	**£'000**
Management and development services	15,812	-	(16,075)	(263)
Materials supply to other housing provider	761	(593)	(163)	5
Other	-	-	-	-
	16,573	**(593)**	**(16,238)**	**(258)**

Particulars of income and expenditure from social housing lettings for the Group are shown on the table overleaf.

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

Group

	General needs housing £'000	Supported housing* £'000	Key worker housing £'000	Low cost home ownership £'000	Total 2020 £'000	Total 2019 £'000
Rent receivable net of service charges	60,842	5,861	191	5,262	72,156	73,272
Service charge income	2,127	4,210	-	332	6,669	6,255
Amortisation of government grants	4,276	728	-	374	5,378	5,410
Other income	1,498	2,110	76	30	3,714	2,397
Turnover from social housing lettings	**68,743**	**12,909**	**267**	**5,998**	**87,917**	**87,334**
Management	11,092	2,097	139	2,389	15,717	15,692
Service charge costs	2,620	4,073	87	520	7,300	6,615
Routine maintenance	6,381	1,458	12	226	8,077	7,543
Planned maintenance	2,733	490	-	90	3,313	3,517
Major repairs expenditure	4,883	521	4	154	5,562	5,019
Bad debts	393	33	4	4	434	812
Property lease charges	298	10	-	9	317	237
Depreciation of housing properties:						
-annual charge	13,676	1,662	25	982	16,345	16,803
-accelerated on disposal of components	756	-	-	21	777	860
Impairment of housing properties	-	-	-	-	-	365
Other costs	33	1	-	3	37	10
Operating expenditure on social housing lettings	**42,865**	**10,345**	**271**	**4,398**	**57,879**	**57,473**
Operating surplus on social housing lettings	**25,878**	**2,564**	**(4)**	**1,600**	**30,038**	**29,861**
Void losses	216	205	91	(1)	511	652

** Supported Housing includes Housing for Older People*

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

5. Surplus on sale of fixed assets – housing properties

GROUP

	Disposal proceeds (net of costs)	Carrying value of fixed assets	Surplus before grant recycling	Capital grant recycled (note 24)	Surplus on property sales
	£'000	£'000	£'000	£'000	£'000
Shared ownership	5,289	(2,963)	**2,263**	(810)	**1,516**
Other housing properties	7,173	(243)	**6,930**	(4,655)	**2,275**
Investment properties	257	(240)	**17**	-	**17**
Open Market Home Buy	485	-	**485**	(356)	**129**
Total 2020	**13,204**	**(3,446)**	**9,758**	**(5,821)**	**3,937**
Total 2019	11,886	(4,228)	7,658	(4,047)	3,611

ASSOCIATION

The Association sold no fixed assets (2019:nil).

6. Operating surplus

This is arrived at after charging:

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Depreciation of housing properties	16,436	16,882	-	-
Accelerated depreciation on component disposal	777	860	-	-
Impairment of housing properties	-	365	-	-
Impairment of work in progress	-	25	-	-
Depreciation of other tangible fixed assets	725	760	607	641
Amounts paid under operating leases:				
-Land and buildings	307	237	-	-
-Vehicles	563	485	509	473
-Photocopiers and printers	23	28	23	28
Auditors' remuneration (excluding VAT)				
-for the audit of the financial statements	66	58	18	15
- other services relating to taxation	44	30	29	18

7. Interest receivable and other income

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Interest receivable and similar income	517	579	2	2
Intra group interest receivable	-	-	20,722	20,918
	517	579	20,724	20,920

8. Interest payable and financing costs

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Interest and financing costs				
Loans and bank overdrafts	24,288	24,245	20,722	20,918
Other financing costs	1,061	1,169	-	-
Net interest payable on pension liabilities (note 26)	468	441	112	96
Finance leases	199	195	-	-
Payable on recycled grant (note 24)	72	77	-	-
	26,088	26,127	20,834	21,014
Interest payable capitalised on housing properties	(2,512)	(1,364)	-	-
	23,576	**24,763**	**20,834**	**21,014**
Other financing costs				
Gain on fair value of non-hedged derivative instruments	(171)	(234)	-	-
Financing costs through other comprehensive income				
Loss on fair value of hedged derivative instruments	7,103	1,564	-	-
	30,508	**26,093**	**20,834**	**21,014**

Other financing costs include non-utilisation and commitment fees paid, and arrangement fees amortised or written off. Capitalised interest was charged at rates of 0.75% (2019: of 0.50% to July 2018 then 0.75%) receivable and 4.80% (2019: 4.79%) payable.

9. Gift aid

In respect of the year ended 31 March 2020 the following gift aid payments were made to GPHA by subsidiary and group undertakings: £750k (2019: £870k) by Plumlife, £1,750k (2019: £409k) by Cube and £53k (2019: £12k) by Terra Nova. These transactions are eliminated on consolidation.

10. Tax on surplus on ordinary activities

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax charge for year	223	(123)	-	(159)
Adjustments in respect of prior years	(8)	-	-	-
	215	(123)	-	(159)
Deferred tax				
Net origination and reversal of timing differences	55	(138)	55	(138)
Effect of tax rate change on opening balance	-	8	-	8
	55	(130)	55	(130)
	270	**(253)**	**55**	**(289)**

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Tax reconciliations				
Surplus/(deficit) on ordinary activities before tax	17,208	13,495	9	(316)
Less: exempt due to charitable status of subsidiary association	(14,977)	(13,210)	-	-
	2,231	285	9	(316)
Whereon corporation tax at the standard rate of 19%	424	54	2	(60)
Effects of:				
Expenses not deductible for tax purposes	(20)	(94)	180	(16)
Adjustments in respect of prior years	(7)	-	-	-
Utilisation of brought forward losses	(182)	(84)	(182)	(83)
Deferred tax charge	55	(130)	55	(130)
Total tax charge	**270**	**(253)**	**55**	**(289)**
Deferred tax asset				
At the beginning of the year	869	66	869	66
(Charge) / credit to other comprehensive income for year	(251)	673	(251)	673
(Charge) / credit for year	(55)	130	(55)	130
At the end of the year– asset (note 18)	**563**	**869**	**563**	**869**
Comprising:				
Timing differences on SHPS liability	511	673	511	673
Accelerated capital allowance	52	196	52	196
	563	**869**	**563**	**869**

The aggregate current and deferred tax relating to items recognised in other comprehensive income for the group and the Association, arising from timing differences in relation to the SHPS pension scheme, is a charge of £251k (2019: credit of £673k).

11. Directors and members

The directors of the Group and Association are the members of the Board and the Chief Executive.

Executive Directors

Executive Directors include the Chief Executive and those officers who are executive directors and who report directly to the Chief Executive. Non Executive directors are Board members.

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Executive directors	750	601	750	601
Non Executive directors	75	69	75	69
	825	670	825	670

The increase in Executive Director emoluments is primarily due an additional executive post created from April 2019.

The number of Group and Association Executive Directors who received emoluments (including pension contributions, contractual termination payments, performance bonus and pay in lieu of notice) in the following ranges was:

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
£120,001 to £130,000	1	-	1	-
£130,001 to £140,000	2	2	2	2
£150,001 to £160,000	1	1	1	1
£180,001 to £190,000	1	1	1	1

The amounts shown above are in relation to the Group's executive directors who were paid solely in respect of the performance of their duties.

Emoluments of the highest paid Group and Association Executive was the Chief Executive Officer who received emoluments, excluding pension contributions, totalling £176k (2019: £172k). The Chief Executive is an ordinary member of the Social Housing Pension Scheme. The scheme is a career average salary scheme funded by contributions from the employer and employee. A contribution of £12k (2019: £8k) was paid by the employer in addition to those made by the Chief Executive himself.

On 1 April 2010, the Social Housing Pension Scheme ("SHPS") started to collect contributions in respect of historic pension deficits through a lump sum payment levied on the employer, rather than a percentage that could be directly attributed to individual SHPS members. As such the historic deficit pension contributions relating to the Executive Directors cannot be ascertained and are not included in the figures above.

11. Directors and members (continued)

Non Executive Directors

The fees and expenses paid by the Association during the year to the non-executive Directors, its subsidiary Boards and its Committees, are shown in the following table.

Name	Date served (if not for whole period)	GPHG	GPHA	PLUMLIFE	CUBE	A&AC	R&AC	2020 '000	2019 £'000
Babar Ahmad	-	☐	☐	☐	✓	☐	☐	3	3
Christine Amyes	-	✓	✓	✓	☐	☐	✓	6	2
Celia Cashman	-	✓	✓	✓	☐	✓	☐	6	6
Tony Davison	-	✓	✓	✓	☐	☐	✓	14	14
Jan Fitzgerald	-	✓	✓	✓	☐	☐	✓	6	6
Jerry Green	-	✓	✓	✓	☐	✓	☐	7	7
Michael Hanson	-	✓	✓	✓	☐	✓	☐	6	2
Brendan Nevin	-	✓	✓	✓	☐	✓	☐	6	6
Emma Prichard-Selby	-	☐	☐	☐	✓	☐	☐	3	1
Jenny Rayner	-	✓	✓	✓	☐	☐	✓	8	8
David Robinson	-	✓	✓	✓	✓	☐	☐	7	6
Samantha Young	to 19/09/2019	✓	✓	✓		✓		3	6
Will Taylor									2
								75	**69**

***A&AC** is the Audit and Assurance Committee, **R&AC** is the Remuneration and Appraisal Committee.

Other staff

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

	Group		Association	
	2020 No.	**2019 No.**	**2020 No.**	**2019 No.**
£60,001 to £70,000	13	4	10	3
£70,001 to £80,000	6	4	5	3
£80,001 to £90,000	3	2	2	2
£90,001 to £100,000	2	1	2	1
£100,001 to £110,000	1	-	1	-
£110,001 to £120,000	1	1	-	1

12. Tangible fixed assets – housing properties

GROUP

	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	1,062,092	1,090	24,357	120,973	15,298	1,223,810
Additions	231	-	32,434	109	11,690	44,464
Components capitalised	9,555	-	-	-	-	9,555
Interest capitalised	-	-	580	-	841	1,421
Schemes completed	12,974	-	(12,974)	11,665	(11,665)	-
Disposals	(7,826)	-	-	(4,036)	-	(11,862)
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	**1,073,189**	**1,048**	**44,397**	**128,661**	**16,164**	**1,263,459**
Depreciation and impairment						
As at 1 April 2019	166,199	168	-	9,936	-	176,303
Charged in year	15,515	8	-	913	-	16,436
Component disposal	(1,965)	-	-	-	-	(1,965)
Released on disposal	(4,207)	-	-	(302)	-	(4,509)
Transfers and acquisitions to other RPs	(140)	-	-	-	-	(140)
Transfer to Investment Properties	-	(3)	-	(6)	-	(9)
As at 31 March 2020	**175,402**	**173**	**-**	**10,541**	**-**	**186,116**
NBV as at 31 March 2020	**897,787**	**875**	**44,397**	**118,120**	**16,164**	**1,077,343**
NBV as at 31 March 2019	895,893	922	24,357	111,037	15,298	1,047,507

Interest capitalised
Cumulative interest capitalised in housing properties is £10,505k (2019: £9,084k).

At the 31 March 2020 the Group 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 £2,382k and an associated Homes England grant liability of £1,659k.

12. Tangible fixed assets – housing properties (continued)

GROUP

Expenditure to works on existing properties

	2020	2019
	£'000	£'000
Amounts capitalised	9,555	8,250
Amounts charged to income statement	5,562	5,019
	15,117	**13,269**

Housing properties book value, net of depreciation impairment

	2020	2019
	£'000	£'000
Freehold land and buildings	790,666	751,085
Long leasehold land and buildings	286,677	296,422
	1,077,343	**1,047,507**

ASSOCIATION

The Association has no Housing Properties.

13. Tangible fixed assets – investment properties

GROUP

	Investment Properties completed	Investment Properties under construction	Investment Properties Total 2020	Investment Properties Total 2019
	£'000	£'000	£'000	£'000
At the beginning on the year	16,293	1,386	17,679	18,217
Additions	-	1,945	1,945	59
Transfers on completion	371	(371)	-	-
Disposals	(240)	-	(240)	(210)
Reclassified from Housing Properties	83	-	83	-
Reclassified to Current Asset held for sale	-	-	-	(1,250)
Revaluations	1,507	-	1,507	863
At the end of the year	**18,014**	**2,960**	**20,974**	**17,679**

The surplus on revaluation of investment properties is £1,507k (2019: £863k). Of this £1,330k (2019: £403k) 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.

13. Tangible fixed assets – investment properties

The completed 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.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as shown below.

	2020 £'000	2019 £'000
Gross cost	16,711	17,884
Accumulated depreciation based on historical cost	(4,990)	(5,321)
Historical cost net book value	**11,721**	**12,563**

ASSOCIATION

The Association has no investment properties (2019: nil).

14. Tangible fixed assets - other

GROUP	Freehold offices £'000	ICT equipment £'000	Total £'000
Cost			
As at 1 April 2019	7,913	3,220	11,133
Additions	235	299	534
Disposals	-	-	-
As at 31 March 2020	**8,148**	**3,519**	**11,667**
Depreciation and Impairment			
As at 1 April 2019	1,052	1,901	2,953
Charged in year	118	607	725
Released on disposal	-	-	-
As at 31 March 2020	**1,170**	**2,508**	**3,678**
NBV as at 31 March 2020	**6,978**	**1,011**	**7,989**
NBV as at 31 March 2019	6,861	1,319	8,180

ASSOCIATION	ICT equipment £'000	Total £'000
Cost		
As at 1 April 2019	3,220	3,220
Additions	299	299
Disposals	-	-
As at 31 March 2020	**3,519**	**3,519**
Depreciation		
As at 1 April 2019	1,901	1,901
Charge for the year	607	607
Released on disposal	-	-
As at 31 March 2020	**2,508**	**2,508**
NBV as at 31 March 2020	**1,011**	**1,011**
NBV as at 31 March 2019	1,319	1,319

15. Investments – Homebuy loans

GROUP	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**

ASSOCIATION

The Association has no Homebuy loans (2019: nil).

16. Investments - Fixed asset investment

GROUP	Shared equity loans £'000	Help to Buy £'000	Inspiral £'000	Other investments total £'000
Cost				
As at 1 April 2019	480	30	386	896
Disposal or repayment	(19)	-	(46)	(65)
As at 31 March 2020	**461**	**30**	**340**	**831**
NBV as at 31 March 2020	**461**	**30**	**340**	**831**
NBV as at 31 March 2019	480	30	386	896

Inspiral Oldham Holding Company Limited ("Inspiral") is a company in which the Group has a 5% interest. The other party to the venture is Jura Holdings Limited. Inspiral owns 100% of the share capital of Inspiral Oldham Limited which is the Special Purpose Vehicle that operates the Gateways to Oldham PFI project.

GROUP	**Associated undertaking** KGP £'000	**Joint venture** Reviva £'000	**Joint ventures** Hive Homes £'000	**Joint venture total** £'000
Cost				
At the beginning of the year	-	10	50	60
Additions	-	-	57	57
At the end of the year	**-**	**10**	**107**	**117**
NBV as at 31 March 2020	**-**	**10**	**107**	**117**
NBV as at 31 March 2019	-	10	50	60

Keepmoat Great Places Limited ("KGP") is a company in which the Group has a 10% interest and exercises significant influence over the Board of KGP having 2 out of the 5 Board members of KGP. The other party to the venture is Keepmoat Limited. KGP in turn has a 50% share of Sheffield Housing Company Limited.

16. Investments - Fixed asset investment (continued)

Reviva Urban Renewal Limited ("Reviva") is a company in which the Group has a one third interest, through its subsidiary GPHA. The other parties to the joint venture are Mosscare St Vincent's Housing Group and Irwell Valley Housing Association. The company did not trade in the current year and has been dormant since 2014.

In the prior year, Cube entered into a joint venture arrangement with nine subsidiaries of other registered providers to create GMJV FundCo LLP. GMJV FundCo LLP, together with the Greater Manchester Combined Authority, have invested in Hive Homes (Greater Manchester) LLP a delivery vehicle to build homes for outright sale. Cube will be investing up to £3m as a mix of debt and equity into Hive Homes.

ASSOCIATION	**Associated undertaking** KGP	**Other Investments** Inspiral
	£'000	**£'000**
Cost		
As at 1 April 2019	-	386
Disposal or repayment	-	(46)
As at 31 March 2020	**-**	**340**

	Group		**Association**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Interest received:				
Inspiral Oldham Holding Company Limited	31	36	31	36

17. Stock and work in progress

GROUP

	Group	
	2020	**2019**
	£'000	**£'000**
Shared ownership properties:		
- completed	2,561	3,124
- under construction	8,128	2,536
Other properties for sale:		
- completed	2,044	-
- under construction	16,588	15,989
Materials stock	578	516
	29,899	**22,165**

The figures above include £1,487k (2019: £842k) of capitalised interest.

ASSOCIATION

The association has no stock and work in progress.

18. Debtors

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Due within one year				
Rent and service charges receivable	4,951	5,498	-	-
Provision for bad and doubtful debts	(2,835)	(2,617)	-	-
	2,116	2,881	-	-
Due from subsidiary undertakings	-	-	14,572	14,322
Trade debtors	488	1,129	68	637
Social housing grant receivable	8,452	1,476	-	-
Others debtors	4,941	5,134	36	278
Interest rate swap (note 22c)	-	-	4,277	3,602
Corporation tax debtor	144	-	144	-
Deferred tax (note 10)	563	869	563	869
Prepayments and accrued income	1,401	1,278	534	489
	18,105	**12,767**	**20,194**	**20,197**
Due after more than one year				
Due from subsidiary undertakings	-	-	461,652	464,120
Interest rate swap (note 22c)	-	-	47,571	41,314
	-	**-**	**509,223**	**505,434**

19. Current asset investments

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Monies held by counterparties	34,667	25,129	28,479	19,292
	34,667	**25,129**	**28,479**	**19,292**

The monies held by counterparties as collateral for loans or interest rate swaps are held separately to cash at bank.

	Group	
	2020	**2019**
	£'000	**£'000**
Interest received: Partnership agreement	100	198

The partnership arrangement was with Galliford Try to build new homes with Cube. In 2018/19 the sale of the final 38 homes was completed with the remaining income received in April 2019. No future income is anticipated.

ASSOCIATION
The association has no current asset investments.

20. Creditors: amounts falling due within one year

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Debt, net of arrangement fees (note 22a)	9,446	8,943	8,593	8,575
Obligations under finance leases (note 22b)	81	78	-	-
Interest rate swap (note 22c)	4,277	3,602	4,277	3,602
Deferred capital grant (note 23)	5,463	5,608	-	-
Recycled capital grant fund (note 24)	2,608	4,247	-	-
Pension deficit (note 26)	-	11	-	-
Trade creditors	1,600	1,456	229	111
Rent and service charges received in advance	2,002	1,933	-	-
SHG received in advance	4,676	1,716	-	-
Corporation tax	243	44	-	-
Other taxation and social security	548	464	271	255
Amounts owed to group undertakings	-	-	28,479	19,292
Leaseholder sinking funds	11,690	10,561	-	-
Other creditors	18,880	15,371	7,630	7,544
Accruals and deferred income	8,000	7,246	952	1,480
	69,514	**61,280**	**50,431**	**40,859**

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Debt, net of arrangement fees (note 22a)	531,060	535,826	461,652	464,120
Obligations under finance leases (note 22b)	2,889	2,970	-	-
Interest rate swap (note 22c)	47,571	41,314	47,571	41,314
Deferred capital grant (note 23)	477,422	464,931	-	-
Recycled capital grant fund (note 24)	10,107	8,200	-	-
Pension deficit (note 26)	-	53	-	-
Other creditors	-	94	-	-
	1,069,049	**1,053,388**	**509,223**	**505,434**
Creditors: amounts falling due after more than one year excluding deferred capital grant	591,627	588,457	509,223	505,434

22. Debt analysis

a Loans repayable

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
In one year or less or on demand	9,446	8,943	8,593	8,575
In more than one year, but not more than two years	8,839	8,984	8,724	8,593
In more than two years, but not more than five years	24,943	27,555	24,522	25,475
In more than five years	503,773	506,056	428,406	430,052
	547,001	551,538	470,245	472,695
Less: Loan arrangement fees	(6,495)	(6,770)	-	-
	540,506	**544,768**	**470,245**	**472,695**

The weighted average interest rate of the Group's loans at 31 March 2020 was 4.22% (2019: 4.24%). The weighted average interest rate of the GPHA's loans was 3.98% (2019: 4.04%).

Bond issue premium and discount

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
November 2012 bond issue proceeds	150,000	150,000	150,000	150,000
Discount on November 2012 issue	(1,231)	(1,261)	(1,231)	(1,261)
December 2013 bond issue proceeds	31,780	31,780	31,780	31,780
Premium on December 2013 issue	772	791	772	791
October 2014 bond issue proceeds	18,220	18,220	18,220	18,220
Premium on October 2014 issue	1,997	2,050	1,997	2,050
March 2018 bond issue proceeds	75,000	75,000	75,000	75,000
Premium on March 2018 issue	16,660	17,148	16,660	17,148
AHF 2014 bond issue proceeds	20,500	20,500	-	-
Premium on AHF 2014 issue	108	111	-	-
	313,806	**314,339**	**293,198**	**293,728**

In December 2007, GPHG completed a refinancing exercise. As a result, several housing loans held by its subsidiary undertakings were repaid and refinanced through new Group facilities. These facilities are loans to GPHG and then on-lent to its subsidiary GPHA under a guarantee structure. As such these loans are presented in GPHA as an intercompany loan.

Loans are repayable at varying rates of interest in instalments. Housing loans are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest. Further details are given in note 25 Financial instruments.

Finance for Residential Social Housing PLC (formerly Housing Corporation loans), bank and debenture loans are secured by fixed charges over individual properties.

On 22 October 2012, GPHG issued a bond for £200m of which £50m was retained. £150m was on lent to GPHA. The bond was issued at a fixed rate of 4.81% for a term of 30 years. The bond was issued on the Professional Securities Market of the London Stock Exchange.

22. Debt analysis (continued)

On 5 December 2013, GPHG released part of the £50m retained bond. 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%. This was on lent to GPHA.

On 9 October 2014, GPHG released the final part of the £50m retained bond. The release resulted in the issue of £18.22m of bonds at a spread of 1.02% over the gilt yield to provide a fixed rate funding at an all in cost of 4.002%. This was on lent to GPHA.

On 19 March 2018, GPHG tapped its existing bond issue for £145m, of which £70m was retained for later sale. £75m was immediately on lent to GPHA. 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 3.341%.

b Obligations under finance leases

The Group obligations under finance leases are as follows:

	2020 £'000	2019 £'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**

ASSOCIATION

The Association has no finance leases.

c Interest rate swaps

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

It is the Association which is the legal party to the swap agreements, but GPHA has indemnified the Association against any obligations in relation to the swaps and therefore the ultimate cost is borne by GPHA. The Association shows an equal gain and loss in relation to its fair value asset due from GPHA (note 18) and the fair value liability to the swap counterparties (notes 20 and 21). The fair value movements in the year are set out in note 8. Details of the swap arrangements the Association has entered into are set out below:

22. Debt analysis (continued)

Counterparty	Date of transaction	Years	End date	Principal (£m)	Rate
Santander	01/12/2007	25	18/12/2032	10	4.965%
Lloyds Banking Group	01/06/2008	25	20/12/2032	15	4.945%
Royal Bank of Scotland plc	01/12/2007	30	21/12/2037	20	4.920%
Lloyds Banking Group	01/10/2008	20	03/04/2029	16	4.560%
Santander	01/10/2009	17	28/10/2026	5	4.270%
Santander	01/10/2009	26	28/10/2035	5	4.195%
Barclays Bank plc	01/10/2009	20	29/10/2029	5	4.280%
Barclays Bank plc	01/10/2009	22	28/10/2031	10	4.260%
Barclays Bank plc	01/10/2009	25	30/10/2034	10	4.220%
Royal Bank of Scotland plc	01/10/2009	15	20/11/2024	11	4.280%

d Debenture stocks

The debenture loan to THFC Ltd, 8.625% Debenture, 2023 is repayable by a single payment of £750k on 13 October 2023 and is included in the loan balances at note 22a. This was repaid early in May 2020.

ASSOCIATION

The association has no debenture stock (2019:nil).

e Net debt

	Group	
	2020	**2019**
	£'000	**£'000**
Cash and cash equivalents	39,727	62,128
Swap collateral	28,479	19,292
Debt (note 22a)	(540,506)	(544,768)
Finance leases (note 22b)	(2,970)	(3,048)
Interest rate swap (note 22c)	(51,848)	(44,916)
Net debt	**(527,118)**	**(511,312)**

Reconciliation of net debt

	Group	
	2020	**2019**
	£'000	**£'000**
Net debt at beginning of year	(511,312)	(505,614)
(Decrease) in cash and bank overdrafts	(22,401)	(13,090)
Net repayment of obligations under finance leases	78	77
Cash (inflow)/outflow from swap collateral	9,187	(1,330)
Repayment of existing debt	10,129	9,128
New debt	(6,125)	(3,045)
Payment of loan fees	(707)	(890)
Cash outflow from debenture stock	-	400
Non cash (increase)/decrease in interest rate swap exposure	(6,932)	906
Non cash - amortisation of loan fees	432	859
Non cash - amortisation of bond premium	533	537
Net debt	**(527,118)**	**(512,062)**

23. Deferred capital grant

	Social housing grant	Homebuy grant	Total 2020	Total 2019
	£'000	**£'000**	**£'000**	**£'000**
Total grant at start of period	535,665	6,892	542,557	540,424
Grants received in the year	23,719	-	23,719	7,010
Grants recycled in the year	(5,465)	(356)	(5,821)	(4,137)
Grants disposed in the year	(1,520)	(23)	(1,543)	(741)
Total grant at end of period	**552,399**	**6,513**	**558,912**	**542,556**
Total amortisation at start of period	(72,018)	-	(72,018)	(67,113)
Released to income in the period - social housing	(5,378)	-	(5,378)	(5,410)
Released to income in the period - other	(29)	-	(29)	(29)
Released on disposal	1,398	-	1,398	535
Total amortisation at end of period	**(76,027)**	**-**	**(76,027)**	**(72,017)**
Net book value at end of period	**476,372**	**6,513**	**482,885**	**470,539**
Net book value at start of period	463,647	6,892	470,539	473,311
Of which:				
Due within one year			5,463	5,608
Due after more than one year			477,422	464,931
			482,885	**470,539**

ASSOCIATION

The association has no deferred capital grant funds (2019:nil).

24. Recycled capital grant fund

	2020	2019
	£'000	£'000
At the beginning of the year	12,447	9,047
Grants recycled		
- Housing Properties	4,655	2,434
- Shared Ownership	810	1,079
- Homebuy	356	624
Interest accrued	72	77
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**

ASSOCIATION

The association has no recycled capital grant funds (2019:nil).

25. Financial instruments

The cash flows arising from the hedged 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 was 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 our 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 reduction in the liability of £171k (2019: £234k).

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial assets measured at historical cost:				
- Homebuy loans	6,513	6,892	-	-
- Trade receivables	488	1,129	68	637
- Other receivables	17,617	11,638	477,501	480,078
- Current asset investments	34,667	25,129	28,479	19,292
- Cash and cash equivalents	39,727	62,128	208	112
Intragroup derivative financial instrument*	-	-	51,848	44,916
Total financial assets	**99,012**	**106,916**	**558,104**	**545,035**

**The Intragroup derivative financial instrument is measured at fair value through income and expenditure*

25. Financial instruments (continued)

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Financial liabilities measured at historical cost:				
- Loans payable	540,506	544,768	470,245	472,695
- Trade creditors	1,600	1,456	229	111
- Other creditors	58,754	49,940	37,332	28,571
- Finance leases	2,970	3,048	-	-
- Deferred capital grant	482,885	470,539	-	-
Derivative financial instruments hedged*	51,848	44,745	-	-
Derivative financial instruments non-hedged**	-	171	51,848	44,917
Total financial liabilities	**1,138,563**	**1,114,667**	**559,654**	**546,294**

**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.*

Financial liabilities – interest rate risk profile
The Group's policy on treasury management, capital structures, cash flow and liquidity is set out at page 12 of the Strategic Report and Report of the Board. The Group's financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Group's financial liabilities (loans and finance lease) at 31 March was:

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Floating rate	19,047	968	19,047	967
Fixed rate	530,924	553,618	451,198	471,728
Total (notes 22a and 22b)	**549,971**	**554,586**	**470,245**	**472,695**

The Group's fixed rate financial liabilities have a weighted average interest rate of 4.34% (2019: 4.25%) and the weighted average period for which it is fixed is 20 years (2019: 20 years). The Association's fixed rate financial liabilities have a weighted average interest rate of 4.40% (2019: 4.29%) and the weighted average period for which it is fixed is 20 years (2019: 21 years).The floating rate financial liabilities comprise bank loans that bear interest at rates based on 3-month or 6-month LIBOR. The debt maturity profile is shown in note 22.

The Group has undrawn, committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows (they no longer include the retained element of the March 2018 bond tap of £70 million, the Group still have access to this facility, however it does not meet the definition of committed). They also do not include an additional £30m revolving credit facility.

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Expiring in one year or less	38,000	-	38,000	-
Expiring between one and two years	-	38,000	-	38,000
Expiring in more than two years	43,830	119,955	43,830	119,955
	81,830	**157,955**	**81,830**	**157,955**

26. Pensions

Actuarial gains and losses on defined benefit pension schemes

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
SHPS	9,507	(3,257)	1,861	(1,621)
The Growth Plan - PTGP	-	7	-	-
Local Government Pension Schemes	606	(236)	-	-
Total other comprehensive income	**10,113**	**(3,486)**	**1,861**	**(1,621)**

Initial recognition of SHPS liability on an actuarial basis - 2019

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 need to remove the liability for the present value of the deficit funding agreement and recognise the net pension deficit.

	Group	Association
	2019	**2019**
	£'000	**£'000**
Deficit funding agreement liability previously recognised	8,393	2,257
Net Pension deficit on actuarial basis	16,703	4,446
Charge to Other Comprehensive Income	**8,310**	**2,189**

Pension Liability

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
SHPS:				
Present value of funded obligations	(64,020)	(71,673)	(17,017)	(17,989)
Fair value of plan assets	55,220	52,568	14,326	13,088
Net liability (note 26a)	(8,800)	(19,105)	(2,691)	(4,901)
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	**(9,483)**	**(20,313)**	**(2,691)**	**(4,901)**

a Social Housing Pension Scheme

The Group 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.

26. Pensions (continued)

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

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

The Group's contribution to the SHPS for the year ended 31 March 2020 was £1,715k (2019: £1,413k). We estimate that the contributions to be paid in the next financial year will be £1,796k.

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:

	Group		**Association**	
	2020 % per annum	**2019 % per annum**	**2020 % per annum**	**2019 % per annum**
Discount rate	2.32%	2.40%	2.32%	2.40%
Inflation rate (RPI)	2.50%	3.20%	2.50%	3.20%
Inflation rate (CPI)	1.50%	2.20%	1.50%	2.20%
Salary Growth	2.50%	3.20%	2.50%	3.20%
Allowance for commutation of pension for cash at retirement	75%	75%	75%	75%

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

26. Pensions (continued)

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

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Current service cost	962	716	540	350
Administrative expenses	43	45	19	35
Total charge to operating costs	**1,005**	**761**	**559**	**385**

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Interest on plan assets	(1,245)	(1,293)	(323)	(331)
Interest on pension scheme liabilities	1,683	1,711	435	431
Total charge to other finance costs	**438**	**418**	**112**	**100**

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

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Actuarial gain/(loss) on liabilities	8,168	(4,403)	1,635	(800)
Re-measurement of plan assets	1,339	1,146	226	(821)
Total other comprehensive income	**9,507**	**(3,257)**	**1,861**	**(1,621)**

Changes in present value of defined benefit obligation:

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Opening defined benefit obligation	(71,673)	(66,157)	(17,989)	(16,395)
Current service cost	(962)	(716)	(540)	(350)
Expenses	(43)	(45)	(19)	(35)
Benefits and expenses	2,240	1,517	383	166
Interest on pension liabilities	(1,683)	(1,711)	(435)	(431)
Actuarial gain/(loss) on liabilities	8,168	(4,403)	1,635	(800)
Member contributions	(67)	(158)	(52)	(144)
Closing defined benefit obligation	**(64,020)**	**(71,673)**	**(17,017)**	**(17,989)**

Changes in fair value of plan assets:

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Opening fair value of plan assets	52,568	49,454	13,088	11,949
Re-measurement of plan assets	1,339	1,146	226	(821)
Interest on plan assets	1,245	1,293	323	331
Benefits and expenses	(2,240)	(1,517)	(383)	(166)
Employer contributions	2,241	2,034	1,020	1,651
Member contributions	67	158	52	144
Closing fair value of plan assets	**55,220**	**52,568**	**14,326**	**13,088**

26. Pensions (continued)

Analysis of the movement in the deficit during the year:

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Deficit in the fund at the beginning of year	(19,105)	(16,703)	(4,901)	(4,446)
Movement in year:				
Current service costs	(962)	(716)	(540)	(350)
Employer contributions	2,241	2,034	1,020	1,651
Net interest	(438)	(418)	(112)	(100)
Administrative expenses	(43)	(45)	(19)	(35)
Re-measurement of plan assets	1,339	1,146	226	(821)
Actuarial gain/(loss)	8,168	(4,403)	1,635	(800)
Deficit at end of year	**(8,800)**	**(19,105)**	**(2,691)**	**(4,901)**

b Pension Trust 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 Group 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.

	Group	
	2020	**2019**
	£'000	**£'000**
Provision at the beginning of the year	64	78
Unwinding of discount factor (interest expense)	-	1
Deficit contribution paid	(64)	(16)
Re-measurement		1
Provision at the end of the year	**-**	**64**
Of which:		
Due within one year	-	11
Due greater than one year	-	53
	-	**64**

The Group made a final payment into the scheme in 2019/20 and there is no liability remaining.

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 as follows.

	As at 31 March 2020	As at 31 March 2019
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)**

26. Pensions (continued)

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

	Group	
	2020	**2019**
	£'000	**£'000**
Current service cost	44	103
Past service costs	42	-
Settlement/curtailment	-	24
Administrative expenses	-	1
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 (charged)/credited to other comprehensive income:

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

Changes in present value of defined benefit obligation:

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

26. Pensions (continued)

Change in fair value of plan assets:

	Group 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**

Analysis of the movement in the deficit during the year:

	Group 2020 £'000	2019 £'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)
Curtailments	-	(24)
Administrative expenses	-	(1)
Re-measurement of plan assets	(342)	136
Actuarial gain / (loss)	948	(372)
Deficit at end of year	**(683)**	**(1,208)**

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

	Group 2020 £'000	2020 %	2019 £'000	2019 %
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%**

ASSOCIATION

The Association has no employees in the LGPS (2019:nil).

27. Employees

Average monthly number of employees, including the Executive team, expressed as full time equivalents, is as follows:

	Group		Association	
	2020	**2019**	**2020**	**2019**
	No	**No**	**No**	**No**
Administration	158	133	146	128
Housing, support and care	247	239	-	-
Maintenance	137	130	110	110
Development	44	37	40	36
	586	**539**	**296**	**274**

Employee costs

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	18,405	17,062	10,362	9,129
Social security costs	1,731	1,553	1,019	895
Other pension costs	867	902	460	464
	21,003	**19,517**	**11,841**	**10,488**

The increase in the number of full time equivalents has enabled a significant reduction in the number of agency staff utilised.

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	10	8
Shares issued during the year	-	2
Shares surrendered during the year	(1)	-
At the end of the year	**9**	**10**

29. Financial commitments

Capital commitments

Capital expenditure commitments for the Group were as follows:

	2020	2019
	£'000	£'000
Expenditure contracted but not provided for in the accounts	102,463	59,658
Expenditure authorised by the Board, but not contracted	83,038	84,178
	185,501	**143,836**

Capital commitments will be funded as follows:

	2020	2019
	£'000	£'000
Existing loan facilities	53,297	30,379
First tranche and market sales	80,854	53,217
Grants	26,069	20,762
Existing reserves	25,281	39,478
	185,501	**143,836**

ASSOCIATION

The association has no capital commitments at the balance sheet date (2019:nil).

Operating leases

The Group and the Association had minimum lease payments under non-cancellable operating leases as set out below:

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
In one year or less or on demand	666	716	666	716
In more than one year, but not more than two years	337	666	337	666
In more than two years, but not more than five years	565	729	565	729
In more than five years	1,184	1,357	1,184	1,357
	2,752	**3,468**	**2,752**	**3,468**

The 2019 figures have been restated to provide greater clarity on the length of operating leases.

30. Accommodation in management and development

At the end of the year the 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	36	655	8,306	8,997	9,231
General Needs - affordable rent	20	-	4,404	4,424	4,130
Low Cost Home Ownership	-	-	1,455	1,455	1,431
Supported Housing	186	53	916	1,155	1,123
Supported - Housing for older people	-	-	301	301	300
Intermediate Rent	-	-	400	400	423
Non Social Rented	-	61	149	210	165
Social Leased	-	190	827	1,017	979
Non Social Leased	-	1,368	49	1,417	1,359
Total	**242**	**2,327**	**16,807**	**19,376**	**19,141**
Accommodation in development at year end				768	651

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 (SDR). The units numbers are 164 lower than stated 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 687 to include properties owned but not managed by the Group.

Reconciliation of unit numbers:

	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**	**1,431**	**1,423**	**423**	**2,503**	**19,141**
New stock acquired	14	99	96	21	-	92	322
New stock into management	-	-	-	20	-	82	102
Other gains	4	1	-	2	-	-	7
Sales to Local Authorities	-	-	-	(4)	-	-	(4)
Sales to another RP	(14)	(6)	-	-	-	-	(20)
Sales to the open market	(23)	(2)	-	(6)	(2)	(79)	(112)
Sales to tenants freehold	(6)	(8)	(40)	-	-	-	(54)
Sales to tenants leasehold	(11)	(3)	(33)	-	-	(17)	(64)
Other losses	(4)	-	-	-	-	(1)	(5)
Movement within categories	(194)	213	1	-	(21)	64	63
Net change in stock	(234)	294	24	33	(23)	141	235
Closing unit numbers	**8,997**	**4,424**	**1,455**	**1,456**	**400**	**2,644**	**19,376**

**The movement within categories is offset by the sales to tenants leasehold.*

ASSOCIATION

The Association has no homes in management, or under development or managed by others (2019: nil).

31. Contingent liabilities and cross guarantees

The Group has acquired a number of properties from other registered providers which had social housing grant (SHG) attached. In line with the SORP these transactions were recorded at fair value and the SHG is not shown on the balance sheet of the Group. The Group 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 £12,994k (2019: £13,018k).

At 31 March 2020, the Group 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 GPHG, cross guarantees are in place with GPHA. These facilities are loans to GPHG 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 GPHA. The guarantee structure also covers the interest rate swaps entered into by GPHG. As disclosed in note 18, £476m (2019: £473m) of the Group's loans are on lent to GPHA under this arrangement, of which £462m (2019: £464m) is due greater than one year.

32. Related parties

The Group has taken advantage of the exemption available under FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

Transactions with related entities

The Association provides management services, other services and loans to its subsidiaries.

The Association also receives payment for these services from its subsidiaries. The quantum and basis of those payments is set out below:

	Management charges		Interest charges	
	2020	**2019**	**2020**	**2019**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Non-regulated entities				
Cube Homes Limited	32	30	1,124	863
Regulated entities				
Great Places Housing Association	10,568	10,196	20,722	20,918
Plumlife Homes Limited	621	709	-	-
	11,221	**10,935**	**21,846**	**21,781**

32. Related parties (continued)

Intra-group management fees

Intra-group management fees are receivable by the Association from subsidiaries to cover the operating costs the Association incurs on behalf of managing its subsidiaries and providing services. The management fee is calculated on a service by service basis using varying methods of allocation. The costs are allocated as follows:

Service provided	Basis of allocation
Human resources, payroll, training	Number of colleagues
Information and Communication technology	ICT users and workstations
Management accounting	Weighted average units and number of colleagues
Treasury services	Net debt
Purchase ledger, procurement	Operating Costs
Communications and marketing	Weighted average units and number of colleagues
Executive	Weighted average units and number of colleagues

Other intra-group charges

Other intra-group charges are payable to the Association from subsidiaries and relate to staff recharges.

Intra-group interest charges

Intra-group interest is charged by the association to its subsidiaries at an agreed commercial rate. At present the only such arrangement is in respect of a loan facility to a maximum of £40m provided by GPHA to Cube approved by the Boards of GPHA, Cube and GPHG in November 2018. The loan is advanced in instalments to meet approved expenditure on development for sale, market rent projects and joint ventures. Loan repayments are made as soon as sales receipts are received.

	Opening Balance £'000s	Movement £'000s	Closing Balance £'000s
GPHA loan to Cube Homes Limited	17,684	1,070	18,754

Transactions with non-regulated entities

During the year GPHA had intra-group transactions with its subsidiary Terra Nova of £7,224k (2019: £3,620k) relating to housing property design and build services.

33. 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 revised structure is discussed in Note 34 below and shown in the Strategic Report.

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.

34. Group structure

Great Places Housing Group Limited is the parent entity and controlling party of a Group with the following subsidiaries:

Great Places Housing Association (GPHA)
Plumlife Homes Limited
Cube Homes Limited (a wholly owned subsidiary of GPHA)
Cube Great Places Limited (a wholly owned subsidiary of Cube Homes Limited)
Terra Nova Developments Limited (a wholly owned subsidiary of GPHA)
Equity Enterprises Limited (a wholly owned subsidiary of GPHA from 1 April 2020)

GPHA is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered charitable social landlord.

Plumlife Homes Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered non-charitable social landlord.

The undernoted subsidiaries are registered under the Companies Act 2006, are registered in England and are limited by shares:

Terra Nova Developments Limited	Percentage held or controlled - 100%
Cube Homes Limited	Percentage held or controlled - 100%
Cube Great Places Limited	Percentage held or controlled - 100%
Equity Enterprises Limited	Percentage held or controlled - 100% (from 1 April 2020)

Of the subsidiaries, Great Places Housing Association, Cube Homes Limited, Plumlife Homes Limited and Terra Nova Developments Limited traded during the year. The Group has an interest in several Joint Venture companies and one Associate as detailed in note 16.

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.