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

Regulator of Social Housing No L4465

Great Places Housing Group Limited

Report and Financial Statements

For the Year ended 31 March 2022

CONTENTS

ASSOCIATION INFORMATION

Board

Chair	A. Davison	
Deputy Chair	C. Amyes	(Deputy Chair, Chair of RAC from 16 September 2021)
Board Members at 31 March 2022	M. Jones	
	M. Hanson	(Chair of AAC from 16 September 2021 to 25 June 2022)
	M. Harrison	
	G. Page	(Chair of AAC from 1 July 2022)
	S. Palmer	(from 16 September 2021)
	P. Ricketts	(from 16 September 2021)
	D. Robinson	
	N. Ruhi Khan	(from 16 September 2021)
Board Members during the year	J. Rayner	(Deputy Chair, Chair of RAC to 16 September 2021)
	J. Green	(Chair of AAC to 16 September 2021)
	C. Cashman	(to 31 December 2021)

*Remuneration and Appraisal Committee (RAC)
**Audit and Assurance Committee (AAC)

Executive Directors

Chief Executive	M. Harrison
Executive Director of Finance and Company Secretary	P. Elvy
Executive Director of Sustainable Assets and Repairs	P. Bojar
Executive Director of Customer Services	G. Cresswell
Executive Director of People, Culture and Business Improvement	A. Dean
Executive Director of Growth	H. Spencer (from 1 February 2022)

Registered office: 2a Derwent Avenue
Manchester
M21 7QP

Website: www.greatplaces.org.uk

Registered Numbers: Regulator of Social Housing No: L4465
Co-operative and Community Benefit Society No: 30045R

External Auditors:	**Internal Auditors:**	**Bankers:**
Beever and Struthers	PwC	The Royal Bank of Scotland plc
St George's House	No 1 Spinningfields	Parklands
215-219 Chester Road	1 Hardman Square	3 De Havilland Way
Manchester	Manchester	Bolton
M15 4JE	M3 3EB	BL6 4YU

REPORT OF THE CHAIR

A volatile economic and political environment combined with the legacies of both Brexit and the Covid pandemic has brought a range of challenges which have affected us all for the past couple of years and will undoubtedly continue to do so in the years ahead. Shortages of skilled labour and building materials already existed before the war in the Ukraine which has driven up fuel and other commodity prices. Great Places faces significant cost increases, and our customers face an unparalleled cost of living crisis. Despite these challenges, Great Places has continued to see some fantastic achievements in the last 12 months.

Our two-year Corporate Plan, for 2021 to 2023, set out plans and targets covering years 4 and 5 of the 10-year ambitions that were first outlined in our 2018 plan. In 2020/21, the first year of the integration programme following the merger with Equity Housing Group, we established one business from a legal and regulatory perspective, aligned senior leadership and integrated our central services and systems. 2021/22, the second year of this programme, saw us focus on customer facing services. From April 2022, our new Aareon housing management system, together with restructured neighbourhood teams and service delivery model across four regions – North, Central, East and West – allowed both housing management and repairs services to have identical geographical operating arrangements ensuring the delivery of consistent services across the Group.

By the end of the current Corporate Plan period in March 2023, we will be operating as a seamlessly integrated business and realising the full benefits of our merger. This includes the continued delivery of our ambitious development programme to help tackle the housing crisis and an even stronger customer service offer. Aware of the need to respond to the ever-changing external environment we operate in, we also have plans in place to address the requirements of the Social Housing White Paper "The Charter for Social Housing Residents" and are also steadily responding to new and emerging Building Safety legislation.

Customer safety remains paramount, and we continue to assess our buildings and carry out works to meet building safety legislation. We've identified a small number of properties within our property portfolio that we have assessed as being higher risk and are well advanced in undertaking intrusive surveys and then delivering all required remedial works as soon as possible afterwards.

The pandemic saw us launch Hardship and Community Resilience Funds, to provide support to individual customers and wider communities. With the current economic conditions remaining a significant challenge, we remain committed to continue this vital support for our customers. The Board considered at length the impact of the April 2022 rent increase putting in place a range of targeted mitigations to support many customers. This will again be a key issue for Board in the forthcoming months as the cost of living crisis impacts the lower paid and those on benefits so disproportionately.

Great Places takes its Environmental, Social and Governance (ESG) commitments seriously, and as an early adopter of the Sustainability Reporting Standard we published our first report in October 2021. We remain committed to Carbon Literacy training for all colleagues and became one of the first "Platinum Carbon Literate" organisations also providing training to a number of other public and private sector organisations. Our new Carbon Management Strategy outlines how we'll progress our aim of being a net zero-carbon business over the next two decades, with an early target of all our homes being EPC or better by 2028.

This year has seen some changes to our Board. I would like to thank Jenny Rayner, Jerry Green, Mike Hanson and Celia Cashman who stepped down after a combined service of more than 20 years, and whose expertise and contributions have been invaluable in steering the direction of the Group. As part of the planned succession, we recruited three new members to our Group Board in September 2021 and a new Board member for our subsidiary, Cube.

All of them bring with them a wealth of experience which will be invaluable in shaping the direction of the Group and Cube going forward.

We've also strengthened our governance arrangements in adopting and being fully compliant with the new NHF Code of Governance. In addition, we have strengthened our Executive Team with the internal appointment of Helen Spencer to the new role of Executive Director of Growth in line with our commitment to our development ambitions and our Strategic Partnership with Homes England.

It has been another strong year for our Development Team with 557 new affordable homes completed for the year despite the challenges in the sector. In addition, our subsidiary Cube, set up predominantly for outright sales, has also been successful in a strong property market, selling 48 properties during the year. Cube's development at Holcombe View in Whitefield won the Boutique Development of the Year Award at the Insider's North West Residential Property Awards held in May 2022.

The Group has big ambitions, particularly when it comes to playing our part in tackling the housing crisis and providing much needed affordable homes. In doing that we were extremely pleased to be selected as a Strategic Partner for the SP2 with Homes England, securing £240.8m of grant funding to deliver 4,920 homes by 2028. This will assist us deliver our ambitious development programme target of 11,000 new homes between 2020 and 2030.

We have also committed to build at least a quarter of our new homes using modern methods of construction. We will use our vast experience of developing homes to develop timber framed and panellised technologies, through Great Places' commissioned schemes and partnerships with developers.

Great Places leads on the Off-Site Homes Alliance (OSHA) a partnership of 23 Housing Associations, exploring the opportunities of off-site manufacture. OSHA continues to make strong progress in working to provide an infrastructure for Housing Association partners to develop relationships with the manufacturing supply chain and facilitate procurement at scale. The current focus is to establish an OSHA manufacturers framework to be hosted by Great Places.

In 2020/21 we took the decision to utilise Terra Nova Developments Limited (a wholly owned Great Places subsidiary) as a delivery vehicle for an in-house construction service, to build a proportion of the new homes the Group is developing. Terra Nova is progressing well, completing its first scheme of 18 homes at Horace Street in Bolton in early 2022/23 and work set to commence on two further sites.

We value the power of partnerships and our joint venture activities. Forge New Homes in the Sheffield City Region and Hive Homes in Greater Manchester continue to progress well, both with developments on site and Hive delivering its first sales completions.

In 2021/22 the Group generated turnover of £166m and a surplus of £21.6m. We achieved target for the majority of our eleven Critical Success Factors. Excellent performance around helping households into work was both impressive and vital given the pandemic. Targets for overall satisfaction and current arrears were narrowly missed, whilst development completions were lower than the target based on the backdrop of the economic climate and the challenges around materials supply and labour shortages in addition to planning delays.

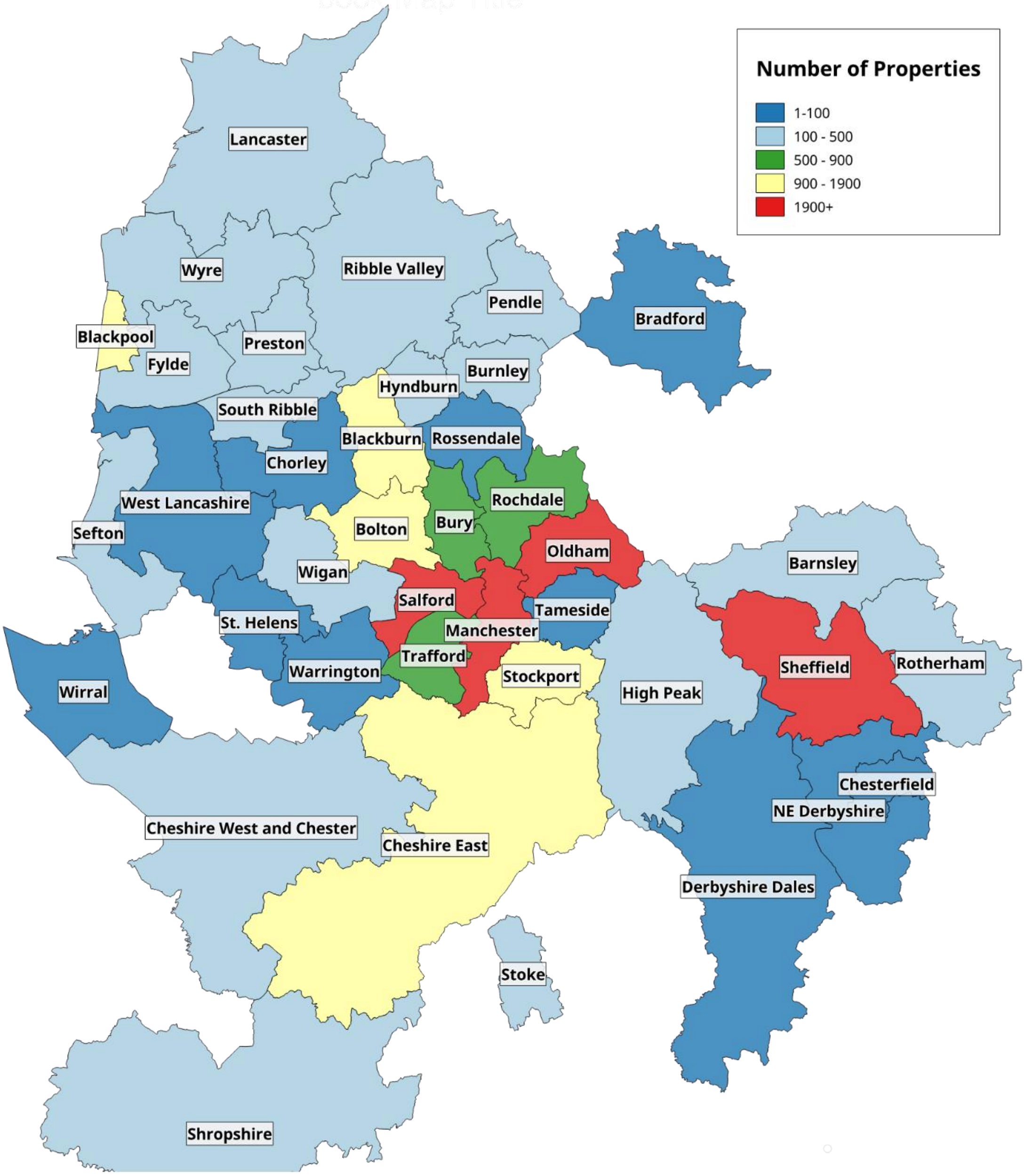
As we look to the future, our governance and financial viability ratings of G1 V1 gives us the assurance that we are managing our risks effectively, despite the ongoing and challenging operating conditions. We remain confident that we have strong governance, financial management, strategic business planning and stress testing arrangements in place. This helps us to sustain excellent relationships with our funders and investors. Our credit ratings with Moody's and Fitch remain unchanged (A3 stable and A+) and demonstrate that we remain in a strong position to continue to effectively manage the risks facing our business moving forward.

Looking forward, we remain absolutely committed to helping customers and colleagues navigate their way through these uncertain and volatile times and are confident that Great Places, financially and organisationally, is in an excellent position to tackle the challenges ahead.

Tony Davison
Chair

STRATEGIC REPORT AND REPORT OF THE BOARD

Great Places Housing Group Limited ("GPHG" or "the Group") is a not-for-profit organisation which seeks to provide outstanding customer service and which now manages nearly 25,000 homes in 41 local authority areas across the North West and Yorkshire, as shown on the map below. We aim to build thriving neighbourhoods and to transform the lives of our residents.



Group structure

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

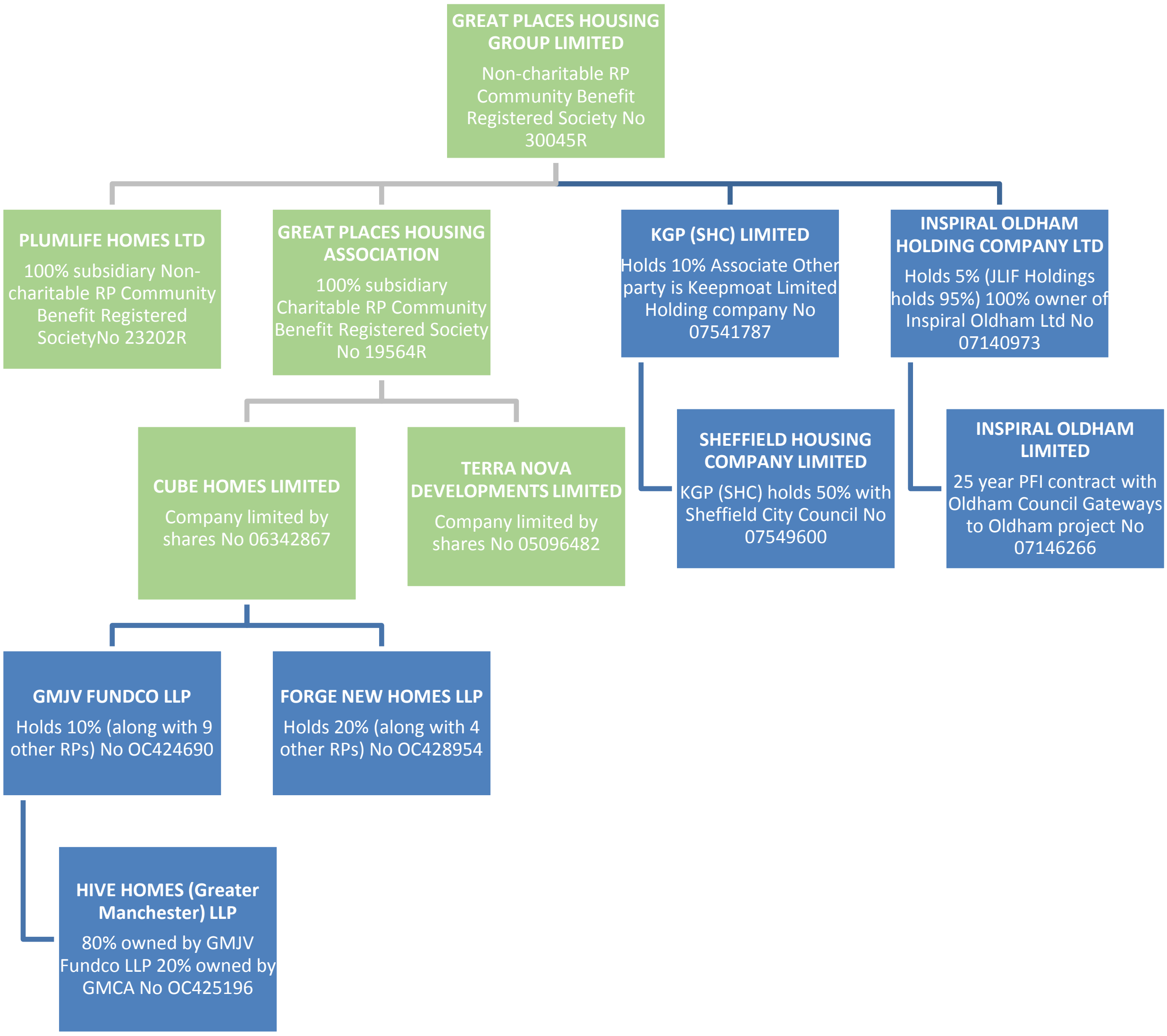
- Great Places Housing Association ("GPHA"), a CCBS with charitable status; and
- Plumlife Homes Limited ("Plumlife"), a CCBS not having charitable status.

GPHA has two active third tier subsidiaries: Cube Homes Limited ("Cube") and Terra Nova Developments Limited ("Terra Nova").

The Group is also involved in two joint venture companies and one associate and Cube itself has a wholly owned subsidiary, Cube Great Places Limited which is not currently trading.

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

The group structure, as at 31 March 2022 is better illustrated in the following diagram, with the Green fill being 100% ownership and Blue fill less than 100% with ownership details contained within the chart:



Board members and executive directors

The Board members and the executive directors of the Group as at 31 March 2022 are disclosed in note 12. Details of all the members and directors that have served during the period from 1 April 2021 up to the date these statements have been signed are set out on page 3.

The Board members are drawn from a wide background bringing together professional, commercial and housing experience. In recognition of the challenges and responsibilities facing the Board and the time and effort they put into performing their duties, the Group remunerates its Board members and formalises these arrangements through individual Board member service contracts. The Board Members are term-limited to enable the Board to adjust its leadership to suit changing organisational needs, and has a regularly reviewed succession plan in place to ensure continuity and that skills gaps are addressed and met.

The executive directors are the Group Chief Executive and the other members of the Group's executive management team. They hold no interest in the Group's shares and act as executives within the authority delegated by the Board. Only the Group Chief Executive is a member of the Great Places Board. Insurance policies indemnify Board members and officers against liability when acting for the Group.

Primary activities

The Group's primary activities include:

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

We are committed to doing our part to help address the national housing shortage. We own or manage nearly 25,000 properties and are a major developer of new affordable homes for a diverse range of people with 557 homes completed during 2021/22 and 1,505 homes in development at 31 March 2022. Full details of the movement in unit numbers can be found at note 32.

Objectives and Strategy

The Corporate Plan approved in March 2021 re-stated the Group's 10 year ambitions as well as its plans for years 4 and 5 of those 10 year ambitions. The Group's vision and values are:

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

To remain a vision-driven and values-led organisation

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

To grow and improve as an organisation

Customers are at the forefront of everything we do and their safety is paramount. This is a priority for Great Places and, post Grenfell, for Government too. We will ensure that our customers know this and that they can be confident that their homes are safe. We will ensure that our housing meets the needs of our customers, both now and in the future. In addition, we will actively manage and invest in assets economically, sustainably and safely. We will have a clear sustainability plan for assets and will assist in supporting and improving neighbourhoods by enhancing the environmental performance of our homes. Our housing stock is our largest and most valuable tangible asset underpinning the operation of the whole group. It is therefore essential that we have an accurate picture of condition to ensure that our investment maintains and protects our properties. We will ensure that we hold accurate data to allow us to better understand our properties, aid effective decision-making and get the most out of our new housing management system.

Managing performance and delivery against objectives

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

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

Critical Success Factors	2021/22 Actual	2021/22 Target	2021/22 Stretch target	2020/21 Actual
Great Homes				
Development completions (Excluding Cube)	557	745	N/A	292
Outstanding Higher risk building safety surveys	12	12	10	N/A
Great Communities				
Overall satisfaction	7.0	7.3	7.5	7.3
Digitally active tenants	45%	45%	47%	45%
Current arrears including HB	4.0%	3.8%	3.4%	3.8%
Average re-let time (days)	19.4	23.0	21.0	21.9
Households into work, training and volunteering	845	750	N/A	701
Great People				
Colleague Engagement	79%	74%	80%	74%
Average days sickness per employee	10.5	8.6	8.2	8.3
Operating Principles				
Data Completion	79%	93%	N/A	56%
Group surplus before tax	£21.2m	£19.5m	N/A	£15.3m *

*Prior to gain on transfer of engagement with Equity

Great Homes:

- 557 affordable homes were completed during 2021/22, our highest number in recent years. This was lower than our target but is reflective of the current delivery challenges facing the construction sector. Demand for our shared ownership and outright sales products remains incredibly strong.

- In addition to the completions, there were 611 affordable homes started across 14 sites. Despite the continuing challenges for the development sector, as at the end of March, we had 35 live sites with around 1,505 new homes currently being built.

- Our affordable development programme continues to grow and in September 2021 we secured our second Strategic Partnership with Homes England which will facilitate the delivery of 4,920 new affordable homes by March 2028 with £240.8m of grant funding.

- The new data CSF achieved 79% at the end of March 2022, missing the full year target of 93% but rising strongly through the year having started the year at 56%. We expect to see this result move much closer to the optimum levels following the successful implementation of the new Aareon QL housing management system.

- In the first year of our new Asset Management Strategy we have continued to make improvements to the data we hold on our assets, carrying out over 3,000 stock condition surveys in 2021/22 as well as commissioning a stock condition validation exercise by an independent consultant, and we are making great progress towards our strategy's objective of a rolling five-year survey cycle. In the last year we spent £19.6m on major repairs, completing 3,260 component replacements to over 2,500 homes, with 520 kitchens, 599 bathrooms and over 700 new boilers and heating systems installed. The major £3.9m refurbishment of Bowland House, our 14 storey tower block in Blackburn, completed in April 2022.

Great Communities:

- Overall satisfaction finished the year at 7.0 meaning that we were slightly below our CSF target.

- During the year 45% of customers were classed as being digitally active, in line with our target. We define digitally active customers as current tenants where 50% or more of their contacts over the last 12 months were digital.

- Since the start of April, the Community Investment Team have helped 845 households into work, training and volunteering, and surpasses the CSF target for 2021/22. A further 321 people (76% of which were Great Places customers) were provided with advice, guidance and signposting.

- The Community Investment Team was successful in drawing down £593,000 in external funds, some of which was through external contract delivery of the European Social Fund (ESF) and Department of Work and Pensions (DWP), and some of which was on behalf of our community partners.

- As part of the integration of Equity Housing Group, the Community Investment Team (CIT) reviewed its operations in 2021/22 to include wider financial resilience services, aiming to help customers in financial crisis and those with significant debt issues. The team also migrated over 1,000 legacy Equity Universal Credit customers onto the Great Places portal. Our Community Investment offer has two other established services- Employment and Skills, and Place and Regeneration.

- At the end of the year, current tenant arrears were 4.0%, missing our target to keep arrears level at 3.8%, the same as last year. Our target was challenging given the significant impacts facing income collection during the second half of the year and the ongoing affordability issues for customers around the cost of living crisis, rising inflation and increasing fuel/energy prices which have inevitably put pressure on customer incomes. Our performance at the end of the year is reflective of benchmarking predictions for rising sector arrears.

Great People:

- We missed the target on sickness days per employee which finished the year at 10.5 days, worse than the minimum expected out-turn of 8.6 days. As expected, Covid-19 featured in the reasons for sickness. This included actually contracting the virus, self-isolation, side-effects from the vaccination and stress/anxiety. During the pandemic long term sickness, mainly caused by poor mental health, has increased and, in line with many other employers, is now our highest reason for sickness absence from work.

- Colleague Engagement ended the year at 79%, which was much better than the target of 74% and as at the end of last year 74%, and given that this was achieved against the backdrop of Covid 19 which significantly changed the way we work, we consider this to be an excellent result.

  We have felt the impact of 'The Great Resignation' over the past year with turnover at 26% for the year ending March 22, with the main impact seen in entry roles in Independence and Wellbeing, some trades operative roles and caretaking roles. We also saw the percentage of colleagues answering positively to 'I plan to be working at Great Places in 12 months' time' in our pulse survey fall from 83% to 77%. We make use of market intelligence to ensure salaries benchmark favourably, undertake exit surveys with all voluntary leavers and in the last 6 months have introduced a specialist recruitment team which has meant that we are able to compete in an increasingly active recruitment market. We continue to address a number of concerns around leavers, which is a pattern reflected by many employers, with projects to attract and retain staff and revising our onboarding and induction processes.

  - A new Equality, Diversity and Inclusion strategy (EDI) was approved in February 2021 and over the past year we have launched new colleague 'Everyone Counts' fora to discuss, scope and lead our work plans on issues relating to race and religion, LGBTQ+, carers, and menopause. We have sought direct feedback on how we can improve our approach and are progressing actions to make recruitment processes more inclusive such as ensuring diverse representation on recruitment panels, providing more tailored support for developing talent and strengthening our approach to support colleagues to highlight discriminatory behaviour. We have also taken part in external benchmarking exercises during this year to help assess our EDI performance against other organisations, including contributing towards Greater Manchester Housing Partners Diversity, Inclusion, and Community Engagement (DICE) group's EDI Survey and the National Housing Federation's EDI Data survey.

- We are, and commit to continue to be, an accredited living wage employer and have extended this to our Apprentices. We are a Supporter of the Greater Manchester Good Employment Charter and are looking to attain Member status in the next few months.

- We have now completed the integration of the Equity business into Great Places, which has included re-structuring, role changes and recruiting into new posts. We have also trained operational colleagues in readiness for our new Housing Management System which launched on 4 April 2022.

Results for Financial Year end 31 March 2022

Turnover was £166.0m (2021: £144.2m), the increase principally driven by the first tranche and outright sales. Operating surplus was £46.8m (2021: £40.2m) with an increase in operating costs of £4.1m. Housing properties at cost have increased to £1,581.2m, (2021: £1,517.8m) by a net £63.4m (4.2%) in the year.

For the year ended 31 March	2022 £m	2021 £m
Income Statement		
Turnover	166.0	144.2
Operating Surplus	46.8	40.2
Surplus for the year after tax	**21.6**	**54.3**
Total Comprehensive Income for the Year	**45.3**	**49.0**
Statement of Financial Position		
Housing properties at cost	1,581.2	1,517.8
Depreciation	(221.0)	(204.3)
Investment properties	24.7	23.3
Other fixed assets	13.4	12.6
Fixed assets	**1,398.3**	**1,349.3**
Fixed Asset Investments	8.7	7.8
Net current assets	103.6	130.0
Total assets less current liabilities	**1,510.6**	**1,487.1**
Creditors due after one year	729.5	752.6
Social Housing Grant	587.0	572.4
Pension liability	12.4	25.4
Net assets	**181.8**	**136.5**
Reserves	**181.8**	**136.5**

Treasury Management

The Group's borrowing decreased by £10.7m during the year. This was due to scheduled loan repayments, a small repayment of a revolving credit facility and the amortisation of debt.

Capital structure (loan and finance lease liabilities) For the year ended 31 March	2022 £m	2021 £m
Maturity		
Within one year	11.4	10.9
Between one and two years	8.8	11.5
Between two and five years	34.2	34.3
After five years	657.9	666.4
TOTAL	**712.3**	**723.1**
Type of facility		
Own name Bond issue (including premia)	394.5	396.3
Other facilities	317.8	326.8
	712.3	**723.1**
Fixed / variable split		
Fixed including cancellable and amounts fixed by interest rate swaps	671.5	674.1
	(94.3%)	(93.2%)
Variable	40.8	49.0
	(5.7%)	(6.8%)

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

The Group's borrowings are principally from banks and the debt capital markets, at both fixed and floating rates of interest. Hedging is one of the tools adopted to manage the market price risk of interest costs, and together with a range of sensitivity analyses run against the Group's Business Plan, allows Great Places to monitor its exposure in this regard. Interest rate derivatives (swaps) are used to provide a hedge against the Group's exposure to interest rate fluctuations. The hedging strategy, included within the Treasury Strategy, is regularly reviewed to ensure it remains appropriate in an ever changing financial climate and also in response to the Group's funding strategy. The current strategy, approved in July 2021, identifies that a minimum of 75% fixed rate debt should be maintained. As at 31 March 2022 the Group had 94.3% fixed rate debt, including debt fixed by interest rate swaps.

The Group has standalone swaps transacted through International Swaps and Derivatives Association ("ISDA") agreements to hedge variable rate loans from banks. No new hedging was undertaken in the year.

A total of £8m of cash collateral (as shown on the following table) was provided to counterparties at 31 March 2022 and is included within investments on the balance sheet. The average maturity of the swaps is 11 years. Further details on swaps are given in note 23 Debt analysis and note 26 Financial instruments.

Standalone Swaps - Mark to Market exposure at 31 March 2022				
Counterparty	Unsecured Threshold	Mark to Market Exposure	Collateral required	Cash in place
Barclays	£7,500,000	£6,001,118	£0	£0
RBS	£3,000,000	£9,374,540	£6,374,540	£7,072,614
Santander	£5.000,000	£5,161,079	£161,079	£110,000
Lloyds TSB	£7,500,000	£7,596,938	£96,938	£859,000
As at 31/03/22	**£23,000,000**	**£28,133,674**	**£6,632,556**	**£8,041,614**
As at 31/03/21	£22,900,000	£41,852,723	£18,952,723	£21,140,614

The Santander unsecured threshold changed in October 2021 from £4,900,000 to £5,000,000 due to the LIBOR to SONIA transition, with no negative impact on Great Places.

The fixed rates of interest on the Group's debt portfolio ranges from 2.0% to 10.71%. On the standalone swaps the fixed rates range from 4.20% to 4.97%. The Group borrows and lends only in sterling and so is not exposed to currency risk.

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

Liquidity, cash management and investment

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

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

- Current cash balances of £122m;
- Undrawn Santander revolving facility of £44m; and
- Undrawn RBS/NatWest revolving facility of £100m.

The Santander revolving facility will be fully drawn by December 2022, at which point it will become a term loan, and is fully secured.

The renegotiated and restructured £100m revolving credit facility with RBS/Natwest completed in March 2022, combining legacy Great Places and Equity Housing Group debt, increasing from £85m to £100m and extending the maturity to 2027. £70m value of properties secured against the loans are being moved from GPHA to GPHG over the next few months.

This comfortably meets the liquidity requirements set out in the Annual Treasury Strategy, updated in July 2022. The Group holds its surplus in cash or cash equivalents and will not invest in gilts, equities or other non-money assets.

Key statistics and ratios

Other ratios	2022	2021
Surplus %		
Surplus after tax as % of Turnover	13.0%	37.7%
Surplus % (excluding the fair value gain on merger)	13.0%	10.3%
Interest Cover % (EBITDA MRI)		
(operating surplus, excluding market sales and other fixed asset sales; adding back depreciation; excluding grant amortisation; deducting capitalised major repairs) / (net interest payable)	144.0%	148.3%
GOLDEN RULE >125%		
Gearing*		
(Total borrowings less cash at bank and in hand)/ (Housing properties at cost less properties under construction)	41.2%	41.7%
GOLDEN RULE < 55%		
Operating Margin before interest %		
(Operating surplus, excluding fixed asset sales / turnover)	25.3%	25.8%
GOLDEN RULE > 25%		
Operating Margin on 1st tranche sales	13.4%	15.3%
Operating Margin on outright sales	18.0%	15.8%
Operational performance		
Rent loss from voids as a % of gross rent	0.6%	0.7%
Bad debts as a % of gross rent	0.1%	1.4%
Current tenant arrears	4.0%	3.4%
Social Housing Letting Interest Cover		
(Surplus on social housing lettings / net interest paid in cash flow statement)	1.1x	1.0x
Recurrent cash interest cover		
(Operating surplus plus depreciation and impairment / net interest in cash flow statement)	2.1x	2.0x
Debt to revenue		
(Loans less fees plus finance leases / turnover)	4.3x	5.0x
Debt per unit		
(Loans / social housing units owned and managed)	£32,802	£33,866

** The definition for Gearing on this table differs from the RSH metric; the above includes housing properties at cost less those under construction, whilst the RSH definition includes housing properties at net book values*

Value for Money: Overview

Great Places understands the importance of getting more out of our available resources to provide high quality homes and a great customer service – thereby demonstrating value for money ("VFM"). We are a "profit for purpose" organisation aiming to maximise our surplus to enable us to deliver our identified priorities and to attain our vision of Great Homes, Great Communities, Great People. For us, VFM is an integral part of our overall strategy to deliver our corporate ambitions rather than an add-on or standalone activity. The Board monitors organisational progress against key priority areas to ensure we maintain an emphasis on delivering core objectives, on becoming a more economic, efficient and effective business, and on reacting swiftly and appropriately to the key challenges being faced.

The more efficient we are, the more resources we have to build new homes, improve existing homes, enhance our services, undertake activities designed to maximise social impact and fund other key corporate priorities. With a clear focus on what matters most, 2021/22 was another successful year for Great Places.

VFM – comparisons and benchmarking

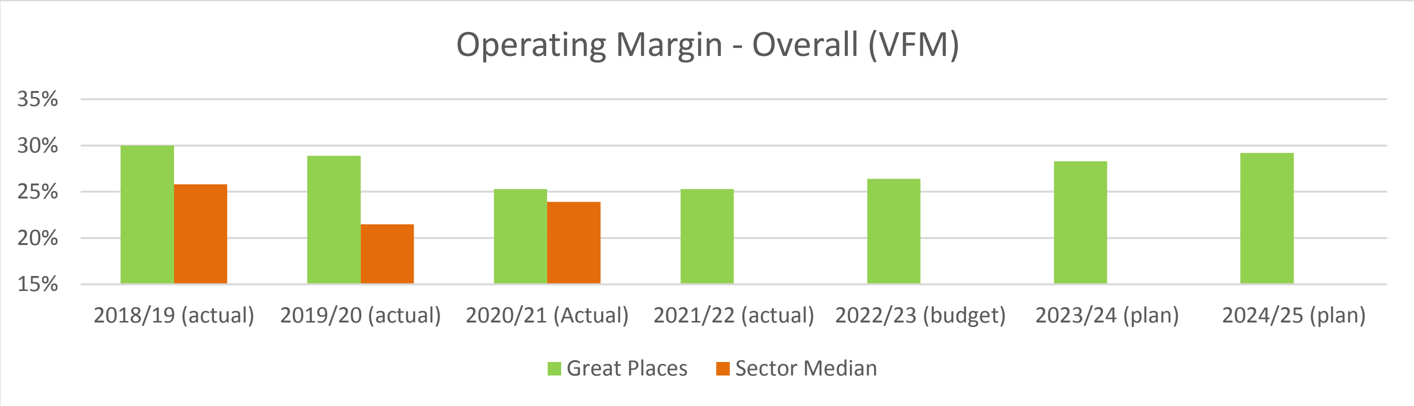
The table below shows performance against the Sector Scorecard which categorises 15 measures over five broad categories, and within which are included the seven VFM Standard metrics (shaded grey) and also includes previous year results.

Metric	2020/21		2021/22		2022/23
	Great Places	Sector Median *	Great Places	Target	Target***
Operating Margin - Overall (VFM)	25.8%	23.5%	25.3%	26.2%	27.7%
Operating Margin - SHL	29.2%	25.5%	30.6%	32.1%	32.2%
EBITDA MRI (VFM)	149%	216%	152%	153%	142%
Development (No)	325	N/A	557	858	773
Units Developed as % of units owned (SH) (VFM)	1.3%	0.9%	2.7%	3.7%	3.4%
Units Developed as % of units owned (NSH)	0.2%	0.0%	0.0%	0.2%	0.2%
Gearing (VFM)	44.0%	33.8%	42.9%	43.5%	41.9%
Social Housing Cost per Unit (VFM)	£3,343	£3,891	£3,515	£3,349	£3,682
Rent collected	100.6%	100.0%	99.9%	99.0%	99.0%
Overheads as % of Turnover	9.7%	13.4%	13.7%	11.0%	11.4%
Service Charge CPU	£540	£678	£560	£476	£553
Management CPU	£968	£1,075	£1,026	£1,031	£924
Maintenance CPU	£530	£1,926	£576	£555	£657
Major Repairs CPU	£1,022		£1,039	£802	£1,069
Other Social Housing Costs	£284	£470	£312	£101	£479
Customer Satisfaction**	7.58/10	N/A	7.0/10	7.3/10	7.1/10
Investment: Communities	£702k	N/A	£979k	£960k	£819k
Reinvestment % (VFM)	6.3%	5.1%	6.0%	11.3%	13.7%
Return on Capital Employed (VFM)	2.7%	3.1%	3.1%	2.9%	2.9%
Repairs Ratio (responsive: planned)	0.52	0.71	0.55	0.50	0.62
Occupancy rate	99.6%	99.2%	98.6%	99.5%	99.5%

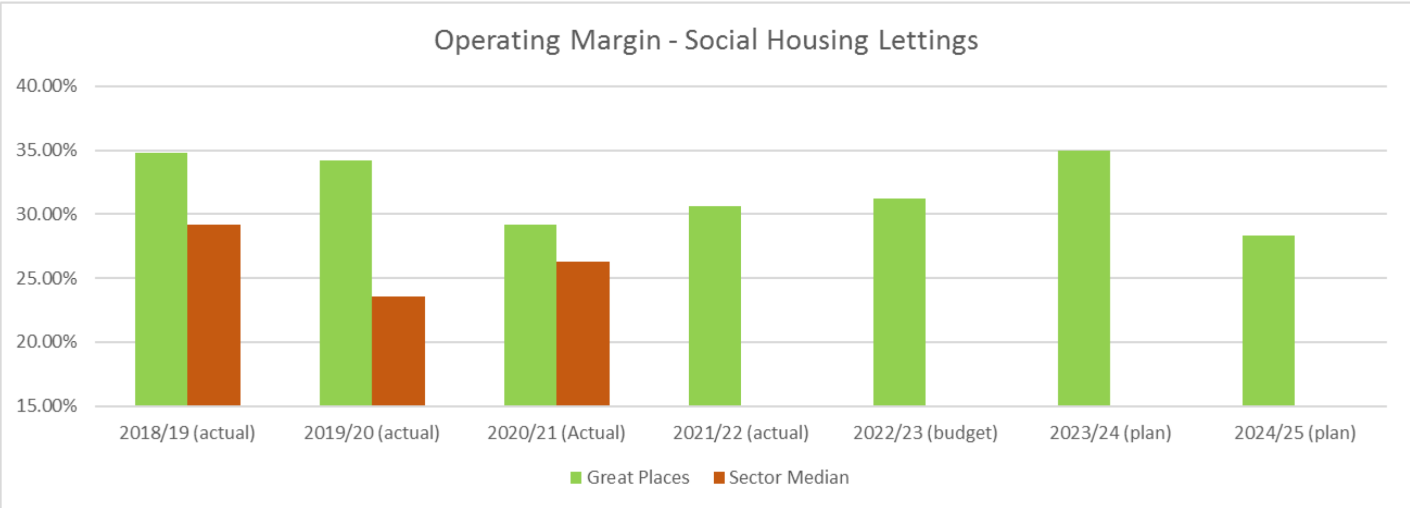
**The Sector Scorecard has been utilised as the Sector Median. The breakdown of CPU has been taken from the VFM Metrics*
***The sector scorecard asks for a % satisfaction figure whereas Great Places utilised the Institute of Customer Service methodology which provided for a score on a scale of 1 to 10. The results are therefore not comparable. These results are for General Needs customers.*
**** Taken from 2022/23 Approved Business Plan*

Key messages over the five scorecard categories:

Business health:



Our overall operating margin, the proportion of surplus generated from turnover on a provider's day-to-day activities, at 25.3% was better than the sector median in previous years and in line with our target. Our overall operating margin for 2021/22 has decreased slightly from 2020/21 performance.

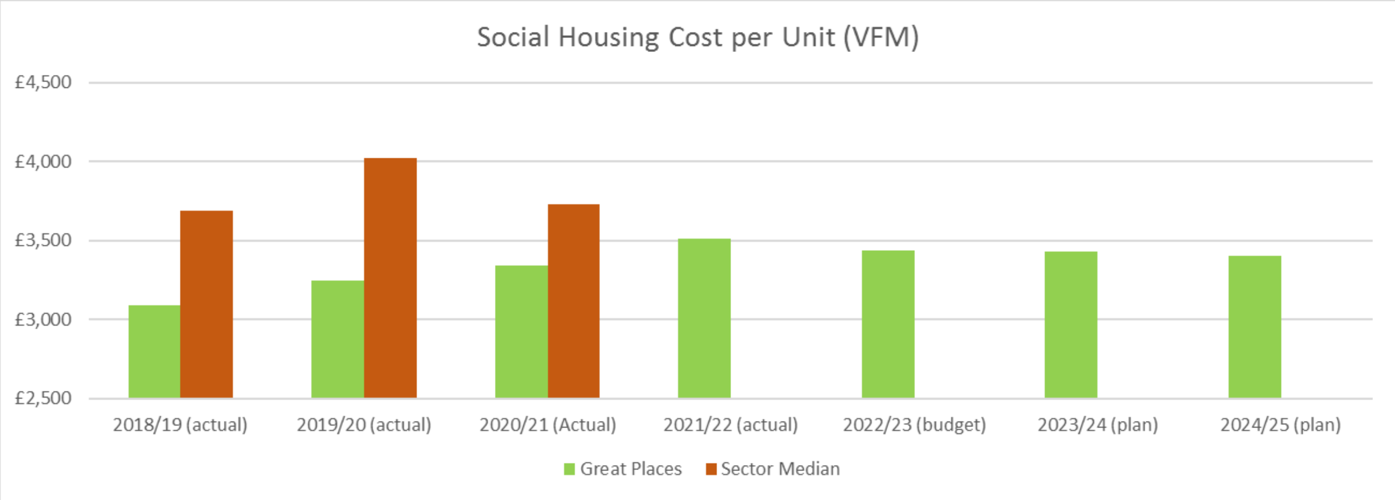


Our operating margin for social housing lettings is 30.6%, and historically has also been better than sector median and is expected to increase in 2022/23 to 31.3%.

Development: We have developed over 1,000 new homes in the past three years and ended the year with 35 'live' development sites and almost 1,505 new homes in development at the year end. Over the past 10 years, Great Places has developed around 6,000 new homes and the RSH metrics show that development as a % of stock is an area where we remain particularly strong and expect to be in future years.

Our strong development performance contributes to our % gearing being higher than the sector median and we are still in a comfortable position in relation to covenants. We expect that our gearing % will increase as we are making the most of our assets to be able to deliver on our 10 year ambition to develop 11,000 new homes, between April 2020 and March 2030, as stated in our revised Business Plan.

Operating efficiencies:



Our headline cost per unit is £3,515 for 2021/22. This is a small increase on the previous year and is better than the target set for the year. Our higher percentage of Supported Housing, and having stock located in areas of high deprivation are both drivers for increased costs and consequently show our overall low figure in an even better light.

Outcomes delivered: For customer satisfaction in 2021/22, we continued to follow the Institute of Customer Service ("ICS") approach including their 10 point scale, however we plan to move to the Regulators new Tenancy Satisfaction Measures (TSM's) for 2022/23. Performance to the end of year was 7.0/10 which was slightly lower than target.

The Scorecard also shows that our ambitious development programme is not at the expense of other Profit for Purpose priorities and that we still invest comparatively heavily in our communities. Reinvestment at 6.0% was behind the target of 11.3%, and in line with the prior year.

Effective asset management: Our Return on Capital Employed, at 3.1% is slightly above target and also an increase on last years performance mainly due to development activities during the year. Our occupancy rate at 99.6% is broadly in line with performance last year, which was around the median for all groupings and our ratio of expenditure on routine maintenance to spend on planned maintenance is low which is perceived to be positive.

As a whole: It is unlikely that any organisation or group of organisations can consistently achieve upper quartile performance in all areas of the Scorecard, illustrating the diversity of the measures and of participants. Great Places is better than the sector median for 10 out of 15 indicators in the Scorecard and performs particularly well in respect of those relating to development and investment in communities.

VFM: Embedding a strategic approach

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

Underpinning Great Places VFM approach for many years has been the delivery of economies of scale through steady organic growth of homes owned through grant funded development, together with growth in associated or complementary management services and a merger with Equity Housing Group which saw Great Places expand by around

25%. Growth has also been delivered through the continuing development programme and management opportunities like the Legal and General Affordable Homes management contract. This approach demonstrates that the Board continues to consider the most appropriate delivery models for achieving its strategic objectives.

Prior to the Equity partnership, the Great Places Board agreed a set of business drivers against which the business case would be appraised including efficiency: the combined business should be able to achieve meaningful and sustained efficiencies and deliver better VFM, enabling a better offer for customers and the development of additional new homes.

Consequently, much of the VFM focus has been on the delivery of the savings within the Equity merger business case, both in terms of monetary savings and other efficiencies around improved performance over a range of measures.

At year end 2021/22, out of a suite of 11 internal Critical Success Factors, we achieved our target for 6 areas, with 1 of those achieving our stretch target, and we missed 5 of our targets. Our CSF's are directly aligned to the delivery of our Corporate Plan, progress against which is reported to Board on a regular basis using the Great Homes, Great Communities, Great People strands.

We have a number of ongoing initiatives related to integration, and beyond, which will ensure that there is a focus on VFM activities going forward and our Corporate Plan has value for money as a common thread and a specific element on delivering against our strong Profit for purpose model.

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

RSH VFM metrics looking forward	2023	2024	2025	2026	2027
Operating Margin – overall	27.7%	30.6%	32.1%	30.8%	32.2%
Operating Margin – Social Housing Lettings*	32.2%	36.8%	37.7%	38.8%	38.6%
EBITDA MRI Interest cover	142.3%	161.1%	158.4%	158.6%	158.9%
New Supply: Units developed as % of units owned	3.4%	4.9%	4.8%	6.6%	4.2%
Gearing	41.9%	38.9%	44.2%	46.3%	48.1%
% Reinvestment	13.7%	16.5%	15.1%	12.1%	9.9%
Return on capital employed (ROCE)	2.9%	3.2%	3.1%	3.2%	3.2%
Headline social housing cost per unit	£3.68k	£3.66k	£3.62k	£3.66k	£3.67k

*As reported in the Approved Business Plan. These figures have since been updated from the figures quoted above and positively show an increased Operating Margin SHL.

Profit for purpose

Great Places is a housing association with a robust "profit for purpose" model. Cube, the Group's commercial subsidiary, generates additional profit and targets £2m per annum, with the aim of a minimum of 50% of the profit being gift aided back to the charitable element of the Group. We aim to be as efficient as possible, to remain a top-quartile performer and maximise our surplus. However, we then choose to use a significant proportion of our surplus to go far beyond our landlord obligations and realise our values and our vision of Great homes, Great communities, Great people. The simple principle is that the more efficient we are as an organisation, the more of the added value work we can carry out to transform communities and improve the lives of our customers who live there. We have a Community Investment Strategy in place and as mentioned above a dedicated Community Investment team.

Risk management

Statement of Compliance with our Governance Code

The Group Board has adopted a bespoke Code of Governance for the Group which fully incorporates the requirements of the NHF Code of Governance whilst going further in some areas to add additional detail and clarity. Great Places carried out an assessment against the new NHF Code of Governance 2020 and formally adopted this in it's entirety in March 2022. A robust self-assessment process is in place with compliance reported annually to the Audit and Assurance Committee. An Internal Audit of Governance undertaken in 2022, supports this view.

Great Places undertakes an independent triennial Governance review and the last review in 2021 confirmed that the Group is fully compliant with the Code of Governance. In July 2021 the Regulator of Social Housing ("RSH") carried out an in-depth assessment of regulatory compliance and confirmed that the Group continues to have the highest G1 Governance assessment. At this time the RSH also regraded the Group's viability assessment from V2 to V1 following the Equity transfer of engagement. Both grades were re-affirmed in December 2021 through the Group's latest stability check.

A range of information on the composition of our Board is included at note 12 of these statements, including the remuneration of both the non-executive Board members and also the executive team.

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

The Group Board, as at 31 March 2022, consisted of nine non-executive members, of whom there are six male and three female members with three new Board members recruited during the year. The Chief Executive also sits on the Board as an Executive member. The average attendance at board meetings between 1 April 2021 and 31 March 2022 was 95%. During that period there were eight scheduled board meetings, three additional board meeting plus three strategy days. In addition, training and development sessions are held prior to every Board meeting.

There are two Standing Committees of the Board – the Audit and Assurance Committee and the Remuneration and Appraisal Committee. Both have clearly defined terms of reference and report back to the Board annually on their effectiveness.

Statement of compliance with RSH Financial Viability and Governance standard

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

A full register of all relevant law is maintained outlining the legislation that we are required to adhere to, and an annual report to the Audit and Assurance Committee details of how we meet the requirements of each Act of Parliament. On consideration of the evidence provided, the Group confirms it has met all regulatory requirements during the year.

The Group's structure is relatively simple, and the independence of Cube is designed to ensure that our social housing assets are not put at undue risk. On 1st April 2021, Terra Nova became part of the coterminous Board arrangements that include GPHG, GPHA and Plumlife. This reflected the wider range of activities undertaken by Terra Nova as the Group's in-house construction vehicle. Any decision to pursue commercial activity via this arm of the business is closely assessed in terms of its impact on the social assets owned by Great Places Housing Association.

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

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

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

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

The Group has always completed statutory and regulatory returns within stated timeframes, and has taken steps to introduce additional controls to reduce the risk of errors within these returns. We have introduced a new data CSF for 2021/22 to demonstrate the critical nature of data. We maintain a register of all frauds and losses which is managed by the Executive Director of Finance, overseen by the Audit and Assurance Committee and reported to the Regulator annually via the prescribed method. We have a strong track record of transparency and openness with all of our regulatory bodies including the RSH, FCA and the ICO.

Key Risks

The Board and the Audit & Assurance Committee continue to be routinely sighted on, and involved in risk management, and approved the new Risk & Assurance Policy and Risk Appetite Statement during 2021/22.

The Covid-19 pandemic, and the subsequent cost of living crisis, played a big part in the risk environment for Great Places and the wider housing sector throughout 2021/22, and was a theme running through the entire risk register (and particularly the "top 6" risks identified below) bringing challenges around service delivery and development, along with opportunities in how we embrace new ways of working and use technology to deliver services in a more innovative way. The risk regarding our Merger Integration Programme was a top risk throughout 2021/22 but was no longer applicable from April 2022 when full integration was delivered.

Risk	Nature of Risk and Risk Appetite	Mitigation
Customer Health & safety	Failure to reduce or remove threats to customer health and safety leads to harm and reputational damage. *Risk Appetite – avoid*	Retained health and safety independent consultancy. Specialist contractors, 3rd party audit arrangements, specialist compliance team, regular board reporting and internal KPI's. Building Safety Compliance Strategy. Customer accident reporting process. CSF focussing on building safety.
Merger integration programme *(No longer applicable from April 2022)*	Effective integration of the two organisations is critical to making the partnership a success. *Risk Appetite – open*	Governance and oversight forums established alongside programme risk register. PMO established and appropriately resourced to deliver documented programme plan. Board reporting on progress against key milestones and benefits realisation.
Secure and resilient technology infrastructure to meet the needs of the business	Secure infrastructure is the fundamental building block required for us to build a more resilient business that can support innovative systems and ways of working. *Risk Appetite – moderate*	Robust patch implementation framework. Sophos security software installed. Cyber Essentials Accreditation. Procurement of cloud infrastructure service to remove reliance on head office servers and back ups. Off site infrastructure with M247.
Customer poverty, welfare reform & the inability to pay rent	Our tenants' ability to pay rent is a key risk to the business that we have limited control over given the external political environment. *Risk Appetite – averse*	Income Management Strategy in place. Robust monitoring and management of Universal Credit claimants and impact on arrears. Rent arrears included within the balanced scorecard performance report. Community Investment team is in place to provide employment support and work training, including Money Advice team.
Recruitment and retention	Recruitment and retention are crucial to the delivery of our corporate objectives, and the loss of skills and knowledge pose challenges in maintaining performance. *Risk Appetite – moderate*	People strategy in place, supported by competitive terms and conditions with regular salary benchmarking. Sharing Greatness bonus scheme rewarding colleagues. Feedback mechanisms, including regular Pulse surveys, used to ensure feedback is received from all colleagues.
Failure of the sales programme	Exposure to the housing market through our large shared ownership sales programme poses risks to the business plan. *Risk Appetite – open/moderate*	Robust monitoring of exposure and performance in place via sales flash reporting to the Executive team. Stress testing on market exposure carried out at Board level. Challenging appraisal and approval processes, and a multiple outlet approach to reduce risk associated with large sites.

Internal controls assurance

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

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

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

Internal Controls Framework

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

Audit work undertaken in 2021/22

During 2021/22, internal audit and assurance work was undertaken by Pricewaterhouse Coopers LLP (PwC) (re-appointed in early 2019) employing a risk based internal audit approach (approved by the Audit and Assurance Committee March 2021). The contract is due to end in March 2023 following a one year extension to the current contract. A re-procurement process will begin in 2022 for April 2023 onwards.

Work carried out under this framework included 13 reviews (11 assurance and 2 advisory across a broad range of service areas, all completed as per the annual plan. The deferred repairs and voids internal audits from 2020/21 are confirmed as completed. The overall findings were:

- 1 high risk outcome
- 4 medium risk outcomes
- 6 low risk outcomes
- 2 advisory reports

In total, 35 individual findings were identified from the assurance reviews, broken down as follows:

- 1 high recommendation
- 17 medium recommendations
- 11 low recommendations
- 6 advisory recommendations

The two advisory audits generated a further 9 advisory recommendations.

Internal audit follow up has also been conducted on two occasions (Q2 and Q4) during the year with 96% of recommendations fully implemented (101 out of 105 findings), with a year on year cumulative implementation rate of 96%.

Internal controls assurance conclusion

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

Modern Slavery

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

Donations

During the year ended 31 March 2022 the Group has made no political contributions (2021: £nil) and any charitable donations were made during the course of its ordinary activities.

Going concern

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

Annual general meeting

The annual general meeting will be held on 22 September 2022.

External auditors

We will be proposing to re-appoint Beever and Struthers as external auditors at the AGM on 22 September 2022.

Statement of compliance

In preparing the Strategic Report and the Report of the Board, the Board has followed the principles set out in the SORP 2018.

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

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

The report of the Board was approved by the Board on 4 August 2022 and signed on its behalf by:

P. Elvy
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO GREAT PLACES HOUSING GROUP LIMITED

Opinion

We have audited the financial statements of Great Places Housing Group ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the Group and Association Comprehensive Income Statements, Group and Association Statements of Financial Position, Group and Association Statements of Changes in Reserves, Group Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's 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 or Group'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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address these matters and, as required for listed entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Housing Properties – capitalisation of new build development costs
The Group's additions to properties under construction total £70.9m as at 31 March 2022 (2021: £73.0m).

Refer to pages 44-45 (accounting policies), pages 50-52 (key judgements and estimates) and page 60 (financial disclosures).

<u>The risk – significant risk high value</u>
Development is a key activity for the Group. Judgements as to whether expenditure is capital or revenue in nature is an area that has a key impact on our audit approach. Our overall assessment of misstatement is therefore that housing property additions is a significant risk within our audit approach.

<u>Our response</u>
Our procedures included:

- **Test of detail**: We agreed a sample of capital additions in the year to invoice or certificate.
- **Review against accounting standards:** We reviewed amounts capitalised in our sample testing against guidance in FRS 102 and the Statement of Recommended Practice 2018.
- **Test of detail:** We considered the assessment of whether there was any evidence of impairment, in particular; for schemes under development.
- **Test of detail**: We confirmed that accruals have been made for significant development expenditure incurred up to 31 March 2022 but not yet invoiced.
- **Test of detail**: We reviewed the policy on overhead capitalisation and that the costs capitalised are directly attributable to developments.

<u>Our results</u>
Based on the audit procedures performed, we found the capitalisation of development costs to be acceptable.

Going concern - Financial Performance, Treasury Management, Loan Covenants and macro economic climate

<u>The risk – significant risk high value</u>
The Group reported a surplus for the year of £21.6m before actuarial gains on pension schemes and fair value movements on the swaps. At 31 March 2022 the Group had borrowings of £703m (refer to page 41 (basis of accounting) and page 66 (financial disclosures)).

The Group is operating in a current economic outlook that is volatile, uncertain and complex with rising inflation in the UK. There is a direct impact on the Group's activities and a growing cost of living crisis that directly affects the Group's tenants and residents. This implies a direct risk to the Group's ability to maintain income collection rates and increases the risk of arrears and bad debts. Stress testing business plans can illustrate the level of financial resilience and the Group's ongoing capability to manage sequences of negative events.
The risk is that the Group might have insufficient liquidity to finance its development programme or might breach a funding covenant set out within the agreements in place with a range of funders.

<u>Our response</u>
Our procedures included the following:

- **Confirmation of value:** We agreed loan balances to the accounting records and to external confirmation from the funders.
- **Test of detail:** We tested the detailed calculations for loan covenant compliance prepared by management, both for the year ended 31 March 2022 and projected future performance.
- **Review of business plan**: We have reviewed the Group's long term financial plans and covenant projections, and the underlying assumptions, to assess the Group's ability to service and repay the debt, including the availability of funding.

- **Review of stress testing**: We have reviewed the stress testing of the business plan and considered the potential impact on the financial statements, as well as on the Group's financial viability into the foreseeable future and its status as a going concern.

Our results

Our audit work concluded that all loan covenants calculations, as prepared by management, were met at 31 March 2022 and are expected to be met in the longer term.

The Group has forecasted to retain compliance with banking covenants now and for the foreseeable future with sufficient profitability and cash flows from operating activities. Across a range of stress testing scenarios, including those linked to macro-economic conditions, the Group remains comfortably within its funding covenants with adequate loan facilities.

We are therefore satisfied with management's assessment that the Group will remain a going concern.

Defined Benefit Pension Schemes

The risk – significant risk high value

The Group participates in three defined benefit pension schemes, the Social Housing Pension Schemes (SHPS) and two Local Government Pension Schemes (LGPS), administered by the Greater Manchester Pension Fund and South Yorkshire Pension Authority.

The pension scheme assets and liabilities are valued for Section 28 FRS 102 purposes and the financial statements disclose the net liability and the assumptions used by the Group in completing the valuation of the pension deficit and the movements in the year. The scheme liability requires a calculation which uses a number of assumptions and variations in these assumptions could significantly affect the liability.

The effect of these matters is that we determined that the defined benefits pension scheme obligation has a high degree of estimation uncertainty.

Refer to page 49 (accounting policies), page 51 (key judgements and estimates) and pages 71-75 (financial disclosures).

Our response

Our procedures included the following:

- **Assessing the credentials of the schemes' actuaries:** We reviewed the credentials of the scheme actuaries to assess that they are one of the small number of experienced, skilled advisors appointed to undertake the pension scheme valuations, as we place reliance on their valuation.
- **Confirmation of value**: We challenged, with the support of our own actuarial expert, the key assumptions and actuarial methodology applied to calculate the liability, including the discount rate, inflation rate and mortality/life expectancy to ensure they are consistent with wider sector expectations and that the sensitivity of the liability to changes in certain assumptions is adequately disclosed.
- **Confirmation of methodology:** We reviewed the central SHPS FRS 102 calculation methodology and the central assurance methodology;
- **Assessment of asset values**: We reviewed the split of assets held in the scheme and movements in the asset valuations.
- **Confirmation of reporting:** We agreed the relevant accounting entries and reviewed the disclosures and the notes to the accounts to ensure they comply with Section 28 of FRS 102.

Our results

We confirmed that the assumptions used in the calculation of the balances in the financial statements are within reasonable parameters and are in line with the recommendations of the schemes' actuaries.

Net realisable value of property held for sale

The risk – significant risk medium value
The Group recorded turnover from first tranche shared ownership sales of £22.6m (2021: £11.1m), and developments for sale of £17.4m (2021: £12.6m)

Properties developed for sale, including low cost home ownership sales and properties developed for outright sale, are measured at the lower of cost and net realisable value. At 31 March 2022 there was £3.6m completed unsold properties (2021: £5.0m) and £32.9m (2021: £29.8m) of work in progress relating to properties for sale under construction.

For completed properties at the balance sheet date, an assessment is needed of an anticipated selling price. For properties in development at the balance sheet date, an assessment is needed of an anticipated selling price and a determination of the expected costs to complete.

Due to the quantum of the carrying values at the year end and the level of judgement involved in estimating both selling price and costs to complete we considered there to be a significant risk of misstatement in the carrying amount of properties developed for sale. This was therefore a key audit matter.

Refer to page 44 (accounting policies), page 50 (key judgements and estimates) and page 64 (financial disclosures).

Our response
Our procedures included the following:
- **Test of detail**: We agreed the calculation of the surplus on sale for a sample of sales in the period.
- **Assessment of recoverability**: We reviewed the carrying value of the Group's work-in-progress at the year-end to ensure it is stated at its selling price less costs to complete and sell. This included an assessment of the profitability on the current schemes.
- **Assessment of recoverability:** For a sample of development schemes, we reviewed the carrying value of the Group's stock and work-in-progress at the year-end including the financial appraisals of each scheme. This included testing on a sample basis the expected profitability of the current schemes, and reviewing post-year end sales of properties held in stock at 31 March 2022.

Our results
The Group has considered the recoverability of the balances and has taken into account that surpluses have been generated from properties sold in the year and anticipated margins on properties held for sale do not indicate any shortfalls. Sales made post year end have been made at a surplus.

We therefore found no evidence that the year end balance of stock and work in progress is overstated at the year end. Our review of schemes under development did not identify any indication of work in progress that required provision or impairment write down. Based on the evidence obtained we did not identify any indications that the assessments of the carrying amount made by management were inappropriate.

Fair value of derivatives
The risk – significant risk medium value
The Group holds standalone interest rate swaps which are used to mitigate against interest rate risk on the Group's variable rate loans. The swaps are measured at fair value in accordance with the principles set out in FRS 102. The Group has designated the swaps against a portfolio of floating rate debt, being a group of liabilities and highly probable forecast transactions in the Business Plan, and to the extent that the hedge is effective, movements in fair value adjustments are recognised in Other Comprehensive Income.

The total year end liability attributed to these derivatives is £28.1m (2021: £41.9m). Management have judged that the hedge is fully effective, so all of the movement compared to the prior year has been accounted for through Other Comprehensive Income.

The valuations require calculations which use assumptions and variations in these assumptions could significantly affect the liability. The effect of this is that we determined that the valuation of the interest rate swaps has a high degree of estimation uncertainty. The effectiveness of the hedge is complex and has been disclosed as a key management judgement.

Refer to page 43 (accounting policies), page 50 (key judgements and estimates) and page 67-68 (financial disclosures).

Our response

Our procedures included the following:

- **Confirmation of value**: We used independent specialist software to reperform the calculations of the valuations
- **Assessment of accounting**: We have obtained the outputs from management's expert relating to the effectiveness of the hedging relationships and confirmed that this has been accounted for correctly
- **Reporting**: We reviewed the accounting and disclosures included within the financial statements.

Our results

We obtained sufficient audit evidence to form our opinion that the Group's valuation and accounting is appropriate and satisfactory. The group has included appropriate disclosures to reflect the sensitivity of the valuations to changes in assumptions.

Our Application of Materiality and an Overview of the Scope of the Audit

Materiality for the Group financial statements as a whole was set at £2.5m, determined with reference to a benchmark of Group turnover (of which it represents 1.5%). We consider group turnover to be the most appropriate benchmark, and more appropriate than a profit-based benchmark as the Group is a not-for-profit organisation that reinvests all surpluses generated from its activities within the Group and does not make any distributions of profit to external parties.

Materiality for the parent Association financial statements as a whole was set at £369k is, determined with reference to a benchmark of Association interest payable (of which it represents 1.5%).

We agreed to report to the Audit and Assurance Committee any corrected or uncorrected identified misstatements exceeding £125k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's reporting components, we subjected all to full scope audits for group purposes. The work on all components including the audit of the parent Association, was performed by the Group team.

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with books of account; 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 Responsibilities of the Board set out on page 26, 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 determines 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 is responsible for assessing the Group and 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 intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

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

Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud
We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, the National Housing Federation 2020 Code of Governance, tax legislation, health and safety legislation and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. 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 Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Statutory Auditor:
Beever and Struthers
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 19 August 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2022 £'000	2021 £'000
Turnover	4	166,010	144,152
Operating costs	4	(88,883)	(84,771)
Cost of sales	4	(35,055)	(22,192)
Surplus on sale of fixed assets	5	4,690	2,980
Operating surplus	6	**46,762**	**40,169**
Interest receivable and similar income	7	273	153
Interest payable and financing costs	8	(26,959)	(25,561)
Movement in fair value of investment properties	14	1,178	588
Share of loss in joint venture	7	(104)	-
Gain on transfer of engagements	35	-	39,449
Surplus on ordinary activities before taxation		**21,150**	**54,798**
Tax on surplus on ordinary activities	10	492	(514)
Surplus for the financial year		**21,643**	**54,284**
Actuarial gains/(losses) on defined benefit pension schemes	27	10,007	(15,335)
Movement in fair value of hedged financial instruments	8	13,719	9,995
Tax charge in relation to other comprehensive income	10	(29)	(563)
Other comprehensive income/(expenditure)		**23,697**	**(5,903)**
Total comprehensive income for the year		**45,339**	**48,381**

All amounts relate to continuing activities.

The accompanying notes on pages 41 to 81 form part of these financial statements.

A. Davison
Board member

G. Page
Board member

P. Elvy
Secretary

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2022

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Note	2022 £'000	2021 £'000
Turnover	4	35	20,540
Operating costs	4	(34)	(17,417)
Cost of Sales	4	-	(1,455)
Operating surplus	6	**1**	**1,668**
Distribution from GPHA for pension liability	22	-	6,222
Interest receivable and other income	7	24,625	21,470
Interest payable and financing costs	8	(24,595)	(21,499)
Surplus/(Deficit) on ordinary activities before taxation		**31**	**7,860**
Tax on surplus/(deficit) on ordinary activities	10	(6)	-
Surplus / (Deficit) for the financial year		**25**	**7,860**
Actuarial (losses)/gains on defined benefit pension schemes	27	-	(3,816)
Tax charge in relation to other comprehensive income	10	-	(563)
Other comprehensive (expenditure)/income		**-**	**(4,379)**
Total comprehensive income for the year		**25**	**3,481**

All amounts relate to continuing activities.
The accompanying notes on pages 41 to 81 form part of these financial statements.

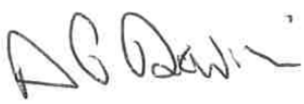
A. Davison	G. Page	P. Elvy
Board member	Board member	Secretary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

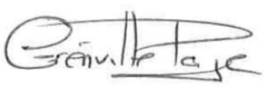
	Note	2022 £'000	2021 £'000
Tangible fixed assets			
Housing properties	13	1,360,162	1,313,452
Investment properties	14	24,690	23,279
Other tangible fixed assets	15	13,401	12,619
Total tangible fixed assets		**1,398,253**	**1,349,350**
Fixed asset investments			
Homebuy loans	16	5,892	6,133
Fixed asset investments	17	708	833
Investment in joint venture	17	2,095	807
Total fixed asset investments		**8,695**	**7,773**
Total fixed assets		**1,406,948**	**1,357,123**
Current assets			
Stock and work in progress	18	37,332	35,545
Debtors	19	15,010	32,157
Investments	20	16,749	28,159
Cash and cash equivalents		121,890	138,120
Total current assets		**190,981**	**233,981**
Creditors: Amounts falling due within one year	21	(87,360)	(104,003)
Net current assets		**103,621**	**129,978**
Total assets less current liabilities		**1,510,570**	**1,487,101**
Creditors:			
Creditors falling due after more than one year	22	(1,316,126)	(1,325,011)
Pension liability	27	(12,367)	(25,382)
Provision for liabilities	28	(237)	(208)
Net assets		**181,839**	**136,500**
Capital and reserves			
Share capital (non-equity)	30	-	-
Income and expenditure reserve		204,227	173,751
Revaluation reserve		5,642	4,479
Designated reserve		104	123
Cash flow hedge reserve		(28,134)	(41,853)
Consolidated funds		**181,839**	**136,500**

The accompanying notes on pages 41 to 81 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 4 August 2022 and signed on its behalf by:



A. Davison
Board member



G. Page
Board member

P. Elvy
Secretary

ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Tangible fixed assets			
Other tangible fixed assets	15	-	-
Fixed asset investments	17	247	372
Total fixed assets		**247**	**372**
Debtors: Amounts falling due after one year	19	607,101	631,315
Current assets			
Debtors	19	17,642	22,506
Investments	20	9,026	21,141
Cash and cash equivalents		6,031	168
		32,699	**43,815**
Creditors: Amounts falling due within one year	21	(32,330)	(43,596)
Net current assets		**369**	**219**
Total assets less current liabilities		**607,717**	**631,906**
Creditors:			
Amounts falling due after more than one year	22	(607,101)	(631,315)
Pension liability	27	-	-
Net assets		**616**	**591**
Capital and reserves			
Share capital (non-equity)	30	-	-
Income and expenditure reserve		616	591
Association's funds		**616**	**591**

The accompanying notes on pages 41 to 81 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 4 August 2022 and signed on its behalf by:

A. Davison	G. Page	P. Elvy
Board member	Board member	Secretary

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2022

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated reserve £'000	Income and expenditure reserve £'000	Total £'000
As at 1 April 2020	(51,848)	3,891	142	135,934	88,119
Surplus for the year	-	-	-	54,284	54,284
Actuarial gains on pension scheme	-	-	-	(15,335)	(15,335)
Fair value adjustments of financial instruments	9,995	-	-	-	9,995
Tax credit in relation to other comprehensive income	-	-	-	(563)	(563)
Transfers	-	588	(19)	(569)	-
As at 31 March 2021	**(41,853)**	**4,479**	**123**	**173,751**	**136,500**
Surplus for the year	-	-	-	21,642	21,613
Actuarial losses on defined benefit pension schemes	-	-	-	10,007	10,007
Fair value adjustments of financial instruments	13,719	-	-	-	13,719
Tax charge in relation to other comprehensive income	-	-	-	(29)	(29)
Transfers	-	1,163	(19)	(1,144)	-
As at 31 March 2022	**(28,134)**	**5,642**	**104**	**204,227**	**181,839**

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000	Total £'000
As at 1 April 2020	(2,890)	(2,890)
Surplus for the year	7,860	7,860
Actuarial gains on defined benefit pension schemes	(3,816)	(3,816)
Tax credit in relation to other comprehensive income	(563)	(563)
As at 31 March 2021	**591**	**591**
Surplus for the year	25	25
As at 31 March 2022	**616**	**616**

The accompanying notes on pages 41 to 81 form part of these financial statements.

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 £'000	2021 £'000
Cash flows from operating activities		
Surplus for the financial year	21,642	54,284
Non cash adjustments to surplus:		
Depreciation of housing properties	20,897	20,477
Depreciation of fixed assets - other	1,109	784
Amortised grant	(6,405)	(6,364)
Fair value gain on acquisition of Equity Housing Group	-	(39,449)
Adjustment for investing or financing activities:		
Surplus on the sale of fixed assets	(4,690)	(2,980)
Proceeds from sale of fixed assets	16,897	11,514
Cost of sales on properties developed for sale	33,111	19,556
Interest payable and finance costs	26,959	25,561
Interest received	(273)	(153)
Taxation expense	(492)	514
Other adjustments to surplus:		
Net fair value (gains) recognised in profit or loss	(1,178)	(588)
Difference between net defined benefit pension expense and cash contribution	(3,008)	(1,626)
Adjustment for working capital:		
Cash expenditure on developing property for resale	(34,341)	(20,980)
(Increase)/decrease in trade and other debtors	2,801	(1,632)
Increase in stocks	(66)	(184)
Increase/(decrease) in trade and other creditors	(2,986)	7,318
Cash from operations	**69,977**	**66,052**
Corporation tax paid	445	(162)
Net cash generated from operating activities	**70,422**	**65,890**

The accompanying notes on pages 41 to 81 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	2022 £'000	2021 £'000
Cash flows from investing activities		
Purchase and construction of fixed asset housing properties	(78,980)	(80,636)
Social housing grant received	24,950	26,003
Homebuy loans repaid	241	380
Fixed asset investments	(1,163)	(692)
Purchase of other fixed assets	(1,709)	(2,626)
Purchase and construction of investment properties	(415)	(1,317)
Cash transferred from Equity Housing Group	-	4,294
Decrease/(Increase) in cash collateral held by counterparties	(1,689)	3,185
Decrease/(Increase) in swap collateral	13,099	7,338
Interest received	273	153
Net cash used in investing activities	**(45,393)**	**(43,918)**
Cash flows from financing activities		
Interest paid	(32,469)	(31,536)
Loan issue costs and other fees incurred	(21)	666
Bond finance received	-	103,825
Loans received	-	12,570
Loans repaid	(8,771)	(9,104)
Net cash from financing	**(41,261)**	**76,421**
(Decrease) / Increase in cash	**(16,232)**	**98,393**
Cash at beginning of year	**138,122**	**39,727**
Cash at end of year	**121,890**	**138,120**

The accompanying notes on pages 41 to 81 form part of these financial statements.

1. Legal status

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

2. Accounting policies

Basis of accounting
The financial statements of the Group and Association have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for the Group included the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 "Accounting by registered social housing providers" 2018, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Association is a Public Benefit Entity (PBE) and has applied the provisions for FRS102 specifically applicable to PBEs. In preparing the separate financial statements of the parent Association, advantage has been taken of the disclosure exemptions available in FRS 102 insofar as no cash flow statement has been presented for the parent Association.

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

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Going concern
The Group's latest Business Plan demonstrates that they have 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.

Stress testing were modelled through the business plan with a number of specific mitigation strategies applied to demonstrate recovery from the stress events. The Association is able to mitigate a worst case scenario and avoid a covenant breach by managing the timing of development and repairs expenditure amongst other mitigating actions.

A stress test scenario was done for a Going Concern review, based on the Group meeting all contractual commitments but without receiving any property sales receipts at all. 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.

2. Accounting policies (continued)

Income

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

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Sale of first tranche Low Cost Home Ownership and other housing properties developed for sale;
- 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 outsight sales and proceeds from the sale of land or property are recognised at completion of the sale.

Rent and service charge agreements

The Group 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 Group has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Grants

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

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

Interest receivable

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

Interest payable

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

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

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

2. Accounting policies (continued)

Leased assets
Where assets are financed by leasing agreements that give rights similar to ownership (finance leases), the assets are treated as if they have been purchased outright. The assets leased by the Group under finance leases are Investment Properties and are therefore accounted for under FRS 102 as Investment Properties. The corresponding leasing commitments are shown as amounts payable to the lessor. Leased assets are depreciated over the life of the lease or their estimated useful economic lives in the business, if shorter.

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

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

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

The Group has designated the swaps against a portfolio of floating rate debt, being a group of liabilities and highly probable forecast transactions in the business plan. As a result the hedges are 100% effective, with movements in fair value recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Hedge accounting is applied in line with accounting standard FRS102.

It is the Association which is the legal party to the swap agreements, but its subsidiary GPHA has indemnified the Association against any obligations in relation to the swaps. Therefore the ultimate cost is borne by GPHA and the Association shows an equal gain and loss in relation to its fair value asset due from GPHA (note 19) and the fair value liability to the swap counterparties (notes 20 and 21). The swap fair values have been obtained from the valuations provided by the swap counterparties at each reporting date and compared with valuations obtained from the Group's treasury advisors for assurance.

Taxation - Current and deferred taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense is recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

2. Accounting policies (continued)

- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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

VAT

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

Property managed by agents

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

Tangible fixed assets

Housing properties

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

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

Shared ownership properties and staircasing

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

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

2. Accounting policies (continued)

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	15* - 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
Electrical rewire**	25 years		

* Where Boilers were included within the heating system.
** Not normally a component within Great Places but this has been a component where properties have transferred into the association.

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

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

The DRC will be based upon the lower of:

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

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

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

2. Accounting policies (continued)

grant is disclosed within creditors. In the event of the housing properties being disposed, the Association is responsible for the recycling of the grant.

Other tangible fixed assets
Other fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

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

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.

Fixed asset Investments

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

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

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

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

2. Accounting policies (continued)

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

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

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

Debtors and creditors
Debtors and creditors with no stated interest rate are recorded at transaction price. The Association estimates the recoverable amount of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Investments
All investments held by the Association are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historic cost. Investments that are receivable within one year are not discounted. Loans that are payable within one year are not discounted. Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the income statement. At each year end, the instruments are revalued to fair value, with the movements posted to the income statement (unless hedge accounting is applied).

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

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

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

2. Accounting policies (continued)

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

Any discount or premium realised on the issue of a bond or similar financial asset or financial liability is capitalised and offset or added to the bond or loan principal, and is then amortised to the income statement on an effective interest rate basis over the term of the asset.

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

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

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.

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

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

The Association does not consider that the clause allowing the Association to potentially receive a compensation premium upon early repayment of some or all of the fixed rate loan liability makes this financial instrument "non-basic" or "other" as outlined in FRS 102 section 11. The Association considers that this particular loan clause is

2. Accounting policies (continued)

specifically compliant with sections 11.9b and 11.9c of FRS 102 and that the substance of this loan arrangement was that it was always intended to be a simple fixed rate loan arrangement.

Pensions
The Group participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and two Local Government Pension Schemes (LGPS) one administered by the South Yorkshire Pension Authority (SYPA) and the second administered by the Great Manchester Pension Fund (GMPF). At 31 March 2022 there were 141 active members of the SHPS scheme, four active members of the SYPA scheme and two active member of the GMPF scheme. From 31st March 2022 the SHPS defined benefit scheme is closed.

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. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

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

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

Reserves
The Group designates those reserves which have been set aside for uses which, in the judgement of the Directors, prevent them from being regarded as part of the free reserves of the Association. The only reserve which constitutes free reserves is the Income and Expenditure reserve.

The Group has a reserve that is designated for use in the support, training and development of apprentice maintenance employees. The revaluation reserve is created from surpluses on the revaluation of investment properties held by the Group.

The Association has a cash flow hedge reserve which is used for the effective hedges that are in place for the standalone interest rate swap agreements. Where an effective hedge is in place the fair value movement on the swap is recognised in the cash flow hedge reserve. Where a hedge is ineffective the movement is recognised in the revenue reserve.

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

The preparation of financial statements in compliance with accounting principles 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.

Key Judgements are as follows:

- On 1 April 2020 the activities of EHG were transferred to one of the Group's subsidiaries, 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 the Group and 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.
- Hedging effectiveness is a judgement, based on the different factors that affect the valuation of the hedging instruments and the hedged items, including highly probably forecast transactions. The assessment of hedging arrangements is that they are fully effective. Hedge accounting is applied in line with accounting standard FRS102.
- Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value – Social Housing or depreciated replacement cost.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- A consideration of the anticipated costs to complete on a development scheme. This includes the expected further construction costs, the effective rate of interest on loans during the construction period, legal costs and other any other costs to completion. Based on the costs to complete, we then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the Executive Directors' best estimate of sales value based on economic conditions within the area of development, and using information available regarding local sales prices.
- Whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- Cash collateral held by third parties is reported under current asset investments. This provides greater clarity to users of the financial statements by clearly differentiating investment related balances from other debtors.

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

Key sources of estimation uncertainty

Investment Properties
Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers (refer to note 2). The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook of the UK property market. A sensitivity analysis is provided for the Group below. The Association has no Investment Properties.

	Change in assumption	Change in value (£'000)
Investment Properties	Increase/decrease of 10%	2,487

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

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

The table below shows the financial impact to changes to the useful economic lives.

Component	Change in assumption	Increase in annual charge (£'000)
Roof	Component life reduced from 60 to 50 years	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. The table below shows the financial impact to changes in those assumptions.

	Change in Assumption	Change in Liabilities (%)	Change in Liabilities (£'000)
Discount Rate	Increase of 0.1% p.a.	decrease by 2.3%	(2,454)
Rate of inflation	Increase of 0.1% p.a.	increase by 2.2%	2,347
Rate of salary growth	Increase of 0.1% p.a.	increase by 0.1%	107
Rate of mortality	Probability of surviving each year increased by 10%	increase by 2.3%	2,454
Value of plan assets	Change in asset values of -5%	decrease by 5%	(4,514)

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

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

Bad Debt provision

Bad debts are provided for dependent on whether a customer is still a tenant and then the value of the debt. Given the current cost of living rises increases were applied to these assumptions this year meaning £292k extra was provided for in the year to March 2022. If a further 10% of our debts over £1k was applied this would see a change in value of £262k.

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

GROUP				**2022**
	Turnover	**Cost of sales**	**Operating costs**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	**114,808**	**-**	**(79,700)**	**35,108**
Other social housing activities				
First tranche shared ownership sales	22,585	(19,568)	-	3,017
Housing First	3,454	(1,944)	(1,268)	242
Support Funding/Income	1,828	-	(1,737)	91
Properties managed but owned by other organisations	920	-	(680)	240
Community / neighbourhood services	249	-	(979)	(730)
Other Social housing	1,747	-	(1,701)	46
	30,783	**(21,512)**	**(6,365)**	**2,906**
Non-social housing activities				
Developments for sale	17,395	(13,543)	(717)	3,135
Market and commercial rented	1,814	-	(1,302)	512
Other non-social housing	1,210	-	(799)	411
	20,419	**(13,543)**	**(2,818)**	**4,058**
Surplus on disposal of fixed assets (note 5)				4,690
	166,010	**(35,055)**	**(88,883)**	**46,762**

ASSOCIATION				**2022**
	Turnover	**Cost of sales**	**Operating costs**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Management and development services	-	-	(1)	(1)
Other	35	-	(33)	2
	35	**-**	**(34)**	**1**

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

GROUP				**2021**
	Turnover	**Cost of sales**	**Operating costs**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	**109,877**	**-**	**(77,832)**	**32,045**
Other social housing activities				
First tranche shared ownership sales	11,055	(9,363)	-	1,692
Housing First	2,064	(1,289)	(770)	5
Support funding/Income	1,848	-	(1,756)	92
Properties managed but owned by others	2,231	-	(1,884)	347
Marketing income	222	-	(186)	36
Materials supply to other housing provider	1,630	(1,341)	(194)	95
Community / neighbourhood services	89	-	(702)	(613)
	19,139	**(11,993)**	**(5,492)**	**1,654**
Non-social housing activities				
Developments for sale	12,614	(10,193)	(427)	1,994
Market and commercial rented	1,555	-	(906)	649
Other non-social housing	967	(6)	(114)	847
	15,136	**(10,199)**	**(1,447)**	**3,490**
Surplus on disposal of fixed assets (note 5)				2,980
	144,152	**(22,192)**	**(84,771)**	**40,169**

ASSOCIATION				**2021**
	Turnover	**Cost of sales**	**Operating costs**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Management and development services	18,557	-	(16,969)	1,588
Materials supply to other housing provider	1,630	(1,341)	(194)	95
Other	353	(114)	(254)	(15)
	20,540	**(1,455)**	**(17,417)**	**1,668**

The market and commercial rented income line for 2021 includes £27k of receipts in relation to the government's job retention scheme. No claims were made against this scheme in 2022.

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

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

GROUP

	General needs housing £'000	Supported housing* £'000	Low cost home ownership £'000	Key worker housing £'000	Total 2022 £'000	Total 2021 £'000
Rent receivable net of service charges	78,975	7,279	6,731	312	93,297	90,107
Service charge income	3,904	4,662	2,839	-	11,405	10,060
Amortisation of government grants	4,886	898	613	-	6,397	6,356
Government grant taken to income	-	-	-	-	-	131
Other income	1,338	1,855	516	-	3,709	3,223
Turnover from social housing lettings	**89,103**	**14,694**	**10,699**	**312**	**114,808**	**109,877**
Management	(14,281)	(2,705)	(4,950)	(56)	(21,992)	(20,400)
Service charge costs	(3,935)	(5,207)	(2,809)	(58)	(12,009)	(11,372)
Routine maintenance	(10,874)	(1,344)	(108)	(16)	(12,342)	(11,158)
Planned maintenance	(2,773)	(158)	(4)	-	(2,935)	(4,173)
Major repairs expenditure	(8,746)	(381)	(5)	-	(9,132)	(8,098)
Bad debts	(223)	55	2	31	(135)	(1,243)
Property lease charges	(172)	(11)	-	-	(183)	(195)
Depreciation of housing properties:						
-annual charge	(16,617)	(2,017)	(1,613)	(25)	(20,272)	(19,888)
-accelerated on disposal of components	(553)	-	-	-	(553)	(1,013)
Other costs	(131)	(1)	(15)	-	(147)	(292)
Operating expenditure on social housing lettings	**(58,305)**	**(11,769)**	**(9,502)**	**(124)**	**(79,700)**	**(77,832)**
Operating surplus on social housing lettings	**30,798**	**2,925**	**1,197**	**188**	**35,108**	**32,045**
Void losses	359	173	2	(14)	520	612

** Supported Housing includes Housing for Older People*

The government grant taken to income line includes £115k of receipts on relation to the government's job retention scheme in 2021. No claims were made against this grant in 2022.

5. Surplus on sale of fixed assets – housing properties

	Disposal proceeds £'000	Carrying value of asset £'000	Capital grant recycled £'000	Total Surplus 2022 £'000	Total Surplus 2021 £'000
Shared Ownership	8,097	(4,599)	(1,247)	2,251	1,197
Other Housing properties	8,764	(5,002)	(1,491)	2,271	1,693
Homebuy	406	(8)	(230)	168	90
Total	**17,267**	**(9,609)**	**(2,968)**	**4,690**	**2,980**

ASSOCIATION

The Association sold no fixed assets (2021:nil).

6. Operating surplus

This is arrived at after charging:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Depreciation of housing properties	20,282	19,898	-	-
Impairment of investment properties	182	-	-	-
Accelerated depreciation on component disposal	553	1,013	-	-
Depreciation of other tangible fixed assets	927	784	-	474
Amounts paid under operating leases:				
-Land and buildings	182	195	-	-
-Vehicles	628	716	-	36
-Photocopiers and printers	11	-	-	-
Auditors' remuneration (excluding VAT)				
-for the audit of the financial statements	143	105	35	18
- other audit related services	31	17	-	13

7. Interest receivable and other income

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Interest receivable and similar income	168	103	-	-
Intra group interest receivable	-	-	24,595	21,444
Interest receivable from JVs	4	25	-	25
Interest from Fixed Asset Investments	101	-	30	-
Income/(Loss) from Fixed Asset Investments	(104)	25	-	-
	169	153	24,625	21,469

8. Interest payable and financing costs

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Interest and financing costs				
Loans and bank overdrafts	27,733	25,636	24,595	21,445
Net interest payable on pension liabilities	522	279	-	54
Finance leases	608	203	-	-
Payable on recycled grant	21	12	-	-
Arrangement fees amortised or written off	855	1,625	-	-
Other finance costs including non-utilisation fees and commitment fees	876	959	-	-
	30,615	28,714	24,595	21,499
Interest payable capitalised on housing properties	(3,656)	(3,153)	-	-
	26,959	**25,561**	**24,595**	**21,499**
Other financing costs				
Gain on fair value of non-hedged derivative instruments	-	-	-	-
(Gain)/loss on fair value of hedged derivative instruments	(13,719)	(9,995)	-	-
	13,240	**15,566**	**24,595**	**21,499**

Other financing costs include non-utilisation and commitment fees paid, and arrangement fees amortised or written off. Capitalised interest was charged at rates of 0.5% (2021: 0.5%) receivable and 4.77% (2021: 4.80%) payable, based on the average weighted cost of borrowing during the year. Finance Lease interest payable includes a current year adjustment to align the figures to accounting policy.

9. Gift aid

In respect of the year ended 31 March 2022 the following gift aid payments were made to GPHA by subsidiary and group undertakings: £580k (2021: £580k) by Plumlife. No gift aid payment was made in the period from Cube Homes Limited (2021: £1,100k). Cube Homes Limited made a gift aid payment of £2.00m on 8th June 2022 to GPHA, as agreed by their Board on 16th March 2022, this directly related to Cube Homes end of year financial performance for 2021/22. No gift aid was paid by Terra Nova Developments Limited in the year to GPHA (2021: paid nil). These transactions are eliminated on consolidation.

10. Tax on surplus on ordinary activities

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Current tax charge for the year	8	180	6	-
Current tax adjustment in respect of prior years	(500)	126	-	-
UK corporation tax charge/(credit) for year	(492)	306	6	-
Deferred tax				
Origination and reversal of timing differences	(42)	106	-	-
Adjustments in respect of prior periods	6	102	-	-
Effect of tax rate change on opening balance	68	-	-	-
Losses and other deductions	(3)	-	-	-
Deferred tax - note 11	29	208	-	-
Tax on surplus	**(463)**	**514**	**6**	**-**
Surplus before tax	21,150	54,798	31	7,860
Tax on profit on ordinary activities at standard CT rate of 19.00% (2021: 19%)	4,016	10,411	6	1,493
Effects of:				
Exempt charitable activities	(3,803)	(14,415)	-	-
Fixed asset differences	(42)	(7)	-	-
Expenses not deductible for tax purposes	35	4,889	-	11
Income not taxable for tax purposes	(6)	(157)	-	(1,182)
Losses eliminated	-	141	-	141
Chargeable gains/(losses)	-	84	-	-
Adjustments to tax charge in respect of previous periods	534	127	-	-
Adjustments to tax charge in respect of previous periods - deferred tax	6	92	-	(10)
Gift Aid payments (including post year end)	(490)	(126)	-	-
Deferred tax not recognised	-	(419)	-	(347)
Utilisation of brought forward losses	-	(106)	-	(106)
Deferred tax charge	(490)	-	-	-
Group relief surrendered/(claimed)	(278)	-	-	-
Remeasurement of deferred tax for changes in tax rates	57	-	-	-
Tax charge/(credit) for period	**(463)**	**514**	**6**	-

The aggregate current and deferred tax relating to items recognised in other comprehensive income for the group and the Association, arising from timing differences in relation to the SHPS pension scheme and changes in amount provided for in prior years, is a charge of £29k (2021: £563k).

11. Deferred tax

Deferred tax liabilities/(assets)	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1st April	208	-	-	-
Fixed asset timing differences	19	60	-	-
Short term timing differences	7	(6)	-	-
Under / (over) provided	6	-	-	-
Losses and other deductions	(3)	-	-	-
Capital gains/(losses)	-	154	-	-
At 31 March	237	208	-	-

12. Directors and members

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

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Executive directors	908	857	-	794
Non-Executive directors	101	84	-	84
	1,009	941	-	878

Executive Directors

Executive Directors include the Chief Executive and those officers who are Executive Directors and who report directly to the Chief Executive. The number of Group and Association Executive Directors who received emoluments (including pension contributions, contractual termination payments, performance bonus and pay in lieu of notice) in the following ranges are shown in the table below:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
£30,001 to £40,000*	1	-	-	-
£40,001 to £50,000	-	-	-	-
£50,001 to £60,000	-	1	-	1
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	-	-	3
£140,001 to £150,000	-	3	-	-
£150,001 to £160,000	3	-	-	1
£160,001 to £170,000	-	1	-	-
£170,001 to £180,000	1	-	-	1
£180,001 to £190,000	-	-	-	-
£190,001 to £200,000	-	1	-	-
£200,001 to £210,000	1	-	-	-

*This relates to a part year effect of a new Executive Director in place from 1 February 2022

12. Directors and members (continued)

The ranges shown above are in relation to the Group's executive directors who were paid solely in respect of the performance of their duties. Emoluments of the highest paid Group and Association Executive was the Chief Executive Officer who received emoluments, excluding pension contributions, totalling £195k (2021: £184k). 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 £13k (2021: £13k) was paid by the employer in addition to those made by the Chief Executive himself.

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

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

Name	Date served (if not for whole period)	GPHG	GPHA	PLUMLIFE	TERRA NOVA	CUBE	A&AC	R&AC	2022 £'000	2021 £'000
Anthony Davison	-	✓	✓	✓	✓			✓	19	14
Christine Amyes	-	✓	✓	✓	✓			✓	9	6
Jenny Rayner	To 16/9/21	✓	✓	✓	✓			✓	5	8
Celia Cashman	To 31/12/21	✓	✓	✓	✓		✓		6	6
David Robinson	-	✓	✓	✓	✓	✓			11	7
Grenville Page	-	✓	✓	✓	✓		✓		8	6
Jerry Green	To 16/9/21	✓	✓	✓	✓		✓		5	7
Mervyn Jones	-	✓	✓	✓	✓			✓	8	6
Michael Hanson	-	✓	✓	✓	✓		✓		9	6
Nahim Ruhi-Khan	From 16/9/21	✓	✓	✓	✓		✓		4	N/A
Patrick Ricketts	From 16/9/21	✓	✓	✓	✓		✓		4	N/A
Sandra Palmer	From 16/9/21	✓	✓	✓	✓			✓	4	N/A
Babar Ahmad	-					✓			4	4
Emma Prichard-Selby	-					✓			4	4
John Williamson	From 9/12/21					✓			1	N/A
Jan Fitzgerald	To 17/9/2020	[redacted]							N/A	3
Brendan Nevin	To 17/9/2020								N/A	3
									101	**84**

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

Other staff

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

	Group		Association	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,001 to £70,000	10	18	-	8
£70,001 to £80,000	7	7	-	5
£80,001 to £90,000	8	3	-	4
£90,001 to £100,000	3	7	-	2
£100,001 to £110,000	1	1	-	1
£110,001 to £120,000	-	2	-	-
£150,001 to £160,000	3	-	-	-
£170,001 to £180,000	1	1	-	-
£200,001 to £210,000	1	-	-	-

This includes colleagues employed for all or part of each year. 2021 included those paid redundancy packages following the merger process, hence the larger number of staff falling into this category.

13. Tangible fixed assets – housing properties

	Social housing properties held for letting	Housing properties for letting under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Other social housing properties held for letting	Total housing properties 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 April 2021	1,190,479	83,649	210,642	31,953	1,048	1,517,771
Additions	562	57,799	448	9,967	-	68,776
Components capitalised	10,204	-	-	-	-	10,204
Interest capitalised	-	1,336	-	1,829	-	3,165
Schemes completed	28,234	(28,234)	10,496	(10,496)	-	-
Disposals	(10,048)	-	(6,303)	-	-	(16,351)
Component disposals	(2,366)	-	-	-	-	(2,366)
As at 31 March 2022	**1,217,065**	**114,550**	**215,283**	**33,253**	**1,048**	**1,581,199**
Depreciation and impairment						
Opening balance	(193,007)	-	(11,131)	-	(181)	(204,319)
Charged in year	(18,787)	-	(1,487)	-	(8)	(20,282)
Disposal	1,269	-	482	-	-	1,751
Component disposals	1,813	-	-	-	-	1,813
As at 31 March 2022	**(208,712)**	**-**	**(12,136)**	**-**	**(189)**	**(221,037)**
NBV as at 31 March 2022	**1,008,353**	**114,550**	**203,147**	**33,253**	**859**	**1,360,162**
NBV as at 31 March 2021	997,472	83,649	199,511	31,953	867	1,313,452

Interest capitalised

Cumulative interest capitalised in housing properties is £15,558k (2021: £12,393k).

Expenditure to works on existing properties

	2022 £'000	2021 £'000
Amounts capitalised	10,204	9,263
Amounts charged to income statement	9,132	8,098
	19,336	**17,361**

Housing properties book value, net of depreciation impairment

	2022 £'000	2021 £'000
Freehold land and buildings	1,039,164	1,003,466
Long leasehold land and buildings	320,998	309,986
	1,360,162	**1,313,452**

ASSOCIATION

The Association has no Housing Properties.

14. Tangible fixed assets – investment properties

GROUP	Investment Properties completed £'000	Investment Properties under construction £'000	Investment Properties Total 2022 £'000	Investment Properties Total 2021 £'000
At the beginning on the year	19,002	4,277	23,279	20,974
Additions	4,692	415	5,107	1,317
Transfers on completion	-	(4,692)	(4,692)	-
Impairment	(182)	-	(182)	-
Transfers of engagements	-	-	-	400
Revaluations	1,178	-	1,178	588
At the end of the year	**24,690**	**-**	**24,690**	**23,279**

The surplus on revaluation of investment properties is £1,178k (2021: £588k). Of this £1,178k (2021: £588k) 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.

The impairment charge relates to a newly developed market rent scheme owned by Cube Homes Limited which experienced delays in planning and construction leading to an increase in cost over the original appraisal value, The scheme is fully occupied and is achieving the expected rental levels, so no further impairment issues are envisaged. The completed investment properties were valued at 31 March 2022 by Aspin and Company Chartered Surveyors on the basis of Market Value, as defined in the Valuation Global Standards of the Royal Institution of Chartered Surveyors ("Red Book Global").

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

	2022 £'000	2021 £'000
Gross cost	24,736	18,028
Gross cost transferred in from another RP	-	400
Accumulated depreciation based on historical cost	(5,410)	(5,197)
Historical cost net book value	**19,326**	**13,231**

ASSOCIATION

The Association has no investment properties (2021: nil).

15. Tangible fixed assets - other

GROUP	Freehold offices	Furniture and Equipment	IT and Computers	Total
	£'000	£'000	£'000	£'000
Cost				
As at 1 April 2021	11,582	552	2,903	15,037
Additions	305	-	1,404	1,709
Disposals	-	-	-	-
As at 31 March 2022	**11,887**	**552**	**4,308**	**16,746**
Depreciation and Impairment				
As at 1 April 2021	(1,266)	(126)	(1,026)	(2,418)
Charged in year	(185)	(69)	(673)	(927)
Released on disposal	-	-	-	-
As at 31 March 2022	**(1,451)**	**(195)**	**(1,699)**	**(3,345)**
NBV as at 31 March 2022	**10,436**	**357**	**2,609**	**13,401**
NBV as at 31 March 2021	10,316	426	1,877	12,619

ASSOCIATION

The Association has no Tangible Fixed Assets - Other.

16. Investments – Homebuy loans

GROUP	2022	2021
	£'000	£'000
At the beginning of the year	6,133	6,513
Loans redeemed	(241)	(380)
At the end of the year	**5,892**	**6,133**

ASSOCIATION

The Association has no Homebuy loans (2021: nil).

17. Investments - Fixed asset investment

GROUP

	Shared equity loans	Help to Buy	Inspiral	Fixed asset investments total
	£'000	£'000	£'000	£'000
Cost				
As at 1 April 2021	461	-	372	833
Additions	-	-	-	-
Disposal or repayment	-	-	(125)	(125)
As at 31 March 2022	**461**	**-**	**247**	**708**
NBV as at 31 March 2022	**461**	**-**	**247**	**708**
NBV as at 31 March 2021	461	-	372	833

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

	Associated undertaking KGP **£'000**	**JV** Reviva **£'000**	**JV** GMJV Fundco LLP **£'000**	**JV** Forge New Homes LLP **£'000**	**Joint venture total £'000**
Cost					
At the beginning of the year	-	9	298	500	807
Additions	-	-	441	960	1,401
Share in loss in joint venture	-	-	-	(104)	(104)
Repayment	-	(9)	-	-	(9)
At the end of the year	**-**	**-**	**739**	**1,356**	**2,095**
NBV as at 31 March 2022	**-**	**-**	**739**	**1,356**	**2,095**
NBV as at 31 March 2021	-	9	298	500	807

Reviva Urban Renewal Limited ("Reviva") was a company in which the Group held a one third interest, through its subsidiary GPHA. The other parties to the joint venture were Mosscare St Vincent's Housing Group and Irwell Valley Housing Association. The company did not trade in the current year and had been dormant since 2014. Our investment in Reviva was repaid during 2022 and the company dissolved.

Cube has entered into two joint venture arrangements, with the aim of generating returns from building homes for outright sale. The first arrangement is with nine other registered providers to create GMJV FundCo LLP. GMJV FundCo LLP, together with the Greater Manchester Combined Authority, have invested in Hive Homes (Greater Manchester) LLP. The second arrangement with four other registered providers to create Forge New Homes LLP which plans to build 300 homes a year. Cube will be investing up to £3m as a mix of debt and equity into each of Hive Homes and Forge New Homes. Forge has experienced losses in the initial years but the business plan shows returns following property sales.

Keepmoat Great Places Limited ("KGP") is an associate company in which the Group has a 10% interest and exercises significant influence over the Board of KGP having 2 out of the 5 Board members of KGP. The other party to the venture is Keepmoat Limited. KGP in turn has a 50% share of Sheffield Housing Company Limited. It is not disclosed in the table above as it has a value of less than £1k.

ASSOCIATION	**Associated undertaking KGP £'000**	**Other Investments** Inspiral **£'000**
Cost		
As at 1 April 2021	-	372
Disposal or repayment	-	(125)
As at 31 March 2022	**-**	**247**

18. Stock and work in progress

GROUP

	2022 £'000	2021 £'000
Shared ownership properties:		
- completed	2,416	853
- under construction	20,759	15,766
Other properties for sale:		
- completed	1,189	4,150
- under construction	12,140	14,014
Materials stock	828	762
	37,332	**35,545**

The figures above include £3,731k (2021: £2,750k) of capitalised interest.

ASSOCIATION

The association has no stock and work in progress.

19. Debtors

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Due within one year		(Restated)		
Rent and service charges receivable	7,317	6,620	-	-
Provision for bad and doubtful debts	(3,559)	(3,453)	-	-
	3,758	3,167	-	-
Due from subsidiary undertakings	-	-	13,527	17,360
Trade debtors	471	1,047	-	314
Social housing grant receivable	6,413	20,759	-	-
Others debtors	1,435	5,427	-	53
Interest rate swap (note 23c)	-	-	3,971	3,842
Corporation tax debtor	144	-	144	-
Deferred tax (note 11)	-	-	-	-
Prepayments and accrued income	2,789	1,757	-	937
	15,010	**32,157**	**17,642**	**22,506**
Due after more than one year				
Due from subsidiary undertakings	-	-	582,938	593,304
Interest rate swap (note 23c)	-	-	24,163	38,011
	-	**-**	**607,101**	**631,315**
Total debtors	**15,010**	**32,157**	**624,743**	**653,821**

A reclassification of some of the debtors within other debtors has seen rent and service charge receivable increase by £1,669k and other debtors decrease by this amount.

20. Current asset investments

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
SWAP collateral held by counterparties	8,042	21,141	8,042	21,141
Monies held by loan counterparties	8,707	7,018	984	-
	16,749	**28,159**	**9,026**	**21,141**

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

21. Creditors: amounts falling due within one year

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Debt (note 23a)	11,319	10,812	10,367	9,979
Obligations under finance leases (note 23b)	87	84	-	-
Interest rate swap (note 23c)	3,971	3,842	3,971	3,842
Deferred capital grant (note 24)	6,615	6,532	-	-
Recycled capital grant fund (note 25)	-	2,743	-	-
Trade creditors	1,480	510	-	-
Rent and service charges received in advance	2,332	2,373	-	-
SHG received in advance	11,942	23,216	-	-
Corporation tax	4	372	6	(144)
Other taxation and social security	651	717	-	-
Amounts owed to group undertakings	-	-	9,026	21,141
Leaseholder sinking funds	16,849	17,621	-	-
Other creditors	20,935	22,718	8,914	8,079
Accruals and deferred income	11,175	12,463	46	699
	87,360	**104,003**	**32,330**	**43,596**

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

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

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Debt, net of arrangement fees (note 23a)	691,533	702,707	582,938	593,304
Obligations under finance leases (note 23b)	3,120	2,806	-	-
Interest rate swap (note 23c)	24,163	38,011	24,163	38,011
Deferred capital grant (note 24)	587,034	572,432	-	-
Recycled capital grant fund (note 25)	10,276	9,055	-	-
	1,316,126	**1,325,011**	**607,101**	**631,315**

23. Debt analysis

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

Loans are repayable at varying rates of interest in instalments. Further details on interest rates are given in note 26 Financial instruments. Debt is secured by specific charges on the Group's housing properties or cash.

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

On 5 December 2013, GPHG sold part of the £50m retained bond. The release resulted in the issue of £31.78m of bonds at a spread of 1.04% over the gilt yield to provide a fixed rate funding at an all in cost of 4.574%. This was on lent to GPHA.

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

On 19 March 2018, GPHG tapped its existing bond issue for £145m, of which £70m was retained for later sale. £75m was immediately on lent to GPHA. The bond matures in October 2042, in line with the 2012 issue, and achieved a spread of 1.40% over the gilt yield to provide a fixed rate of funding at an all in cost of 3.341%.

On 27 January 2021, GPHG sold the final part of its £145m bond issue. £70m was immediately on lent to GPHA. The release 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%.

Total debt is as follows:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Loans: principal and fair value of loans	294,012	303,291	198,845	207,003
Bond Issue and Premium	415,060	416,885	394,459	396,280
	709,072	720,176	593,304	603,283
Less: arrangement fees	(6,220)	(6,656)	-	-
	702,852	**713,520**	**593,304**	**603,283**

The fixed and variable split of debt is as follows:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Bond	415,060	416,885	394,459	396,280
Fixed rate	146,167	147,288	51,000	51,000
Variable rate fixed by interest rates swaps (note 23c)	107,000	107,000	107,000	107,000
Variable rate	40,845	49,003	40,845	49,003
	709,072	**720,176**	**593,304**	**603,283**

23. Debt analysis (continued)

The weighted average interest rate of the Group's loans at 31 March 2022 was 3.84% (2021: 3.80%). The Association's fixed rate financial liabilities have a weighted average interest rate of 3.84% (2021: 3.79%) and the weighted average period for which it is fixed is 19 years (2021: 20 years).

a Loans repayable

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
In one year or less or on demand	11,319	10,812	10,367	9,978
In more than one year, but not more than two years	8,696	11,377	7,718	10,367
In more than two years, but not more than five years	33,915	33,973	28,590	30,245
In more than five years	655,142	664,014	546,630	156,413
	709,072	**720,176**	**593,305**	**207,003**

b Obligations under finance leases

The Group obligations under finance leases are as follows:

	2022	2021
	£'000	£'000
In one year or less or on demand	87	84
In more than one year, but not more than two years	91	87
In more than two years, but not more than five years	298	284
In more than five years	2,731	2,434
	3,207	**2,889**

ASSOCIATION

The Association has no finance leases.

c Interest rate swaps

It is the Association which is the legal party to the swap agreements, but GPHA has indemnified the Association against any obligations in relation to the swaps and therefore the ultimate cost is borne by GPHA. The Association shows an equal gain and loss in relation to its fair value asset due from GPHA (note 19) and the fair value liability to the swap counterparties (notes 21 and 22). The fair value movements in the year are set out in note 8.

Following the FCA's announcement that LIBOR will no longer be published after 31 December 2021, the Group has applied the December 2019 Amendments to FRS 102: Interest rate benchmark reform. The amendments provide relief in applying the requirements of hedge accounting to certain hedges, including allowing the Group to assume that interest rate benchmarks on which hedged cash flows are based (e.g. LIBOR) will not be altered as a result of interest rate benchmark reform.

Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised. The Group has taken advantage of these amendments in relation to the LIBOR interest rate noted above. The transition from LIBOR to SONIA occurred on 1 January 2022, with all the legal work completed in 2021 in advance of the transition date.

23. Debt analysis (continued)

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
In one year or less or on demand	3,971	3,842	3,971	3,842
In more than one year, but not more than two years	3,854	3,842	3,854	3,842
In more than two years, but not more than five years	10,401	10,946	10,401	10,946
In more than five years	9,907	23,223	9,907	23,223
	28,133	**41,853**	**28,133**	**41,853**

Details of the swap arrangements the Association has entered into are set out below:

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

d Net debt reconciliation

	Group		Other non- Cash	
	2021	Cash flows	Movements	2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents	(138,120)	16,230	-	(121,890)
Swap collateral	(21,141)	13,099	-	(8,042)
Bank loans (note 23a)	303,291	(8,770)	(509)	294,012
Bond including premium (note 23a)	416,885	-	(1,826)	415,060
Capitalised arrangement fees (note 23a)	(6,656)	(419)	855	(6,220)
Finance leases (note 23b)	2,889	-	318	3,207
Interest rate swap (note 23c)	41,853	-	(13,719)	28,134
Net debt	**599,001**	**20,140**	**(14,881)**	**604,261**

24. Deferred capital grant

	Social housing grant	Homebuy grant	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
Total grant at start of period	654,634	6,133	660,767	558,913
Transfer of engagements (note 35)	-	-	-	80,672
Grants received in the year	26,389	-	26,389	24,791
Grants recycled in the year	(2,738)	(230)	(2,968)	(2,474)
Grants disposed in the year	(3,005)	(11)	(3,016)	(1,135)
Total grant at end of period	**675,280**	**5,892**	**681,172**	**660,767**
Total amortisation at start of period	(81,803)	-	(81,803)	(76,027)
Released to income in the period - social housing	(6,405)	-	(6,405)	(6,364)
Released on disposal	685	-	685	588
Total amortisation at end of period	**(87,523)**	**-**	**(87,523)**	**(81,803)**
Net book value at end of period	**587,757**	**5,892**	**593,649**	**578,964**
Net book value at start of period	572,831	6,133	578,964	482,886
Of which:				
Due within one year			6,615	6,532
Due after more than one year			587,034	572,432
			593,649	**578,964**

ASSOCIATION

The association has no deferred capital grant funds (2021:nil).

25. Recycled capital grant fund

	2022	2021
	£'000	£'000
At the beginning of the year	11,798	12,715
Grants recycled		
- Housing Properties	1,491	922
- Shared Ownership	1,247	1,198
- Homebuy	230	353
Interest accrued	21	12
Transferred from another RP	-	1,618
Development of properties	(4,511)	(5,020)
At the end of the year	**10,276**	**11,798**
Of which:		
Due within one year	-	2,743
Due greater than one year	10,276	9,055
	10,276	**11,798**

ASSOCIATION

The association has no recycled capital grant funds (2021:nil).

26. Financial instruments

The cash flows arising from the hedged interest rate swaps will continue until their maturity in the periods November 2024 to December 2037. The change in fair value in the period was a decrease in the liability of £13,719k (2021: decrease of £9,995k) with the entire charge being recognised in other comprehensive income as the swaps were all designated as effective hedges.

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets measured at historical cost:				
- Homebuy loans	5,892	6,133	-	-
- Trade receivables	471	1,047	-	314
- Other receivables	14,540	30,902	596,609	611,654
- Current asset investments	16,748	28,159	9,026	21,141
- Cash and cash equivalents	121,890	138,120	6,031	167
Intragroup derivative financial instrument*	-	-	28,134	41,853
Total financial assets	**159,541**	**204,361**	**639,800**	**675,129**

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

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Financial liabilities				
Financial liabilities measured at historical cost:				
- Loans payable	702,851	713,521	593,304	603,283
- Trade creditors	1,480	509	-	-
- Other creditors	74,166	91,276	17,984	29,775
- Finance leases	3,207	2,889	-	-
- Deferred capital grant	593,649	578,964	-	-
Derivative financial instruments hedged*	28,134	41,853	28,134	41,853
Total financial liabilities	**1,403,487**	**1,429,012**	**639,422**	**674,911**

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

26. Financial instruments (continued)

The Group has undrawn, committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows: Undrawn, committed borrowing facilities are as follow:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Expiring in one year or less	43,830	10,000	43,830	-
Expiring between one and two years	-	43,830	-	43,830
Expiring in more than two years	100,000	84,801	100,000	30,000
	143,830	**138,631**	**143,830**	**73,830**

27. Pensions

The Group participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and two Local Government Pension Schemes (LGPS) one administered by the South Yorkshire Pension Authority (SYPA) and the second administered by the Great Manchester Pension Fund (GMPF). 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 Group participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. This actuarial valuation showed assets of £5,148m, liabilities of £6,708m and a deficit of £1,560m. To eliminate this funding shortfall, the trustees and the participating employers have agreed additional contributions over the 2017 plan. Deficit contributions will increase to £175m p.a. compared to the 2017 plan and will be payable from 1 April 2022 to 31 March 2028. This is 18 months' later than the 2017 plan. Deficit contributions will increase at 5.5% p.a. with the first increase in April 2023.

On 1 April 2020 the pension liabilities from Equity Housing Group transferred to the Group as part of the Transfer of Engagements to Great Places Housing Association. On 1 March 2021 the pension liabilities of Great Places Housing Group Limited transferred to Great Places Housing Association when all employees successfully transferred under TUPE (note 35).

The Group's contribution to the SHPS deficit for the year ended 31 March 2022 was £2,302k, (2021: £2,257k). We estimate that the contributions to be paid in the next financial year will be £2,931k.

27. Pensions (continued)

As part of a group reorganisation the Associations staff completed a transfer to subsidiary Great Places Housing Association (GPHA) under a TUPE arrangement on 1 March 2021. As a result the SHPS pension liability of the Association, which was £6,222k at that date, was transferred to GPHA and this has been treated as distribution of income in the Association's statement of comprehensive income. This transaction has no impact on the financial statements of the Group.

GPHA closed its defined benefit scheme operated by the Social Housing Pension Scheme at 31st March 2022. Contributions payable under this scheme are charged in the income statement in the period to which they relate.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Local Government Pension Schemes

The Group 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 2022 there were four active members of the Schemes employed by the Group. The employer's contribution rate is 19.1% (2021: 19.1%) for SYPA and 20.6% (2021: 20.6%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £25k.

A full actuarial valuation was carried out at 31 March 2020 and supplementary figures were provided for 31 March 2022 by a qualified independent actuary.

Pension liability:

	Group						Association	
	LGPS £'000	SHPS £'000	Total 2022 £'000	LGPS £'000	SHPS £'000	Total 2021 £'000	Total 2022 £'000	Total 2021 £'000
Present value of funded obligations	(5,022)	(102,014)	(107,036)	(4,859)	(105,711)	(110,570)	-	-
Fair value of plan assets	4,389	90,280	94,669	4,060	81,128	85,188	-	-
Net liability	**(633)**	**(11,734)**	**(12,367)**	**(799)**	**(24,583)**	**(25,382)**	**-**	**-**

27. Pensions (continued)

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

	Group						Association	
	LGPS £'000	SHPS £'000	Total 2022 £'000	LGPS £'000	SHPS £'000	Total 2021 £'000	Total 2022 £'000	Total 2021 £'000
Current service cost	42	(18)	24	35	1,359	1,394	-	501
Past service cost	-	-	-	-	-	-	-	-
Administrative expenses	-	68	68	-	63	63	-	13
Total charge to operating costs	**42**	**50**	**92**	**35**	**1,422**	**1,457**	**-**	**514**
Interest on plan assets	(85)	(1,811)	(1,896)	(78)	(1,693)	(1,771)	-	(307)
Interest on pension scheme liabilities	103	2,315	2,418	93	1,957	2,050	-	361
Total Charge to finance costs	**18**	**504**	**522**	**15**	**264**	**279**	**-**	**54**

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

	Group						Association	
	LGPS £'000	SHPS £'000	Total 2022 £'000	LGPS £'000	SHPS £'000	Total 2021 £'000	Total 2022 £'000	Total 2021 £'000
Experience on plan assets - gain (loss)	304	5,549	5,853	641	6,777	7,418	-	1,096
Experience gains and losses arising on the plan liabilities - gain (loss)	(12)	(6,675)	(6,687)	76	1,795	1,871	-	252
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	10	1,531	1,541	(10)	(368)	(378)	-	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(93)	9,393	9,300	(791)	(23,455)	(24,246)	-	(5,164)
Total other comprehensive income	**209**	**9,798**	**10,007**	**(84)**	**(15,251)**	**(15,335)**	**-**	**(3,816)**

27. Pensions (continued)

Changes in present value of defined benefit obligation:

	LGPS £'000	SHPS £'000	Total 2022 £'000	LGPS £'000	SHPS £'000	Total 2021 £'000
Defined benefit obligation at start of period	(4,859)	(105,711)	(110,570)	(4,092)	(64,020)	(68,112)
Current service cost	(42)	18	(24)	(35)	(1,359)	(1,394)
Past service cost	-	-	-	-	-	-
Expenses	-	(68)	(68)	-	(63)	(63)
Interest expense	(103)	(2,315)	(2,418)	(93)	(1,957)	(2,050)
Member contributions	(6)	(18)	(24)	(7)	(18)	(25)
Actuarial losses (gains) due to scheme experience	(12)	(6,675)	(6,687)	76	1,795	1,871
Actuarial losses (gains) due to changes in demographic assumptions	10	1,531	1,541	(10)	(368)	(378)
Actuarial losses (gains) due to changes in financial assumptions	(93)	9,393	9,300	(791)	(23,455)	(24,246)
Benefits paid and expenses	83	1,831	1,914	93	2,346	2,439
Liabilities acquired in a business combination (note 35)	-	-	-	-	(18,612)	(18,612)
Liabilities transferred within Group companies	-	-	-	-	-	-
Defined benefit obligation at end of period	**(5,022)**	**(102,014)**	**(107,036)**	**(4,859)**	**(105,711)**	**(110,570)**

Changes in fair value of plan assets:

			Group				Association	
	LGPS £'000	SHPS £'000	Total 2022 £'000	LGPS £'000	SHPS £'000	Total 2021 £'000	Total 2022 £'000	Total 2021 £'000
Fair value of plan assets at start of period	4,060	81,128	85,188	3,409	55,220	58,629	-	14,326
Interest income	85	1,811	1,896	78	1,693	1,771	-	307
Experience on plan assets - gain (loss)	304	5,549	5,853	641	6,777	7,418	-	1,096
Employer contributions	17	3,605	3,622	18	3,344	3,362	-	853
Member contributions	6	18	24	7	18	25	-	7
Benefits paid and expenses	(83)	(1,831)	(1,914)	(93)	(2,346)	(2,439)	-	(529)
Assets acquired in a business combination	-	-	-	-	16,422	16,422	-	-
Assets transferred within Group companies	-	-	-	-	-	-	-	(16,060)
Fair value of plan assets at end of period	**4,389**	**90,280**	**94,669**	**4,060**	**81,128**	**85,188**	**-**	**-**

27. Pensions (continued)

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:

	Group				Association	
	2022	**2022**	**2022**	**2021**	**2022**	**2021**
	LGPS	**SHPS**	**Total**	**Total**	**Total**	**Total**
	% per annum	**% per annum**	**% per annum**	**% per annum**	**% per annum**	**% per annum**
Discount rate	2.70% - 2.75%	2.79%	2.70% - 2.79%	2.00% - 2.20%	2.79%	2.21%
Pension increase	0.00% - 0.00%	3.49%	0.00% - 3.49%	2.80% - 2.85%	3.49%	3.24%
Inflation rate (CPI)	3.15% - 3.20%	3.15%	3.15% - 3.20%	2.70% - 2.85%	3.15%	2.87%
Salary Growth	3.95% - 4.15%	4.15%	3.95% - 4.15%	3.60% - 3.95%	4.15%	3.87%
Allowance for commutation of pension for cash at retirement		75.00%		75.00%		75.00%

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

Mortality Assumptions	**2022**	**2022**	**2022**	**2021**
Life expectancy at age 65 (Years)	**LGPS**	**SHPS**	**Total**	**Total**
Male retiring now	20.3 - 22.6	21.1	21.1 - 22.6	21.6 - 22.5
Female retiring now	23.2 - 25.4	23.7	23.7 - 25.4	23.5 - 25.3
Male retiring in 20 years	21.6 - 24.1	22.4	22.4 - 24.1	22.9 - 24.0
Female retiring in 20 years	25.1 - 27.3	25.2	25.2 - 27.3	25.1 - 27.2

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

	Group					
	2022				2021	
	LGPS		SHPS		Total	
	£'000	%	£'000	%	£'000	%
Equities	2,955	67.3%	26,802	29.7%	25,226	29.6%
Bonds	839	19.1%	18,096	20.0%	20,945	24.6%
Property	375	8.6%	11,192	12.4%	9,016	10.6%
Cash/Liquidity	220	5.0%	307	0.3%	196	0.2%
Other	-	0.0%	33,883	37.6%	29,805	35.0%
Total	**4,389**	**100.0%**	**90,280**	**100.0%**	**85,188**	**100.0%**

No association details are included for either 2021 or 2022 as there was no scheme by the end of 2022 specific to the association.

28. Provision for liabilities

Deferred tax (assets)/liabilities movement	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
At 1 April	208	(563)	-	(563)
Charged to profit or loss	-	208	-	-
Charged to other comprehensive income	29	563	-	563
At 31 March	237	208	-	-

29. Employees

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

	Group 2022 No	Group 2021 No	Association 2022 No	Association 2021 No
Administration	233	189	-	183
Housing, support and care	314	324	-	-
Maintenance	150	145	-	16
Development	74	56	-	41
	771	**714**	**-**	**240**

Employee costs

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Wages and salaries	26,116	24,624	-	10,448
Social security costs	2,423	2,243	-	1,036
Other pension costs	1,264	1,165	-	528
	29,803	**28,032**	**-**	**12,012**

On 1 March 2021 all employees of Great Places Housing Group transferred to Great Places Housing Association under TUPE regulations as a change of employer. This is to ensure all employees related liabilities are matched by the housing assets of GPHA and to simplify the intercompany trading activities. Full time equivalents have been calculated based on their role with the majority being 35 hours per week.

30. 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.

	2022 £	2021 £
Shares of £1 each issued and fully paid		
At the beginning of the year	9	9
Shares issued during the year	3	2
Shares surrendered during the year	(3)	(2)
At the end of the year	**9**	**9**

31. Financial commitments

Capital commitments for the Group were as follows:

	2022 £'000	2021 £'000
Expenditure contracted but not provided for in the accounts	184,061	178,275
Expenditure authorised by the Board, but not contracted	75,299	42,569
	259,360	**220,844**

Capital commitments will be funded as follows:

	2022 £'000	2021 £'000
Existing loan facilities	44,134	11,885
First tranche and market sales	42,020	70,254
Grants	62,894	23,293
Existing reserves	110,312	115,412
	259,360	**220,844**

ASSOCIATION

The association has no capital commitments at the balance sheet date (2021:nil).

Operating leases

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

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
In one year or less or on demand	645	666	-	-
In more than one year, but not more than two years	336	339	-	-
In more than two years, but not more than five years	571	571	-	-
In more than five years	1,185	1,185	-	-
	2,737	**2,761**	**-**	**-**

32. Accommodation in management and development

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

	Owned not managed	Managed not owned	Owned and Managed	2022 Total Owned and Managed	2021 Total Owned and Managed
General Needs - social rent	39	672	10,183	10,894	10,921
General Needs - affordable rent	0	0	5,430	5,430	5,142
Low Cost Home Ownership	9	0	2,885	2,894	2,753
Supported Housing	196	76	1,120	1,392	1,392
Supported - Housing for older people	0	0	479	479	479
Intermediate Rent	0	0	338	338	382
Non Social Rented	3	18	286	307	324
Social Leased	0	210	1,338	1,548	1,505
Non Social Leased	0	1,540	86	1,626	1,494
Total	**247**	**2,516**	**22,145**	**24,908**	**24,392**
Accommodation in development at year end				1,504	1,399

Reconciliation of unit numbers:

	General Needs - social rent	General Needs - affordable rent	Low Cost Home Ownership	Supported housing	Intermediate rent	Other	Total
Opening unit numbers	**10,921**	**5,142**	**2,753**	**1,871**	**382**	**3,323**	**24,392**
New stock acquired	35	289	233	-	-	-	557
New stock into management	-	-	-	-	-	280	280
Management contracts handed back	-	-	-	-	-	(125)	(125)
Sales to another RP	(1)	(20)	-	-	(28)	-	(49)
Sales to the open market	(12)	(3)	-	-	(3)	-	(18)
Sales to tenants freehold	(4)	(5)	(57)	-	-	-	(66)
Sales to tenants leasehold*	-	(5)	-	-	-	-	(5)
Other sales	(6)	-	-	(3)	-	(4)	(13)
Movement from category*	(67)	(23)	(45)	(10)	(13)	(119)	(277)
Movement to category*	28	55	10	13	-	126	232
Net change in stock	(27)	288	141	-	(44)	158	516
Closing unit numbers	**10,894**	**5,430**	**2,894**	**1,871**	**338**	**3,481**	**24,908**

** The movement within categories does not balance to zero as some disposals result in a leasehold interest being retained.*

ASSOCIATION

The Association has no homes in management, or under development or managed by others (2021: nil).

33. Contingent liabilities and cross guarantees

The Group has acquired a number of properties from other registered providers which had social housing grant (SHG) attached. In line with the SORP these transactions were recorded at fair value and the SHG is not shown on the balance sheet of the Group. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2022, the value of grant received in respect of these properties that had not been disposed of was £27,770k (2021: £27,957k).

Cross guarantees

Following the refinancing exercise in December 2007 by GPHG, cross guarantees are in place with GPHA. These facilities are loans to GPHG and then on-lent to GPHA under a guarantee structure; i.e. the loans are secured against the assets of both the Association and those of GPHA. The guarantee structure also covers the interest rate swaps entered into by GPHG. As disclosed in note 19, £593m (2021: £603m) of the Group's loans are on lent to GPHA under this arrangement, of which £583m (2021: £593m) is due greater than one year.

34. Related parties

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

Transactions with related entities

The Association provides management services, other services and loans to its subsidiaries and receives payment for these services from its subsidiaries. The quantum and basis of those payments is set out below:

	Management charges		Interest charges	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Non-regulated entities				
Cube Homes Limited	210	151	837	1,124
Regulated entities				
Great Places Housing Association	33	17,326	24,595	21,445
Plumlife Homes Limited	-	1,035	-	-
	243	**18,512**	**25,432**	**22,569**

Intra-group management fees

Intra-group management fees are receivable by the Association from subsidiaries to cover the operating costs the Association incurs on behalf of managing its subsidiaries and providing services. As all colleagues employed by the Association have TUPE transferred into GPHA there will be no further cross charging of management services.

34. Related parties continued

Intra-group interest charges

Intra-group interest is charged by the lending Association to its subsidiaries at an agreed commercial rate. At present the only such arrangement is in respect of a loan facility to a maximum of £40m provided by GPHA to Cube, approved by the Boards of GPHA, Cube and GPHG in November 2018. The loan is advanced in instalments to meet approved expenditure on development for sale, market rent projects and joint ventures. Loan repayments are made as soon as sales receipts are received and the balance at 31 March 2022 was £13,292k.

Transactions with non-regulated entities

During the year GPHA had intra-group transactions with its subsidiary Terra Nova of £2,988k (2021: £1,151k) relating to housing property design and build services, as well as in house construction services.

35. 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 was accounted for in FY 2021 using the acquisition method of accounting. The assets and liabilities of EHG on the date of transfer were brought into GPHA at fair value and the net gain displayed in the Statement of Comprehensive Income for that year.

36. Acquisitions/Transfers

There were no acquisitions or transfers of engagement in the year ended 31 March 2022.

37. 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.

38. Group structure

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

Great Places Housing Association (GPHA)
Plumlife Homes Limited
Cube Homes Limited (a wholly owned subsidiary of GPHA)
Terra Nova Developments Limited (a wholly owned subsidiary of GPHA)

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

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

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

Terra Nova Developments Limited	Percentage held or controlled - 100%
Cube Homes Limited	Percentage held or controlled - 100%

Of the subsidiaries, Great Places Housing Association, Cube Homes Limited, Plumlife Homes Limited and Terra Nova Developments Limited traded during the year. The Group has an interest in several Joint Venture companies and one Associate as detailed in note 17.

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.