

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

**Regulator of Social Housing No L1230**

**Great Places Housing Association**

**Report and Financial Statements**

**For the Year ended 31 March 2021**

# GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

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## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### ASSOCIATION INFORMATION

#### Board

Chair	A. Davison
Deputy Chair	J. Rayner
Other Members	C. Amyes
	C. Cashman
	J. Fitzgerald (to 17 September 2020)
	J. Green
	M. Hanson
	M. Harrison
	M. Jones (from 1 April 2020)
	B. Nevin (to 17 September 2020)
	G. Page (from 1 April 2020)
	D. Robinson

#### 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 to 30 September 2020)

**Registered office:** 2a Derwent Avenue  
Manchester  
M21 7QP

**Website:** [www.greatplaces.org.uk](http://www.greatplaces.org.uk)

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

#### External Auditors:

BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3AT

#### Internal Auditors:

PwC  
No. 1  
1 Hardman Square  
Manchester  
M3 3EB

#### Bankers:

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

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **REPORT OF THE BOARD**

The Board presents its report and the audited financial statements for the year ended 31 March 2021. A fuller review of Great Places Housing Association (“GPHA” or “the Association”) is included within the Strategic Report of its parent Great Places Housing Group Limited (“GPHG” or “the Group”).

#### **Principal activities**

The Association’s principal activities include the development and management of social housing properties for the Group.

#### **Business review**

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 (EHG) were transferred to the Association. No consideration was payable by the Association and two former EHG Board members became members of the association and the Group Board. This transaction resulted in a gain of £39,449k as outlined in note 32 of the financial statements reflecting the fair value of the net assets and liabilities received.

Also, on 1 March 2020 all colleagues employed by Great Places Housing Group and Plumlife Homes Limited were transferred in to the Association along with all pension liabilities as at that date. The Association has recognised a distribution in specie of £6,222k in the statement of changes in reserves in relation to it taking on the defined benefit pension liability in relation to the employees transferring to the Association.

The surplus after tax for the year ended 31 March 2021 was £50,585k (2020: £14,279k), the increase in surplus reflecting largely the gain in relation to the EHG transaction outlined above. At the year-end reserves amounted to £130,837k (2020: £87,418k). The total comprehensive income for the year ended 31 March 2021 was £49,061k (2020: £15,428k). This includes actuarial losses on the defined benefit pension schemes of £11,519k (2020: a gain of £8,252k) and a gain on the movement in fair value of interest rate swap financial instruments of £9,995k (2020: a loss of £7,103k), both of which are recognised in other comprehensive income.

In respect of the year ended 31 March 2021 gift aid payments of £580k (2020: £750k) were received from Plumlife Homes Limited, £1,100k (2020: £1,750k) from Cube Homes Limited. No gift aid was paid by Terra Nova Developments Limited in the year (2020: paid £53k).

#### **Housing property assets**

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

#### **Donations**

During the year ended 31 March 2021 the Association made no political contributions and any charitable donations were made during the course of its ordinary activities (2020: nil).

#### **Post balance sheet events**

There have been no events since the year-end that have had a significant effect on the Association’s financial position.

#### **Equality, diversity and inclusion**

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

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **REPORT OF THE BOARD (continued)**

#### **Health and safety**

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

The Board members and the executive directors of the Association at 31 March 2021 are set out on page 3 of these financial statements as well as details of all the members and directors that have served during the period from 1 April 2020 up to the date these statements have been signed.

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

#### **Internal Control and risk management**

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

#### **Strategic Report**

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

#### **Going concern**

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

After a thorough Going Concern review of all assets, liabilities and commitments, and taking into account the resulting inherent cash risk in property sales, including forecasts and projections, the Board are assured that there are sufficient cash reserves and agreed facilities in place to meet liabilities as they fall due.

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

#### **Annual general meeting (AGM)**

The AGM will be held on 16 September 2021.

#### **External auditors**

We will be re-appointing BDO as external auditors at the AGM on 16 September 2021, however we will also retender for the external audit service during this time. The successful party will then be appointed as external auditors at the conclusion of the re-procurement process.

#### **Statement of compliance**

In preparing this Board report, the Board has complied with the Regulator of Social Housing's Governance and Financial Viability Standard as set out in the Accounting Direction 2019.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### REPORT OF THE BOARD (continued)

#### 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 Association will continue in business.

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

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

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

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

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

The report of the Board was approved by the Board on 24 August 2021 and signed on its behalf by:



**P. Elvy**  
Company Secretary

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

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

#### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Great Places Housing Association ("the Association") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remain independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION (Continued)**

#### **Other information**

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of the board**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION  
(Continued)**

*Extent to which the audit was capable of detecting irregularities, including fraud*

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

Based on our understanding and accumulated knowledge of the Association, and the sector in which they operate, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and improper revenue recognition.

Our audit procedures in response to the risks identified above included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the following:
  - whether there are indicators of impairment of tangible assets;
  - appropriate allocation of costs between tenure types and between first and subsequent shared ownership tranches;
  - the useful economic lives of tangible fixed assets;
  - recoverability of receivable balances outstanding at the year end;
  - assumptions used to calculate the pension liabilities; and
  - the fair value of financial instruments.
- Substantive testing to confirm the existence of revenue and cut off testing to ensure revenue has been recognised in the correct period;
- identifying and testing journal entries identified as potentially unusual, in particular considering whether there any journal entries posted by staff members with privileged access rights or key management;
- discussions with, and enquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- review of relevant registers such as those associated with risk and fraud;
- a review of minutes of meetings of those charged with governance both during the period, and post year end;
- considering internal audit findings; and
- considering whether there is any correspondence with HMRC and the Regulator of Social Housing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery,

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION (Continued)

misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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](http://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 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.

DocuSigned by:  
*Julien Rye*  
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#### BDO LLP

Statutory Auditor

Manchester, UK

Date: 03 September 2021

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

# GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

## STATEMENT OF COMPREHENSIVE INCOME

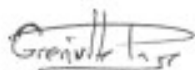
	Note	2021 £'000	2020 £'000
Turnover	4	125,891	98,120
Operating costs	4	(82,862)	(59,331)
Cost of sales	4	(10,658)	(8,598)
Surplus on sale of fixed assets	5	2,948	3,754
<b>Operating surplus</b>	6	<b>35,319</b>	<b>33,945</b>
Interest receivable	7	1,250	1,614
Interest payable and financing costs	8	(26,731)	(24,547)
Gift Aid	10	1,100	1,803
Movement in fair value of financial instruments	8	-	171
Movement in fair value of investment properties	13	198	1,293
Gain on transfer of engagements	32	39,449	-
<b>Surplus on ordinary activities before taxation</b>		<b>50,585</b>	<b>14,279</b>
Tax on surplus on ordinary activities	9	-	-
<b>Surplus for the financial year</b>		<b>50,585</b>	<b>14,279</b>
Actuarial (losses)/gains on defined benefit pension schemes	26	(11,519)	8,252
Movement in fair value of hedged financial instruments	8	9,995	(7,103)
<b>Other comprehensive income</b>		<b>(1,524)</b>	<b>1,149</b>
<b>Total comprehensive income for the year</b>		<b>49,061</b>	<b>15,428</b>

All amounts relate to continuing activities.

The accompanying notes on pages 14 to 45 form part of these financial statements.



A. Davison  
Board member



G. Page  
Board member



P. Elvy  
Secretary

# GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

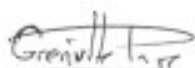
## STATEMENT OF FINANCIAL POSITION

	Note	2021 £'000	2020 £'000
<b>Tangible fixed assets</b>			
Housing properties	12	1,313,743	1,077,836
Investment properties	13	15,913	15,314
Other tangible fixed assets	14	12,619	6,978
		<b>1,342,275</b>	<b>1,100,128</b>
<b>Fixed asset investments</b>			
Homebuy loans	15	6,133	6,513
Fixed asset investments	16	461	461
Investment in joint venture	16	9	10
<b>Total fixed asset investments</b>		<b>6,603</b>	<b>6,984</b>
<b>Total fixed assets</b>		<b>1,348,878</b>	<b>1,107,112</b>
<b>Debtors:</b> Amounts falling due after one year	18	19,111	18,754
<b>Current assets</b>			
Stock and work in progress	17	17,381	11,496
Debtors	18	50,833	44,178
Investments	19	7,018	6,188
Cash and cash equivalents		132,632	35,311
		207,864	97,173
<b>Creditors:</b> Amounts falling due within one year	20	(96,192)	(61,445)
<b>Net current assets</b>		<b>111,672</b>	<b>35,728</b>
<b>Total assets less current liabilities</b>		<b>1,479,661</b>	<b>1,161,594</b>
<b>Creditors:</b>			
Creditors falling due after more than one year	21	(1,323,442)	(1,067,384)
Pension liability	26	(25,382)	(6,792)
<b>Net assets</b>		<b>130,837</b>	<b>87,418</b>
<b>Capital and reserves</b>			
Share capital (non-equity)	28	-	-
Income and expenditure reserve		169,001	135,756
Revaluation reserve		3,566	3,368
Designated reserve		123	142
Cash flow hedge reserve		(41,853)	(51,848)
<b>Association's funds</b>		<b>130,837</b>	<b>87,418</b>

The accompanying notes on pages 14 to 45 form part of these financial statements. The financial statements were authorised for issue and approved by the Board on 24 August 2021 and signed on its behalf by:



A. Davison  
Board member



G. Page  
Board member



P. Elvy  
Secretary

**GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

**STATEMENT OF CHANGES IN RESERVES**

	Cash flow hedge reserve	Revaluation reserve	Designated reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2019	(44,745)	2,252	157	113,576	71,240
Surplus for the year	-	-	-	14,279	14,279
Actuarial gains on defined benefit pension scheme	-	-	-	8,252	8,252
Movement in fair value of hedged financial instruments	(7,103)	-	-	-	(7,103)
Gift Aid receipt (note 10)	-	-	-	750	750
Interest credited from income and expenditure reserve	-	-	1	(1)	-
Transfers	-	1,116	(16)	(1,100)	-
<b>As at 31 March 2020</b>	<b>(51,848)</b>	<b>3,368</b>	<b>142</b>	<b>135,756</b>	<b>87,418</b>
Surplus for the year	-	-	-	50,585	50,585
Actuarial losses on defined benefit pension scheme	-	-	-	(11,519)	(11,519)
Distribution to parent company for pension liabilities (note 26)	-	-	-	(6,222)	(6,222)
Movement in fair value of hedged financial instruments	9,995	-	-	-	9,995
Gift Aid receipt (note 10)	-	-	-	580	580
Interest credited from income and expenditure reserve	-	-	-	-	-
Transfers	-	198	(19)	(179)	-
<b>As at 31 March 2021</b>	<b>(41,853)</b>	<b>3,566</b>	<b>123</b>	<b>169,001</b>	<b>130,837</b>

The accompanying notes on pages 14 to 45 form part of these financial statements.

# GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Legal status

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

### 2. Accounting policies

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

#### Basis of accounting

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

The Association is a Public Benefit Entity (PBE) and has applied the provisions for FRS 102 specifically applicable to PBEs.

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

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

This information is included in the consolidated financial statements of Great Places Housing Group Limited as at 31 March 2021 and these financial statements are available at <https://www.greatplaces.org.uk/about-us>.

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

#### Going concern

The Association’s latest Business Plan including sensitivity analyses and stress testing 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 of all assets, liabilities and commitments the Board are assured that there are sufficient cash reserves and agreed facilities in place to meet liabilities as they fall due.

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

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

## **2. Accounting policies (continued)**

### **Going Concern (continued)**

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

### **Income**

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

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

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

### **Rent and service charge agreements**

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

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

### **Grants**

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

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

### **Interest payable**

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

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

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

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **2. Accounting policies (continued)**

##### **Interest receivable**

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

##### **Leased assets**

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

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

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

##### **Property managed by agents**

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

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

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

##### **Derivative instruments and hedge accounting**

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

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

##### **Value Added Tax (VAT)**

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



# GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 2. Accounting policies (continued)

#### Tangible fixed assets

##### Housing properties

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

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

##### Shared ownership properties and staircasing

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

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

##### Depreciation of housing properties

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

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

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

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **2. Accounting policies (continued)**

##### **Impairment**

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

The DRC will be based upon the lower of:

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

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

##### **Stock swaps**

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

##### **Investment properties**

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

##### **Other tangible fixed assets**

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

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **2. Accounting policies (continued)**

##### **Reserves**

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

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

##### **Homebuy loans**

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

##### **Investment in subsidiaries and joint ventures**

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

##### **Properties for sale**

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

##### **Materials stock**

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

##### **Debtors and Creditors**

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

##### **Social housing grant receivable**

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

##### **Recoverable amount of rental and other trade receivables**

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

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **2. Accounting policies (continued)**

##### **Investments**

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

##### **Contingent liability**

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

##### **Holiday pay accrual**

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

##### **Leaseholder sinking funds**

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

##### **Finance costs**

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

##### **Government grants**

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

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

Other Government Grant taken to income includes furlough payments received or receivable during the year. Grants due from government organisations or received in advance are included as current assets or liabilities.

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **2. Accounting policies (continued)**

##### **Recycled Capital Grants**

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

##### **Financial instruments**

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

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

##### **Pensions**

The Association participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ("SHPS"), and two Local Government Pension Schemes ("LGPS") one administered by the South Yorkshire Pension Authority ("SYPA") and the second administered by the Greater Manchester Pension Fund ("GMPF"). At 31 March 2021 there were 157 active members of the SHPS scheme, three active members of the SYPA scheme and one active member of the GMPF scheme.

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

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

The Association also participates in a defined contribution scheme operated by the Social Housing Pension Scheme with around 600 active members. Contributions payable under this scheme are charged in the income statement in the period to which they relate.

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **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.

- On 1 April 2020 the activities of EHG were transferred to GPHA through a transfer of engagements. There was no consideration and it has been accounted for as a gift using the acquisition method of accounting as applicable to public benefit entities. The assets and liabilities of EHG on the date of transfer have been brought into GPHA at fair value and the net gain taken to the Statement of Comprehensive Income. The housing properties, loans and pension asset were independently valued, but still required judgement in relation to the assumptions used. Other assets and liabilities were included at book values, the most appropriate measure of fair value.
- Indicators of impairment of the Association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value - Social Housing ("EUV-SH") or depreciated replacement cost.
- The anticipated costs to complete on a development scheme is based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the Director's best estimate of sales value based on economic conditions within the area of development.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- Whether leases entered into by the Association either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.
- Cash collateral held by third parties is reported under current asset investments. We believe this provides greater clarity to users of the financial statements by clearly differentiating investment related balances from other debtors.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### Key sources of estimation uncertainty

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

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

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

Component	Change in assumption	Increase in annual charge (£'000)
Roof	Component life reduced from 60 to 50 years	128
Windows	Component life reduced from 25 to 20 years	365
Kitchen	Component life reduced from 20 to 15 years	904
Bathroom	Component life reduced from 25 to 20 years	306
Boiler	Component life reduced from 15 to 10 years	799

##### Pensions

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

	Change in Assumption	Change in Liabilities	Change in Liabilities (£'000)
Discount Rate	Increase of 0.1% p.a.	Decrease by 2.7%	(2,985)
Rate of inflation	Increase of 0.1% p.a.	Increase by 2.7%	2,985
Rate of salary growth	Increase of 0.1% p.a.	Increase by 0.2%	221
Rate of mortality	Probability of surviving each year increased by 10%	Increase by 2.5%	2,764

##### Investment Properties

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

	Change in assumption	Change in value (£'000)
Investment Properties	Increase/decrease of 10%	1,591

# GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

	Turnover	Cost of sales	Operating costs	2021 Operating surplus
	£'000	£'000	£'000	£'000
<b>Social housing lettings</b>	<b>108,742</b>	-	<b>(78,872)</b>	<b>29,870</b>
<b>Other social housing activities</b>				
First tranche shared ownership sales	11,055	(9,363)	-	1,692
Housing First	2,064	(1,289)	(770)	5
Supporting people	1,848	-	(1,756)	92
Properties managed but owned by other organisations	776	-	(618)	158
Community/neighbourhood services	89	-	(702)	(613)
	<b>15,832</b>	<b>(10,652)</b>	<b>(3,846)</b>	<b>1,334</b>
<b>Non-social housing activities</b>				
Commercial property income	795	-	(144)	651
Other	522	(6)	-	516
	<b>1,317</b>	<b>(6)</b>	<b>(144)</b>	<b>1,167</b>
Surplus on disposal of fixed assets (note 5)				2,948
	<b>125,891</b>	<b>(10,658)</b>	<b>(82,862)</b>	<b>35,319</b>
	Turnover	Cost of sales	Operating costs	2020 Operating surplus
	£'000	£'000	£'000	£'000
<b>Social housing lettings</b>	<b>84,868</b>	-	<b>(55,373)</b>	<b>29,495</b>
<b>Other social housing activities</b>				
First tranche shared ownership sales	8,318	(7,078)	-	1,240
Housing First	1,637	(1,520)	(137)	(20)
Supporting people	1,634	-	(1,658)	(24)
Properties owned but managed by others	958	-	(821)	137
Community/neighbourhood services	27	-	(819)	(792)
	<b>12,574</b>	<b>(8,598)</b>	<b>(3,435)</b>	<b>541</b>
<b>Non-social housing activities</b>				
Commercial property income	240	-	(171)	69
Other	438	-	(352)	86
	<b>678</b>	-	<b>(523)</b>	<b>155</b>
Surplus on disposal of fixed assets (note 5)				3,754
	<b>98,120</b>	<b>(8,598)</b>	<b>(59,331)</b>	<b>33,945</b>

The commercial property income line includes £27k of receipts in relation to the government's job retention scheme (2020: nil)



# GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	General needs housing £'000	Supported housing* £'000	Low cost home ownership £'000	Key worker housing £'000	Total 2021 £'000	Total 2020 £'000
Rent receivable net of identifiable service charges	77,453	7,085	4,174	279	88,991	69,382
Service charge income	3,692	4,773	1,102	-	9,567	6,445
Amortisation of government grants	4,854	894	588	-	6,336	5,359
Government grant taken to income	85	30	-	-	115	-
Other income	1,611	2,060	61	-	3,732	3,682
<b>Turnover from social housing lettings</b>	<b>87,695</b>	<b>14,842</b>	<b>5,925</b>	<b>279</b>	<b>108,741</b>	<b>84,868</b>
Management	(17,658)	(2,184)	(2,138)	(31)	(22,011)	(14,357)
Service charge costs	(4,459)	(5,196)	(1,158)	(86)	(10,899)	(6,804)
Routine maintenance	(9,801)	(1,246)	(28)	(24)	(11,099)	(7,795)
Planned maintenance	(3,811)	(344)	(7)	(4)	(4,166)	(3,206)
Major repairs expenditure	(7,706)	(642)	252	(2)	(8,098)	(5,383)
Bad debts	(1,138)	(95)	-	(4)	(1,237)	(409)
Property lease charges	(187)	(8)	-	-	(195)	(307)
Depreciation of housing properties:						
-annual charge	(16,290)	(2,009)	(1,539)	(25)	(19,863)	(16,320)
-accelerated on disposal of components	(1,013)	-	-	-	(1,013)	(756)
Impairment of housing properties	-	-	-	-	-	-
Other costs	(262)	(21)	(8)	-	(291)	(36)
<b>Operating expenditure on social housing lettings</b>	<b>(62,325)</b>	<b>(11,745)</b>	<b>(4,626)</b>	<b>(176)</b>	<b>(78,872)</b>	<b>(55,373)</b>
<b>Operating surplus on social housing lettings</b>	<b>25,370</b>	<b>3,097</b>	<b>1,299</b>	<b>103</b>	<b>29,869</b>	<b>29,495</b>
<b>Void losses</b>	<b>(513)</b>	<b>(56)</b>	<b>(17)</b>	<b>(14)</b>	<b>(600)</b>	<b>(509)</b>

\* Supported Housing includes Housing for Older People

The government grant taken to income line includes £115k of receipts in relation to the government's job retention scheme (2020: nil).

### 5. Surplus on sale of fixed assets

	Disposal proceeds £'000	Carrying value of asset £'000	Capital grant recycled £'000	Total Surplus 2021 £'000	Total Surplus 2020 £'000
Shared Ownership	5,334	(3,023)	(1,173)	1,138	1,333
Other Housing properties	6,134	(3,492)	(922)	1,720	2,275
Homebuy	441	2	(353)	90	129
Investment properties	-	-	-	-	17
<b>Total</b>	<b>11,909</b>	<b>(6,513)</b>	<b>(2,448)</b>	<b>2,948</b>	<b>3,754</b>

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 6. Operating surplus

This is arrived at after charging:

	2021	2020
	£'000	£'000
Depreciation of housing properties	19,875	16,411
Accelerated depreciation on component disposal	1,013	756
Depreciation of other tangible fixed assets	310	118
Amounts paid under operating leases:		
-Land and buildings	195	307
-Vehicles	680	54
Auditor's remuneration (excluding VAT)		
-for the audit of the financial statements	70	31
-for other services relating to taxation	4	3

#### 7. Interest receivable and other income

	2021	2020
	£'000	£'000
Interest receivable	101	490
Interest receivable from Group companies	1,124	1,124
Income from fixed asset investments	25	-
	<u>1,250</u>	<u>1,614</u>

#### 8. Interest payable and financing costs

	2021	2020
	£'000	£'000
Intra group loans	21,445	20,722
Loans and bank overdrafts	4,149	3,558
Net interest payable on pension liabilities	225	356
Finance leases	203	199
Payable on recycled grant	12	72
Arrangement fees amortised or written off	1,625	432
Other finance costs including non-utilisation fees and commitment fees	960	629
	<u>28,619</u>	<u>25,968</u>
Interest payable capitalised on housing properties under construction	(1,888)	(1,421)
	<u>26,731</u>	<u>24,547</u>
<b>Other financing costs (note 22d)</b>		
Gain on fair value of non-hedged derivative instruments	-	(171)
<b>Other financing costs through other comprehensive income</b>		
Gain/(loss) on fair value of hedged derivative instruments	(9,995)	7,103
	<u>16,736</u>	<u>31,479</u>

Capitalised interest was charged at rates of 0.50% (2020: 0.75%) receivable and 4.81% (2020: 4.80%) payable, based on the weighted average cost of borrowing during the year.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 9. Taxation

The Association benefits from the exemptions from corporation tax afforded to charitable companies by Part 11, Corporation Tax Act 2010.

#### 10. Gift aid

	2021 £'000	2020 £'000
Gift Aid from subsidiary undertakings	1,100	1,803
Gift Aid from other group undertakings	580	750
	<b>1,680</b>	<b>2,553</b>

#### 11. Directors and members

The non-executive directors of the Association and the Chief Executive are the members of the Board.

##### Executive Directors

The Executive Directors transferred from Great Places Housing Group to the Association on 1 March 2021 under TUPE regulations. The 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 and their Deed of Appointment novated from Great Places Housing Group to the Association on 1 April 2021.

	2021 £'000	2020 £'000
Executive directors	66	-
Non Executive directors	-	-
	<b>66</b>	<b>-</b>

The highest paid executive officer who served during the year was the Chief Executive who was an employee of Great Places Housing Group Limited for part of the year, and was transferred to Great Places Housing Association on 1 March 2021. Emoluments of the Chief Executive Officer who received emoluments, excluding pension contributions, totalling £15k (2020: £nil). 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 £1k (2020: £nil) was paid by the employer in addition to those made by the Chief Executive himself.

	2021 £'000	2020 £'000
Emoluments excluding pensions	15	-
Pension contributions	1	-
<b>Total</b>	<b>16</b>	<b>-</b>

No emoluments were paid to the members of the Board during the year by Great Places Housing Association (2020: £nil), however their Deed of Appointments are with Great Places Housing Association from 1 April 2021.

All employees transferred under TUPE regulations from Great Places Housing Group to Great Places Housing Association on 1 March 2021.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. Directors and members (continued)

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

	2021 No.	2020 No.
£60,001 to £70,000	4	1
£70,001 to £80,000	2	1
£80,001 to £90,000	-	1
£90,001 to £100,000	3	-

#### 12. Tangible fixed assets – housing properties

	Social housing properties held for letting  £'000	Housing properties for letting under construction  £'000	Complete d shared ownership housing properties  £'000	Shared ownership housing properties under construction  £'000	Other social housing properties held for letting  £'000	Total housing properties 2021  £'000
<b>Cost</b>						
Opening balance	1,075,925	44,396	125,916	16,164	1,048	1,263,449
Additions	45	52,960	59	18,232	-	71,296
Components capitalised	9,263	-	-	-	-	9,263
Interest capitalised	-	913	-	975	-	1,888
Schemes completed	17,057	(17,057)	9,760	(9,760)	-	-
Disposals	(5,405)	-	(4,473)	-	-	(9,878)
Component disposals	(1,591)	-	-	-	-	(1,591)
Transfer of engagements (note 32)	97,865	2,417	76,492	6,342	-	183,116
As at 31 March 2021	<u>1,193,159</u>	<u>83,629</u>	<u>207,754</u>	<u>31,953</u>	<u>1,048</u>	<u>1,517,543</u>
<b>Depreciation and impairment</b>						
Opening balance	(175,402)	-	(10,038)	-	(173)	(185,613)
Charged in year	(18,843)	-	(1,024)	-	(8)	(19,875)
Disposal	556	-	450	-	-	1,006
Component disposals	682	-	-	-	-	682
As at 31 March 2021	<u>(193,007)</u>	<u>-</u>	<u>(10,612)</u>	<u>-</u>	<u>(181)</u>	<u>(203,800)</u>
<b>NBV as at 31 March 2021</b>	<u><b>1,000,152</b></u>	<u><b>83,629</b></u>	<u><b>197,142</b></u>	<u><b>31,953</b></u>	<u><b>867</b></u>	<u><b>1,313,743</b></u>
NBV as at 31 March 2020	<u>900,523</u>	<u>44,396</u>	<u>115,878</u>	<u>16,164</u>	<u>875</u>	<u>1,077,836</u>

#### Interest capitalised

Cumulative interest capitalised in housing properties is £12,393k (2020: £10,501k).

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 12. Tangible fixed assets – housing properties (continued)

##### Expenditure to works on existing properties

	2021 £'000	2020 £'000
Amounts capitalised	9,263	9,558
Amounts charged to income statement	8,098	5,383
	<b>17,361</b>	<b>14,941</b>

##### Housing properties book value, net of depreciation impairment

	2021 £'000	2020 £'000
Freehold land and buildings	1,004,253	791,659
Long leasehold land and buildings	309,490	286,177
	<b>1,313,743</b>	<b>1,077,836</b>

#### 13. Tangible fixed assets – investment properties

	2021 £'000	2020 £'000
<b>Valuation</b>		
At the beginning on the year	15,315	14,178
Additions	-	-
Disposals	-	(240)
Reclassified from housing properties	-	83
Transfer from engagements (note 32)	400	-
Revaluations	198	1,293
<b>At the end of the year</b>	<b>15,913</b>	<b>15,314</b>

##### Historical cost of completed investment properties

	2021 £'000	2020 £'000
Gross cost	13,081	13,081
Transfer of engagements (note 32)	400	-
Accumulated depreciation based on historical cost	(5,121)	(4,936)
<b>Historical cost net book value</b>	<b>8,360</b>	<b>8,145</b>

The investment properties were valued at 31 March 2021 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 revaluation gain of investment properties is £198k. Of this £198k has been credited to the revaluation reserve as it represents an increase to the original property values rather than a reversal of a previous negative revaluation.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 14. Tangible fixed assets – other

	Freehold offices	Furniture and Equipment	IT and Computers	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
As at 1 April 2020	7,804	344	-	8,148
Additions	1,221	1	1,206	2,428
Transfer of engagements (note 32)	2,558	207	50	2,815
Transferred within group	-	-	1,646	1,646
<b>As at 31 March 2021</b>	<b>11,583</b>	<b>552</b>	<b>2,902</b>	<b>15,037</b>
<b>Depreciation and Impairment</b>				
As at 1 April 2020	(1,108)	(62)	-	(1,170)
Charged in year	(158)	(64)	(88)	(310)
Transferred within group	-	-	(938)	(938)
<b>As at 31 March 2021</b>	<b>(1,266)</b>	<b>(126)</b>	<b>(1,026)</b>	<b>(2,418)</b>
<b>NBV as at 31 March 2021</b>	<b>10,317</b>	<b>426</b>	<b>1,876</b>	<b>12,619</b>
NBV as at 31 March 2020	6,696	282	-	6,978

#### 15. Investments – Homebuy loans

	2021 £'000	2020 £'000
At the beginning of the year	6,513	6,892
Loans redeemed	(380)	(379)
<b>At the end of the year</b>	<b>6,133</b>	<b>6,513</b>

#### 16. Fixed asset investment

	Fixed asset investments £'000s	Joint Venture £'000s
As at 1 April 2020	461	10
Additions	-	-
Disposal	-	(1)
<b>As at 31 March 2021</b>	<b>461</b>	<b>9</b>

Fixed asset investments relate to shared equity loans of £461k (2020: £461k). These loans were funded by Great Places Housing Association (GPHA) and not Homes England. The joint venture is with Reviva Urban Renewal Limited (“Reviva”) which is a company in which GPHA has a one third interest. The other parties to the joint venture are Mosscaire St Vincent’s Housing Group and Irwell Valley Housing Association. Reviva has been dormant throughout the last six years and has not traded.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. Stock and work in progress

	2021 £'000	2020 £'000
Shared ownership properties:		
- completed	853	2,789
- under construction	15,766	8,128
Materials stock	762	579
	<b>17,381</b>	<b>11,496</b>

The figures above include £930k (2020: £478k) of capitalised interest.

#### 18. Debtors

	2021 £'000	2020 £'000
<b>Due within one year</b>		
Rent and service charges receivable	4,395	4,667
Provision for bad and doubtful debts	(3,328)	(2,733)
	<b>1,067</b>	<b>1,934</b>
Due from group undertakings	21,237	28,479
Trade debtors	550	273
Social housing grant receivable	20,759	8,452
Others debtors	6,428	4,187
Prepayments and accrued income	792	853
	<b>50,833</b>	<b>44,178</b>
<b>Due after more than one year</b>		
Due from subsidiary undertakings (note 32)	19,111	18,754
	<b>19,111</b>	<b>18,754</b>

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

#### 19. Current asset investments

	2021 £'000	2020 £'000
THFC EIB £20m facility to cover security withdrawal	2,816	2,690
AHF PLC £20.5m facility to cover 12 months interest	823	814
AHF PLC £20.5m facility to cover security withdrawal	-	398
AHF PLC £29.5m facility to cover 12 months interest	725	717
AHF PLC £29.5m facility to cover security withdrawal	1,710	1,569
THFC L68 £15m facility to cover security withdrawal	823	-
THFC L68 £15m facility to cover 12 months interest	121	-
	<b>7,018</b>	<b>6,188</b>

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 20. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Debt, net of arrangement fees (note 22b)	834	848
Loan due to parent undertaking (note 22a)	9,978	8,593
Obligations under finance lease (note 22c)	84	81
Interest rate swap due to parent undertaking (note 22d)	3,842	4,277
Deferred capital grant (note 23)	6,515	5,444
Recycled capital grant fund (note 24)	2,743	2,608
Trade creditors	329	1,002
Rent and service charges received in advance	2,219	1,840
Social housing grant received in advance	23,216	4,676
Owed to group undertakings	7,900	6,978
Other taxation and social security	702	264
Leaseholder sinking funds	14,351	8,778
Other creditors	14,064	9,845
Accruals and deferred income	9,415	6,211
	<b>96,192</b>	<b>61,445</b>

Leaseholder sinking funds are held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities. Amounts due in less than one year from group undertakings are interest free and due on demand.

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

	2021 £'000	2020 £'000
Debt, net of arrangement fees (note 22b)	109,403	69,347
Loan due to parent undertaking (note 22a)	593,304	461,652
Obligations under finance lease (note 22c)	2,805	2,889
Interest rate swap due to parent undertaking (note 22d)	38,011	47,571
Deferred capital grant (note 23)	570,864	475,818
Recycled capital grant fund (note 24)	9,055	10,107
	<b>1,323,442</b>	<b>1,067,384</b>

#### 22. Debt Analysis

	2021 £'000	2020 £'000
Loan due to parent	603,282	470,245
Loans: principal and fair value of loans	96,289	56,082
Bond Issue and Premium	20,605	20,608
	<b>720,176</b>	<b>546,935</b>
Less: arrangement fees	(6,656)	(6,495)
	<b>713,520</b>	<b>540,440</b>

The weighted average interest rate of these loans at 31 March 2021 is 3.84% (2020: 3.98%).



## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. Debt analysis (continued)

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

##### a) Loan due to parent undertaking

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

	2021 £'000	2020 £'000
In one year or less or on demand	9,978	8,593
In more than one year, but not more than two years	10,367	8,724
In more than two years, but not more than five years	30,245	24,522
In more than five years	552,692	428,406
	<hr/> 593,304	<hr/> 461,652
	<hr/> <b>603,282</b>	<hr/> <b>470,245</b>

Loans due to parent undertaking comprise bank loans of £207.0m (2020: £177.0m) and a £345m bond which, including the related premiums and discounts had a balance of £396.3m (2020: £293.2m). The bond was issued in stages as set out below.

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

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

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

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

On 27 January 2021, Great Places released the £70m retained bond which was immediately on lent to Great Places Housing Association. The bond matures in October 2042, in line with the 2012 issue, and achieved a spread of 1.20% over the gilt yield to provide a fixed rate of funding at an all in cost of 1.998%.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. Debt analysis (continued)

##### b) Loans repayable

Loans are repayable as follows:

	2021 £'000	2020 £'000
In one year or less or on demand	834	848
In more than one year, but not more than two years	1,010	109
In more than two years, but not more than five years	3,728	402
In more than five years	111,322	75,331
	<b>116,894</b>	<b>76,690</b>

The fixed and variable split is as follows:

	2021 £'000	2020 £'000
Bond - fixed rate	20,605	20,608
Fixed rate loans	96,289	56,082
	<b>116,894</b>	<b>76,690</b>

##### c) Obligations under finance leases

	2021 £'000	2020 £'000
In one year or less or on demand	84	81
In more than one year, but not more than two years	87	84
In more than two years, but not more than five years	284	272
In more than five years	2,434	2,533
	<b>2,889</b>	<b>2,970</b>

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. Debt analysis (continued)

##### d) Interest rate swaps fair values due to parent undertaking

	2021	2020
	£'000	£'000
In one year or less or on demand	3,842	4,277
In more than one year, but not more than two years	3,842	4,277
In more than two years, but not more than five years	10,946	12,688
In more than five years	23,223	30,606
	<b>41,853</b>	<b>51,848</b>

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

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

##### e) Debenture Stocks

The Debenture stock of £750k was repaid during the year.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. Deferred capital grant

	Social housing grant £'000	Homebuy grant £'000	Total 2021 £'000	Total 2020 £'000
Total grant at start of period	550,391	6,513	556,904	540,485
Transfer of engagements (note 32)	80,672	-	80,672	-
Grants received in the year	24,790	-	24,790	23,719
Grants recycled in the year	(2,095)	(353)	(2,448)	(5,758)
Grants disposed in the year	(1,108)	(27)	(1,135)	(1,543)
<b>Total grant at end of period</b>	<b>652,650</b>	<b>6,133</b>	<b>658,783</b>	<b>556,903</b>
Total amortisation at start of period	(75,642)	-	(75,642)	(71,640)
Released to income in the period - social housing	(6,345)	-	(6,345)	(5,359)
Released to income in the period - other	-	-	-	(29)
Released on disposal	583	-	583	1,387
<b>Total amortisation at end of period</b>	<b>(81,404)</b>	<b>-</b>	<b>(81,404)</b>	<b>(75,641)</b>
<b>Net book value at end of period</b>	<b>571,246</b>	<b>6,133</b>	<b>577,379</b>	<b>481,262</b>
Net book value at start of period	474,749	6,513	481,262	468,845
<b>Of which:</b>				
Due within one year			6,515	5,444
Due after more than one year			570,864	475,818
			<b>577,379</b>	<b>481,262</b>

#### 24. Recycled capital grant fund

	2021 £'000	2020 £'000
At the beginning of the year	12,715	12,447
Grants recycled		
- Housing Properties	922	4,655
- Shared Ownership	1,173	747
- Homebuy	353	356
Interest accrued	12	72
Transfers from other group members	25	63
Transfer of engagements (note 32)	1,618	-
Development of properties	(5,020)	(5,625)
<b>At the end of the year</b>	<b>11,798</b>	<b>12,715</b>
<b>Of which:</b>		
Due within one year	2,743	2,608
Due greater than one year	9,055	10,107
	<b>11,798</b>	<b>12,715</b>

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 25. Financial instruments

	2021 £'000	2020 £'000
<b>Financial assets</b>		
Financial assets measured at historical cost:		
Homebuy loans	6,133	6,513
Trade receivables	550	273
Other receivables	69,395	62,658
Current asset investments	7,018	6,188
Cash and cash equivalents	132,632	35,311
<b>Total financial assets</b>	<b>215,728</b>	<b>110,943</b>
	2021 £'000	2020 £'000
<b>Financial liabilities</b>		
Financial liabilities measured at historical cost:		
Loans payable	713,520	540,440
Trade creditors	329	1,002
Other creditors	83,664	51,308
Finance leases	2,889	2,970
Deferred capital grant	577,379	481,261
Derivative financial instruments hedged*	41,853	51,848
<b>Total financial liabilities</b>	<b>1,419,634</b>	<b>1,128,829</b>

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

The cash flows arising from the interest rate swaps will continue until their maturity in the periods 20 November 2024 to 19 December 2037, coincidental with the repayment of the term loans. The change in fair value in the period resulted in an decrease in the liability of £9,995k (2020: increase £7,102k) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 26. Pensions

The Association participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and two Local Government Pension Schemes (LGPS) one administered by the South Yorkshire Pension Authority (SYPA) and the second administered by the Great Manchester Pension Fund (GMPPF). 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.

##### Social Housing Pension Scheme

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

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

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

On 1 April 2020 the pension liabilities from Equity Housing Group transferred to the Association as part of the Transfer of Engagements. On 1 March 2021 the pension liabilities of Great Places Housing Group Limited transferred to the Association when all employees successfully transferred under TUPE.

The Association’s contribution to the SHPS deficit for the year ended 31 March 2021 was £1,835k, which includes £500k for the former Equity liabilities (2020: £1,302k). We estimate that the contributions to be paid in the next financial year will be £2,302k, which now includes contributions previously paid by Great Places Housing Group Limited.

# GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 26. Pensions (continued)

#### 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 2021 there were four active members of the Schemes employed by the Association. The employer’s contribution rate is 19.1% (2020: 19.1%) for SYPA and 20.6% (2020: 20.6%) 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 2021 by a qualified independent actuary.

#### Pension liabilities

	LGPS	SHPS	Total	LGPS	SHPS	Total
	£’000	£’000	£’000	£’000	£’000	£’000
Present value of funded obligations	(4,859)	(105,711)	(110,570)	(4,092)	(47,003)	(51,095)
Fair value of plan assets	4,060	81,128	85,188	3,409	40,894	44,303
<b>Net liability</b>	<b>(799)</b>	<b>(24,583)</b>	<b>(25,382)</b>	<b>(683)</b>	<b>(6,109)</b>	<b>(6,792)</b>

#### Analysis of the amount charged to the income statement:

	LGPS	SHPS	Total	LGPS	SHPS	Total
	£’000	£’000	£’000	£’000	£’000	£’000
Current service cost	35	858	893	44	422	466
Past service cost	-	-	-	42	-	42
Administrative expenses	-	50	50	-	24	24
<b>Total charge to operating costs</b>	<b>35</b>	<b>908</b>	<b>943</b>	<b>86</b>	<b>446</b>	<b>532</b>
Interest on plan assets	(78)	(1,386)	(1,464)	(91)	(922)	(1,013)
Interest on pension scheme liabilities	93	1,596	1,689	121	1,248	1,369
<b>Total charge to other finance costs</b>	<b>15</b>	<b>210</b>	<b>225</b>	<b>30</b>	<b>326</b>	<b>356</b>

#### Analysis of the amount charged to the Other comprehensive income:

	LGPS	SHPS	Total	LGPS	SHPS	Total
	£’000	£’000	£’000	£’000	£’000	£’000
Experience on plan assets - gain (loss)	641	5,681	6,322	(342)	1,113	771
Experience gains and losses arising on the plan liabilities - gain (loss)	76	1,543	1,619	728	(525)	203
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(10)	(368)	(378)	59	456	515
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(791)	(18,291)	(19,082)	161	6,602	6,763
<b>Total other comprehensive income</b>	<b>(84)</b>	<b>(11,435)</b>	<b>(11,519)</b>	<b>606</b>	<b>7,646</b>	<b>8,252</b>

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 26. Pensions (continued)

##### Changes in present value of defined benefit obligation:

	LGPS	SHPS	Total	LGPS	SHPS	Total
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation at start of period	(4,092)	(47,003)	(51,095)	(4,931)	(53,684)	(58,615)
Current service cost	(35)	(858)	(893)	(44)	(422)	(466)
Past service cost	-	-	-	(42)	-	(42)
Expenses	-	(50)	(50)	-	(24)	(24)
Interest expense	(93)	(1,596)	(1,689)	(121)	(1,248)	(1,369)
Member contributions	(7)	(11)	(18)	(7)	(15)	(22)
Actuarial losses (gains) due to scheme experience	76	1,543	1,619	728	(525)	203
Actuarial losses (gains) due to changes in demographic assumptions	(10)	(368)	(378)	59	456	515
Actuarial losses (gains) due to changes in financial assumptions	(791)	(18,291)	(19,082)	161	6,602	6,763
Benefits paid and expenses	93	1,817	1,910	105	1,857	1,962
Liabilities acquired in a business combination	-	(18,612)	(18,612)	-	-	-
Liabilities transferred within Group companies	-	(22,282)	(22,282)	-	-	-
<b>Defined benefit obligation at end of period</b>	<b>(4,859)</b>	<b>(105,711)</b>	<b>(110,570)</b>	<b>(4,092)</b>	<b>(47,003)</b>	<b>(51,095)</b>

##### Changes in fair value of plan assets:

	LGPS	SHPS	Total	LGPS	SHPS	Total
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets at start of period	3,409	40,894	44,303	3,723	39,480	56,291
Interest income	78	1,386	1,464	91	922	1,336
Experience on plan assets - gain (loss)	641	5,681	6,322	(342)	1,113	997
Employer contributions	18	2,491	2,509	35	1,221	2,276
Member contributions	7	11	18	7	15	74
Benefits paid and expenses	(93)	(1,817)	(1,910)	(105)	(1,857)	(2,345)
Assets acquired in a business combination	-	16,422	16,422	-	-	-
Assets transferred within Group companies	-	16,060	16,060	-	-	-
<b>Fair value of plan assets at end of period</b>	<b>4,060</b>	<b>81,128</b>	<b>85,188</b>	<b>3,409</b>	<b>40,894</b>	<b>58,629</b>

##### Financial Assumptions:

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

	2021	2021	2021	2020
	LGPS	SHPS	Total	Total
	% per annum	% per annum	% per annum	% per annum
Discount rate	2.00% - 2.20%	2.21%	2.00% - 2.21%	2.30% - 2.50%
Pension increase	2.80% - 2.85%	3.24%	2.80% - 3.24%	2.20% - 2.20%
Inflation rate (CPI)	2.70% - 2.85%	2.87%	2.70% - 2.87%	1.90% - 2.10%
Salary Growth	3.60% - 3.95%	3.87%	3.60% - 3.95%	2.70% - 3.45%
Allowance for commutation of pension for cash at retirement		75%		75%



## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 26. Pensions (continued)

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

Mortality Assumptions	2021	2021	2021	2020
Life expectancy at age 65 (Years)	LGPS	SHPS	Total	Total
Male retiring now	20.5 - 22.5	21.6	21.6 - 22.5	21.5 - 22.4
Female retiring now	23.3 - 25.3	23.5	23.5 - 25.3	23.3 - 25.2
Male retiring in 20 years	21.9 - 24.0	22.9	22.9 - 24.0	22.9 - 23.9
Female retiring in 20 years	25.3 - 27.2	25.1	25.1 - 27.2	24.5 - 27.1

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

	2021				2020	
	LGPS		SHPS		Total	
	£'000	%	£'000	%	£'000	%
Equities	2,411	59.4%	22,815	28.1%	13,808	31.2%
Bonds	704	17.3%	20,241	24.9%	7,144	16.1%
Property	332	8.2%	8,684	10.7%	4,928	11.1%
Cash/Liquidity	195	4.8%	1	0.0%	193	0.4%
Other	418	10.3%	29,387	36.3%	18,230	41.2%
<b>Total</b>	<b>4,060</b>	<b>100.0%</b>	<b>81,128</b>	<b>100.0%</b>	<b>44,303</b>	<b>100.0%</b>

#### 27. Employees

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

	2021	2020
	No	No
Housing, support and care	310	234
Maintenance	129	27
Administration	4	9
	<b>443</b>	<b>270</b>

Employee costs were as follows:

	2021	2020
	£'000	£'000
Wages and salaries	13,389	7,300
Social security costs	1,128	641
Other pension costs	602	371
	<b>15,119</b>	<b>8,312</b>

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 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.

	2021	2020
	£	£
<b>Shares of £1 each issued and fully paid</b>		
At the beginning of the year	13	14
Shares issued during the year	2	-
Shares surrendered during the year	(2)	(1)
At the end of the year	<u>13</u>	<u>13</u>

#### 29. Financial commitments

##### a) Capital Commitments

Capital expenditure commitments were as follows:

	2021	2020
	£'000	£'000
Expenditure contracted but not provided for in the accounts	167,981	75,214
Expenditure authorised by the Board, but not contracted	36,088	80,719
	<u>204,069</u>	<u>155,933</u>

Capital commitments will be funded as follows:

	2021	2020
	£'000	£'000
Existing loan facilities	23,093	66,334
First tranche sales	42,271	38,249
Grants	23,293	26,069
Existing reserves	115,412	25,281
	<u>204,069</u>	<u>155,933</u>

##### b) Operating Leases

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

	2021	2020
	£'000	£'000
In one year or less or on demand	666	-
In more than one year, but not more than two years	339	-
In more than two years, but not more than five years	571	-
In more than five years	1,185	-
	<u>2,761</u>	<u>-</u>

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 30. Accommodation in management and development

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

	Owned not managed	Managed not owned	Owned and Managed	2021 Total Owned and Managed	2020 Total Owned and Managed
General Needs - social rent	140	672	10,109	10,921	8,997
General Needs - affordable rent	20	-	5,122	5,142	4,424
Low Cost Home Ownership	9	-	2,632	2,641	1,342
Supported Housing	204	77	1,111	1,392	1,155
Supported Housing - Housing for older people	-	-	479	479	301
Intermediate Rent	-	-	382	382	400
Non Social Rented	90	-	174	264	149
Social Leased	-	42	1,131	1,173	667
Non Social Leased	9	-	77	86	49
<b>Total</b>	<b>472</b>	<b>791</b>	<b>21,217</b>	<b>22,480</b>	<b>17,484</b>

Accommodation in development at year end

1,399 692

The note below is a reconciliation of the movement in unit numbers broken down by the category of asset. There was a net increase of 4,993 properties in the year principally driven by stock transferred in from the Transfer of Engagements of Equity Housing Group..

	General Needs - social rent	General Needs - affordable rent	Low Cost Home Ownership	Supported housing	Inter mediate rent	Other	Total
<b>Opening unit numbers</b>	<b>8,997</b>	<b>4,424</b>	<b>1,342</b>	<b>1,456</b>	<b>400</b>	<b>865</b>	<b>17,484</b>
Transfer from another RP	1,984	568	1,245	355	-	653	4,805
New stock acquired	46	140	91	-	-	-	277
New stock into management	19	3	-	5	-	2	29
Other gains - change of use/remodelling	-	-	-	4	-	(1)	3
Sales to the open market	(12)	(2)	-	-	(1)	-	(15)
Sales to tenants freehold	(4)	(6)	(28)	-	-	-	(38)
Sales to tenants leasehold	(6)	(4)	(33)	-	-	-	(43)
Other sales	(49)	-	(3)	-	-	(11)	(63)
Other losses	-	-	-	-	(2)	-	(2)
Movement FROM social rent stock category	(105)	(65)	28	(75)	(17)	1,056	822
Movement TO social rent stock category	51	84	(1)	126	2	(1,041)	(779)
<b>Net change in stock</b>	<b>1,924</b>	<b>718</b>	<b>1,299</b>	<b>415</b>	<b>(18)</b>	<b>658</b>	<b>4,996</b>
<b>Closing Stock</b>	<b>10,921</b>	<b>5,142</b>	<b>2,641</b>	<b>1,871</b>	<b>382</b>	<b>1,523</b>	<b>22,480</b>

## GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2021

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 31. Contingent liabilities

The Association has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2021, the value of grant received in respect of these properties that had not been disposed of was £27,957k (2020: £12,944k).

#### Cross guarantees

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

The guarantee structure also covers the interest rate swaps entered into by Great Places. As disclosed in note 22a, £603m (2020: £470m) of the Group's loans are on lent to GPHA under this arrangement.

#### 32. Transfer of engagements

On 1 April 2020 the activities of EHG were transferred to GPHA through a transfer of engagements. There was no consideration and it has been accounted for using the acquisition method of accounting. The assets and liabilities of EHG on the date of transfer have been brought into GPHA at fair value and the net gain taken to the Statement of Comprehensive Income.

In calculating the donation arising on acquisition, the fair values of the net assets of EHG have been assessed and adjustments from book value have been made where necessary. These adjustments are summarised in the following table:

	Net Book value prior to transfer £'000s	Fair value adjustments £'000s	Fair value £'000s
<b>Fixed assets</b>			
Housing properties	203,367	(20,251)	183,116
Investment properties	656	(256)	400
Other fixed assets	4,669	(1,854)	2,815
	<b>208,692</b>	<b>(22,361)</b>	<b>186,331</b>
<b>Current assets</b>			
Stock	2,773	-	2,773
Debtors	825	(5)	820
Investments	4,015	-	4,015
Cash and cash equivalents	4,294	-	4,294
	<b>11,907</b>	<b>(5)</b>	<b>11,902</b>
<b>Creditors: Amounts falling due within one year</b>	<b>(8,195)</b>	<b>(20)</b>	<b>(8,215)</b>
<b>Net current assets</b>	<b>3,712</b>	<b>(25)</b>	<b>3,687</b>
<b>Creditors: Amounts falling due after one year</b>	<b>(136,723)</b>	<b>(11,656)</b>	<b>(148,379)</b>
Pension liability	(2,190)	-	(2,190)
<b>Net assets</b>	<b>73,491</b>	<b>(34,042)</b>	<b>39,449</b>
<b>Gain on transfer of engagements</b>			<b>39,449</b>

There were no acquisitions or transfers of engagement in the year ended 31 March 2020.

## **GREAT PLACES HOUSING ASSOCIATION**

**Year ended 31 March 2021**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **33. Related parties**

During the year the Association had intra-group transactions with its subsidiary Terra Nova Developments Limited, a non-regulated entity, incurring costs of £1,151k (2020: £4,276k) relating to housing property design and build services. At 31 March 2021 the Association owed Terra Nova Developments Limited £218k (2020: £190k).

The Association has a loan with its subsidiary, Cube Homes Limited ("Cube"), a non-regulated entity. At the end of the year the value of the loan was £19,111k (2010: £18,754k). Interest of £1,124k (2020: £1,124k) was charged by the Association to Cube on this loan during the year.

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

#### **34. Ultimate controlling party**

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

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

#### **35. Post balance sheet events**

There have been no events since the year-end that have had a significant effect on the Association's financial position.