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 2021

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ASSOCIATION INFORMATION

Board

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

Executive Directors

Chief Executive	M. Harrison
Executive Director of Finance and Company Secretary	P. Elvy
Executive Director of Growth and Assets	P. Bojar
Executive Director of Customer Services	G. Cresswell
Executive Director of People and Culture	A. Dean
Transitional Managing Director - Equity Region	A. Oldale (from 1 April 2020 to 30 September 2020)

Registered office:

2a Derwent Avenue
Manchester
M21 7QP

Website: www.greatplaces.org.uk

Registered Numbers:

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

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

REPORT OF THE CHAIR

Despite the challenges of the pandemic, this year has seen some fantastic achievements for Great Places. Following the successful merger in April 2020 with Equity Housing Group, Great Places is a major northern housing association owning and managing over 24,000 homes, with a turnover exceeding £140m and one of the North's largest providers of shared ownership and leasehold services.

Our new two-year Corporate Plan launched on the first anniversary of our merger "*Building Greatness*" sets out our plans and targets for years 4 and 5 of the 10-year ambitions set out in our 2018 plan. The internal focus will remain on completing our integration programme which has made fantastic progress during 2020/21, despite the challenges we have faced. By March 2023, the end of the new Corporate Plan period, we will be operating as a seamlessly integrated business realising the full benefits of the merger. This will include the delivery of an ambitious development programme to help tackle the housing crisis, an even stronger customer service offer and estimated savings of £3m per annum. We also acknowledge that we need to respond to an ever-changing external environment and have put in place plans to address the requirements of the White Paper "The Charter for Social Housing Residents" and new and emerging Building Safety legislation.

The Covid-19 pandemic has inevitably impacted on the way we deliver services to our customers, but despite the challenges, we have made significant progress this year with several projects and initiatives that have made a positive difference to our customers and communities. We launched the Great Places Hardship and Community Resilience Funds in direct response to the impact of Covid-19. This has provided over £100,000 of financial support to community-based projects and initiatives that are often a lifeline to customers and make a significant difference to their lives. We also received donations to this fund from some of our suppliers and contractors. We were delighted to recently announce a new round of successful organisations who will receive a share of the money to support those communities most affected by the impacts of Coronavirus. I'm pleased to say that Great Places has joined other housing providers to offer homes as part of a Government backed UK-wide investment programme to create dedicated housing to help rough sleepers to rebuild their lives away from the streets.

Great Places also takes its Environmental, Social and Governance (ESG) commitments seriously and has agreed to be an early adopter of the Sustainability Reporting Standard. We continue to roll out our Carbon Literacy training to all colleagues and became one of the first "Platinum Carbon Literate" organisations earlier this year. Our Environmental team continue to work with partners on new approaches to making our homes more energy efficient. Our new Carbon Management Strategy outlines how we will seek to reduce carbon emissions with the aim of being a net zero-carbon business by 2038.

I would like to thank Jan Fitzgerald and Brendan Nevin who both left the Board during the year after serving their full terms. Both of them brought with them a wealth of experience and expertise that has been invaluable in steering the direction of the Group over the last six years. During 2021/22 we will be recruiting new members to our Board in anticipation of further Board members reaching the end of their tenures. During the year we received a very positive outcome from an independent triennial governance review and will enact a small number of actions to further strengthen our Governance arrangements as well as adopting the new NHF Code of Governance.

In 2020/21 the Group generated turnover of £144.2m and a surplus of £14.8m, which rises to £54.3m when including the fair value adjustment arising from the acquisition of Equity Housing Group. We exceeded our target for eight out of ten Critical Success Factors, with excellent performance in many measures including overall satisfaction, digital engagement, and colleague engagement. Two targets were only narrowly missed, households into work and development completions, and these need to be considered against the backdrop of the pandemic and lockdown as well as a revised focus on supporting communities in the year for the Community Investment team.

It has been another strong year for our Development Team. The Affordable Development programme continues to build on its successful partnership working with 1,399 affordable homes now on site. An award-winning sales programme by Plumlife and Equity Living also saw over 200 homes sold across all tenures. We welcomed the recent announcement that Hong Kong-based developer Far East Consortium (FEC) has selected Great Places as one of three housing associations to help deliver the first 800 new affordable homes as part of its new 15,000-home Northern Gateway project in Manchester. The chance to be involved in the long-term development of world class integrated residential neighbourhoods fits our social and business model perfectly and we're very excited to be involved.

Another key highlight has been the decision to utilise Terra Nova Developments Limited (a wholly owned Great Places subsidiary) to be the delivery vehicle for an in-house construction service, that will build a proportion of the new homes that the Group is developing. This follows lengthy research into options, taking appropriate legal, governance and construction advice and recruiting the necessary senior skills to head up this activity. We have amended the Governance structure so that Terra Nova now forms part of our coterminous Board arrangement. Work has commenced on the first scheme with other schemes planned for the next 12 months.

We value the power of partnerships and our joint venture activity continues to steadily progress. Forge New Homes has had planning approved on its first site near Chesterfield. Hive Homes recently exchanged contracts on its second site and achieved its first sales reservation on its debut scheme in Rochdale.

The group has big ambitions, particularly when it comes to playing our part in tackling the housing crisis and providing much needed affordable homes. it was really good to learn that the group has had its governance rating confirmed as G1 and its viability rating upgraded to V1 after a recent IDA. This has given us the reassurance that we are managing our risks effectively, despite the current operating conditions. We have an ambitious development programme, and the upgrade in viability gives us the confidence that we have adequate controls and measures in place to achieve our development programme without it adversely affecting our viability. The maintenance of our G1 governance rating clearly shows that the regulator remains confident that we continue to have strong governance, strategic business planning and stress testing arrangements in place, which help us sustain excellent relationships with our many funders. This continued confidence in our governance arrangements has also allowed us to maintain our credit ratings with Moody's and Fitch which remain unchanged (A3 stable and A+) and reflects that we remain in a strong position to continue to effectively manage the risks facing our business moving forward.

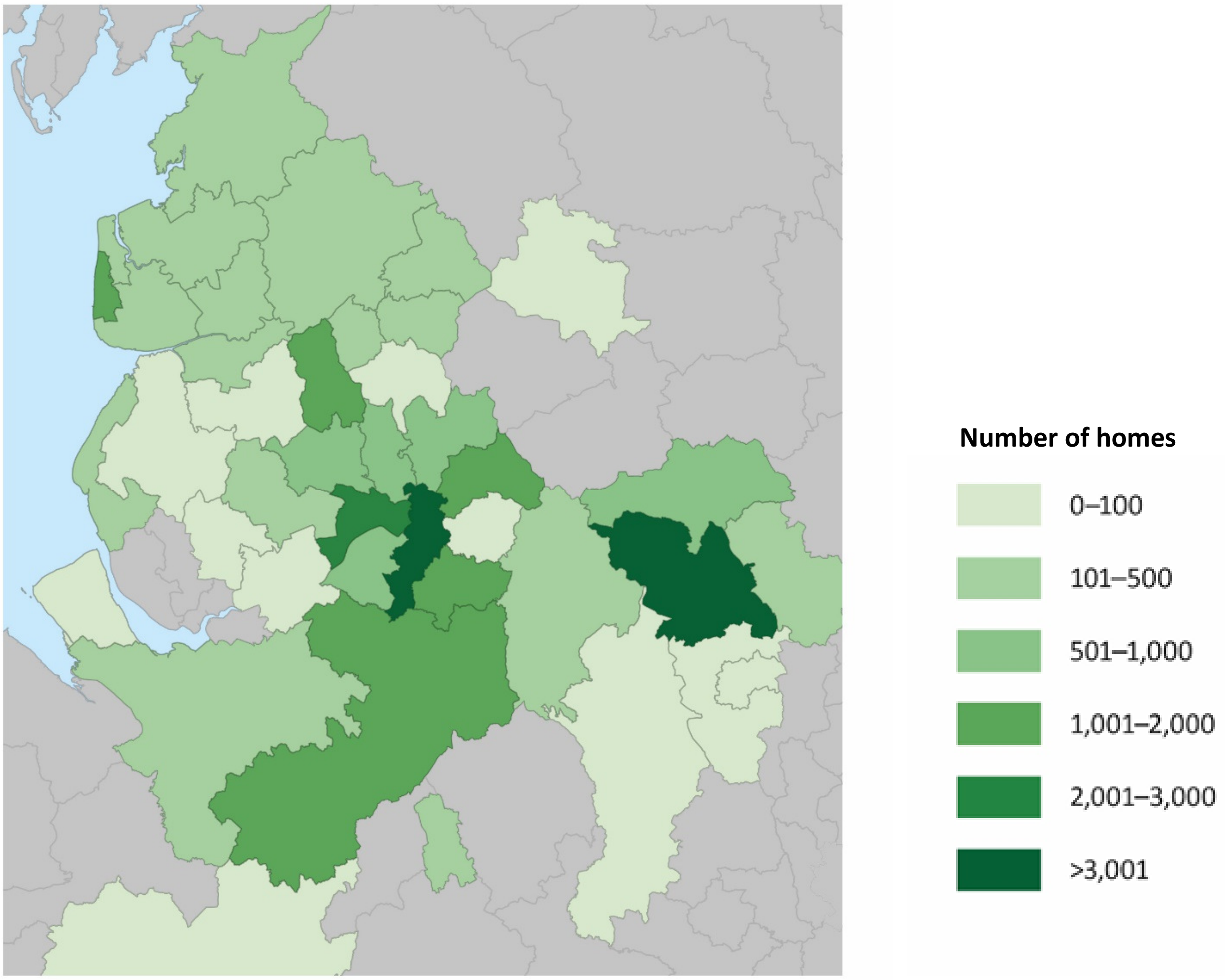
This ongoing investor confidence is also shown in the highly successful issue of the final £70m retained portion of our existing £345M bond. The fact that the offer was seven times oversubscribed, with over 30 investors involved, achieving an all-in cost of sub 2%, demonstrates that we were able to tell a compelling story about Great Places financial strength amid incredibly difficult operating conditions.

Looking forward, we remain absolutely committed to helping customers and colleagues navigate their way through the uncertain times ahead. We are confident that through our merger with Equity, we are a 'bigger and better' Great Places, financially and organisationally more resilient and 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, subsequent to the Transfer of Engagements of Equity Housing Group on 1st April 2020, now manages over 24,000 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.

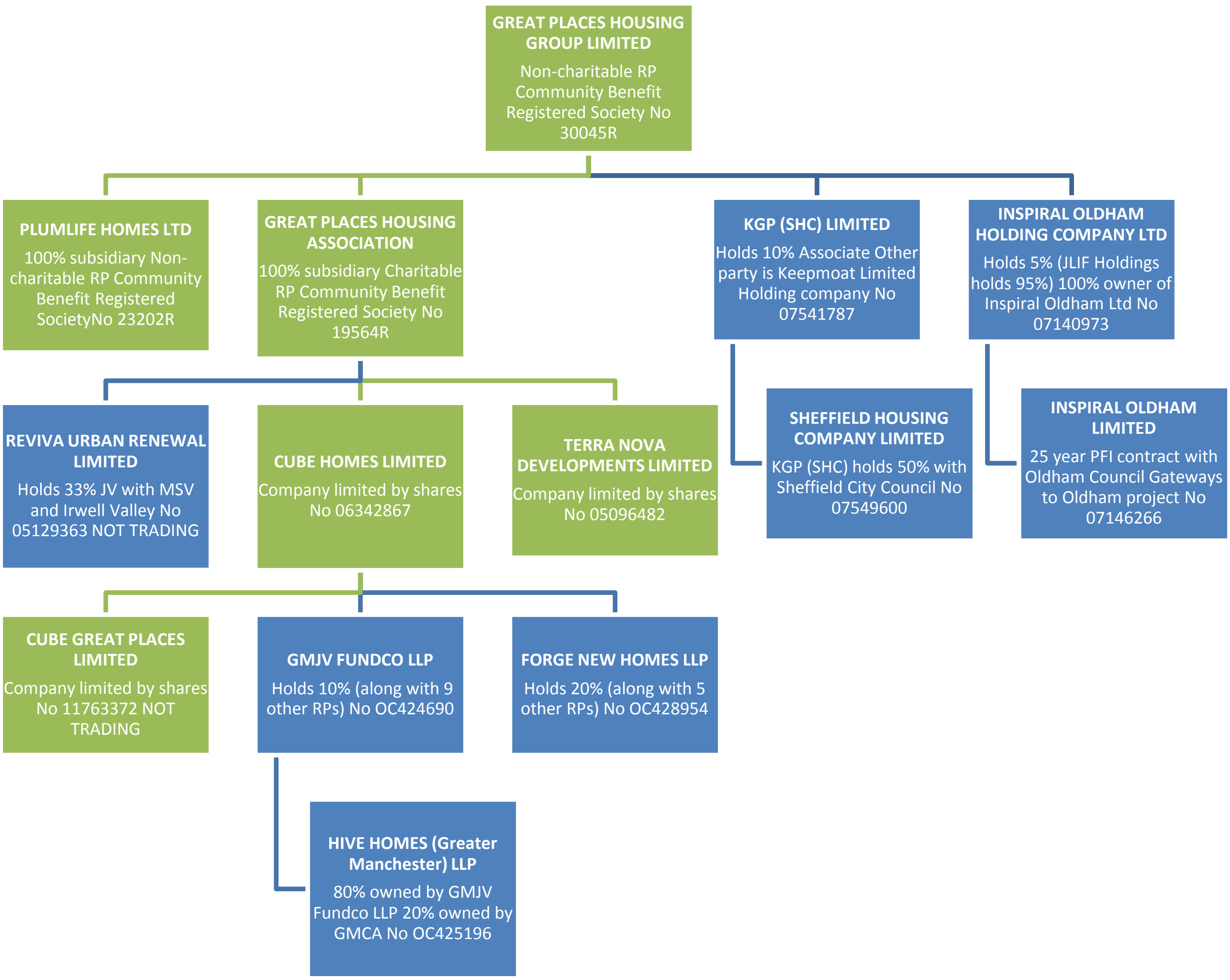
GPHA has two active third tier subsidiaries: Cube Homes Limited ("Cube") and Terra Nova Developments Limited ("Terra Nova"). GPHA has one dormant third tier subsidiary Equity Enterprises from 1st April 2020 following the successful Transfer of Engagements of Equity Housing Group into GPHA. Equity Enterprises was formally dissolved on 18 May 2021 at Companies House.

STRATEGIC REPORT AND REPORT OF THE BOARD (continued)

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

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

The group structure 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 2021 are disclosed in note 12. Details of all the members and directors that have served during the period from 1 April 2020 up to the date these statements have been signed 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 more than 24,000 properties and are a major developer of new affordable homes for a diverse range of people with 1,419 homes in development at 31 March 2021. In 2020/21 the Group increased its housing stock by 5,016 homes (25.9%), with the most noticeable movement being the transfer in of 4,805 homes from Equity Housing Group under the Transfer of Engagements and also includes building 277 affordable/social homes. Full details of the movement in unit numbers can be found at note 32.

Objectives and Strategy

The new Corporate Plan approved in March 2021 re-states 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	2020/21 Actual	2020/21 Target	2020/21 Stretch target	2019/20 Actual
Great Homes				
Development completions	325	400	N/A	229
Trusted stock condition data	97%	96%	100%	96%
Great Communities				
Overall satisfaction	7.3	7.3	8.0	7.5
Digitally active tenants	45.3%	40.0%	45.0%	35.5%
Current arrears including HB	3.8%	4.4%	4.0%	4.7%
Average re-let time (days)	21.9	25.0	23.0	18.2
Households into work, training and volunteering	701	750	825	1,431
Great People				
Colleague Engagement	74%	70%	80%	86%
Average days sickness per employee	8.3	8.8	8.2	9.3
Operating Principles				
Group surplus before tax (excluding gain on transfer of Equity)	£15.3m	£14.5m	N/A	£17.2.m

Great Homes:

- We achieved an impressive 325 development completions in total despite the challenges brought by Covid. This included 51 homes, completed by Cube, the majority of which were for market sale, and 33 legacy Equity homes, which are not part of the CSF.

- In addition to the completions, there were 996 social housing starts on site, across 22 sites. Despite the challenges due to the pandemic, as at the end of March, we had 36 live sites with around 1,455 new homes currently being built.

- During the year, we've worked through our 'not validated' stock (stock where we're uncertain of its condition) with a combination of on-site surveys and cloning reviews to a point where we're confident in the data held against those properties. We feel we're in a much better position and have greater confidence on the data we hold. In the year we delivered £17.2m of investment in 2,200 homes, including nearly 1,000 new kitchens and bathrooms, over 800 windows and doors, and over 650 new boilers and heating systems.

Great Communities:

- Overall satisfaction finished the year at 7.3 meaning that we achieved the CSF target. Performance continued to improve during quarter 4 with improvements largely seen in Independence and Wellbeing (I&W), Plumlife and PFI customers.

- During the year 45.3% of customers were classed as being digitally active, against our target of 40%. We define digitally active customers as current tenants where 50% or more of their contacts over the last 12 months were digital. Over 7% of these customers would have been classed as being non-digital 6 months ago, highlighting that customers are making the shift to our digital channels. Performance has steadily improved throughout the year improving month on month from 35.5% in April. Overall this means we have achieved the CSF stretch target of 45%.

- Since the start of April, the Community Investment Team have helped 701 households into work, training and volunteering. Whilst this is below the target of 750 for the year, this performance needs to be viewed against the backdrop of all the ongoing challenges and issues being experienced as a result of the pandemic and a refocussed approach by the team.

- As part of our COVID response, the Community Investment Team have been redirecting resources to help customers struggling during the pandemic through our Community Resilience and Hardship Funds. These funds have seen 293 applications across the course of 2020-21 with 249 applications approved and funds given to our customers and community groups.

- At the end of the year, current tenant arrears were at 3.8%, better than the stretch target set for the year of 4.0%. There have been a number of key factors at work over the course of the year, that have facilitated an excellent result. Our performance bucks the trend within the sector (based on HouseMark year-end projections) and is testament to the commitment of the Neighbourhoods Team.

Great People:

- We exceeded the target on sickness days per employee which finished the year at 8.3 days, better than the minimum expected out-turn of 8.8 days, and a significant improvement on the previous year. As expected, Covid-19 featured in the reasons for sickness, and this included actually contracting the virus, and also as a result of side-effects from the vaccination.

- Colleague Engagement ended the year at 74%, which was much better than the target of 70%, and given that this was achieved against the backdrop of Covid 19, we consider this to be an excellent result. This is still a slight drop compared to the actual score of 86% at the end of last year as colleagues are feeling a slight decrease in personal motivation, and had concerns around work-life balance.

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

Results for Financial Year end 31 March 2021

On 1 April 2020 Equity Housing Group transferred all of its assets and liabilities to Great Places Housing Group under a Transfer of Engagements. We have accounted for this transaction using the acquisition accounting method which means that the net assets are shown as a fair value gain of £39.4m within the Income Statement and there has been no adjustment to prior year comparators.

For the year ended 31 March	2021 £m	2020 £m
Income Statement		
Turnover	144.2	120.9
Operating surplus	40.2	38.5
Surplus for the year after tax	**54.3**	**16.9**
Statement of Financial Position		
Housing properties at cost	1,517.8	1,263.4
Depreciation	(204.3)	(186.1)
Investment properties	23.3	21.0
Other fixed assets	12.6	8.0
Fixed assets	**1,349.4**	**1,106.3**
Fixed Asset Investments	7.8	7.5
Net current assets	130.0	52.9
Total assets less current liabilities	**1,487.2**	**1,166.7**
Creditors due after one year	752.9	591.7
Social Housing Grant	572.4	477.4
Pension liability	25.4	9.5
Net assets	**136.5**	**88.1**
Reserves	**136.5**	**88.1**

The year to 31 March 2021 was significantly impacted by the COVID pandemic with its associated lockdowns and the need to quickly establish methods of working which protected the health and safety of our tenants, our staff and third party contractors. There were inevitable impacts on the ability to complete new tenancies, the delivery of new homes, the time taken to complete property disposals, as well as significant unbudgeted expenditure on PPE, IT kit and other equipment to facilitate off-site working. Despite these issues, the group achieved a surplus after tax (excluding the fair value gain attributable to the Transfer of Engagements) of £14.8m (2020: £16.9m), a decrease of £2.1m (12.4%) compared to the previous year. This out-turn was better than the budgeted surplus of £14.5m, as we had expected to undertake more improvement works which were delayed.

Turnover was £144.2m (2020: £120.9m), the increase principally driven by the addition of the former Equity Housing Group activities. Similarly, operating surplus was £40.2m (2020: £38.5m) with an increase in operating costs of £20.1m. Housing properties at cost have increased to £1,517.8m, (2020: £1,263.5m) by a net £254.3m (20.1%) in the year with £183.1m of this increase relating to the transfer in of housing properties from Equity Housing Group. In year additions of £71.4m were funded by £26.0m of grant, £23.7m of sales receipts and the remainder from internal resources. Over £81.0m was invested in building new homes.

A further £17.4m of expenditure facilitated 2,777 programmed improvements to around 2,290 properties in the existing portfolio, whilst there was also £15.3m outlaid on the Group's responsive, re-let and servicing maintenance activities. These figures demonstrate that Great Places has again allocated over £30m of funding to improve the homes it provides.

Treasury Management

The Group's borrowing increased by £173.0m during the year. Increases in debt included:

- £56.8m from the April 2020 Transfer of Engagements of Equity Housing Group into Great Places;
- the sale in January 2021 of the £70.0m retained bonds that were issued in March 2018, generating a bond premium of £33.8m; and
- £38.0m drawdown of a loan in March 2021 prior to the availability period expiring.

These increases were offset by several scheduled loan repayments; the repayment of revolving credit facilities; and some smaller legacy debts being repaid in full: three THFC First Variable Ltd loans in GPHA and the Plumlife Orchardbrook loan.

The loans transferred from Equity Housing Group to Great Places on 1st April 2020 were reviewed for fair value using comparable market data provided by our treasury advisors. A fair value loss of £11.1m was recorded in 2020/21 as debt on the balance sheet, to be amortised against interest expenditure over the life of the loans.

Capital structure (loan and finance lease liabilities) **For the year ended 31 March**	**2021** **£m**	**2020** **£m**
Maturity		
Within one year	10.9	9.5
Between one and two years	11.5	8.9
Between two and five years	34.3	25.2
After five years	666.4	506.3
TOTAL	**723.1**	**549.9**
Type of facility		
Own name Bond issue (including premia)	396.3	293.2
Other facilities	326.8	256.7
	723.1	**549.9**
Fixed / variable split		
Fixed including cancellable and amounts fixed by interest rate swaps	674.1	530.9
	(93.2%)	(96.5%)
Variable	49.0	19.0
	(6.8%)	(3.5%)

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 £138m;
- Undrawn Santander revolving facility of £44m (fully secured);
- Undrawn Natwest revolving facility of £30m (fully secured); and
- Undrawn RBS revolving facility of £55m (the majority is secured).

The Santander revolving facility will be fully drawn by December 2022, at which point it will become a term loan. There was another £10m of local authority loan available to draw at March 2021 but we decided to allow the availability period to lapse in June 2021.

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 Treasury Strategy, last approved in September 2020, identifies that a minimum of 75% fixed rate debt should be maintained. As at 31 March 2021 the Group had 93.2% 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 £21.1m of cash collateral (as shown on the table below) was provided to counterparties at 31 March 2021 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 2021				
Counterparty	Unsecured Threshold	Mark to Market Exposure	Collateral required	Cash in place
Barclays	£7,500,000	£9,126,304	£1,626,304	£1,775,000
RBS	£3,000,000	£13,444,711	£10,444,711	£10,656,614
Santander	£4,900,000	£7,741,543	£2,841,543	£4,560,000
Lloyds TSB	£7,500,000	£11,540,166	£4,040,166	£4,149,000
As at 31/03/21	**£22,900,000**	**£41,852,724**	**£18,952,724**	**£21,140,614**
As at 31/03/20	£22,900,000	£51,847,840	£28,947,840	£28,478,614

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 together with 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 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.

Following the merger with Equity on 1st April 2020, the Group revised its development ambitions from the 8,000 over ten years stated in the 2018 Corporate Plan, to 11,000 new homes over the first ten years following the merger. As a result of these development ambitions the business plan identifies funding requirements over the next three years of £178.2m although no new debt is required in 2021/22. At 31 March 2021 the Group's undrawn long term bank facilities amounted to £128.6m revolving credit facility, of which £44m will be drawn by December 2022, at which point it will become a term loan. An additional £10.0m local authority loan was available in March 2021 but allowed to lapse in June 2021 at the end of the availability period. The remaining long term facilities are either fully secured or with security identified and charging work underway. This comfortably meets the liquidity requirements set out in the Treasury Strategy. 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	2021	2020
Surplus %		
Surplus after tax as % of Turnover	37.7%	14.0%
Surplus % (excluding the fair value gain)	10.3%	14.0%
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)	148.3%	150.1%
GOLDEN RULE >125%		
Gearing*		
(Total borrowings less cash at bank and in hand)/ (Housing properties at cost less properties under construction)	41.7%	42.4%
GOLDEN RULE < 55%		
Operating Margin before interest %		
(Operating surplus, excluding fixed asset sales / turnover)	25.8%	28.6%
GOLDEN RULE > 25%		
Operating Margin on 1st tranche sales	15.3%	14.9%
Operating Margin on outright sales	15.8%	22.3%
Operational performance		
Rent loss from voids as a % of gross rent	0.7%	0.7%
Bad debts as a % of gross rent	1.4%	0.6%
Current tenant arrears	3.1%	4.8%
Social Housing Letting Interest Cover		
(Surplus on social housing lettings / net interest paid in cash flow statement)	1.2x	1.2x
Recurrent cash interest cover		
(Operating surplus plus depreciation and impairment / net interest in cash flow statement)	2.3x	2.3x
Debt to revenue		
(Loans less fees plus finance leases / turnover)	5.0x	4.5x
Debt per unit		
(Loans / social housing units owned and managed)	£33,866	£32,304

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

*** The definition for Operating Margin on this table differs from the RSH metric, the RSH definition excludes gains or losses on disposal of fixed assets*

Value for Money: Overview

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

The more efficient we are, the more resources we have to build new homes, improve existing homes, enhance our services, undertake activities designed to maximise social impact and fund other key corporate priorities. With a clear focus on what matters most, 2020/21 was another successful year for Great Places.

VFM – comparisons and benchmarking

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

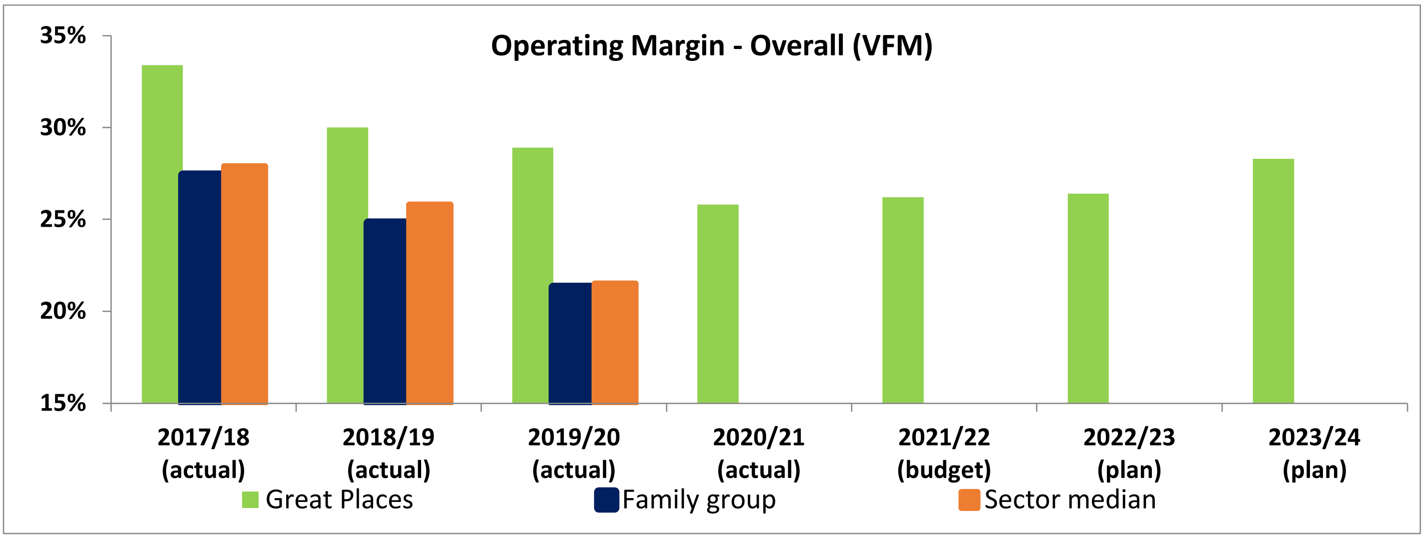
Metric	2019/20			2020/21		2021/22
	Great Places	Family Group[1]	Sector Median	Great Places	Target	Target
Operating Margin - Overall (VFM)	28.6%	23.4%	21.5%	25.8%	27.0%	26.2%
Operating Margin - SHL	34.2%	27.9%	23.6%	29.2%	27.9%	32.1%
EBITDA MRI (VFM)	145.8%	144.9%	196.1%	148.5%	133%	153%
Development (No)	306	449	-	325	400	858
Units Developed as % of units owned (SH) (VFM)	1.3%	1.8%	1.3%	1.3%	2.80%	3.7%
Units Developed as % of units owned (NSH)	0.5%	0.2%	-	0.2%		0.2%
Gearing (VFM)	46.8%	44.1%	33.8%	44.0%	45.2%	43.5%
Social Housing Cost per Unit (VFM)	£3,278	£3,907	£4,023	£3,343	£3,370	£3,349
Rent collected	99.5%	100.5%	99.84%	100.6%	99.0%	99.0%
Overheads as % of Turnover	13.0%	12.5%	13.9%	9.7%	12.1%	11.0%
Service Charge CPU	£436	£582	-	£540	£506	£476
Management CPU	£939	£980	-	£968	£902	£1,031
Maintenance CPU	£681	£1,118	-	£530	£478	£555
Major Repairs CPU	£903	£718	-	£1,022	£1,082	£802
Other Social Housing Costs	£318	£505	-	£284	£327	£101
Customer Satisfaction*	7.53/10	81.3%	86.9%	7.58/10	7.3/10	7.3/10
Investment: Communities	£819k	£866k	£619k	£702k	£835k	£960k
Reinvestment % (VFM)	5.1%	8.0%	6.1%	6.3%	12.6%	11.3%
Return on Capital Employed (VFM)	3.3%	3.4%	2.8%	2.7%	3.0%	2.9%
Repairs Ratio (responsive:planned)	0.44	0.71	0.64	0.52	0.44	0.50
Occupancy rate	99.5%	98.8%	99.28%	99.6%	99.5%	99.5

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

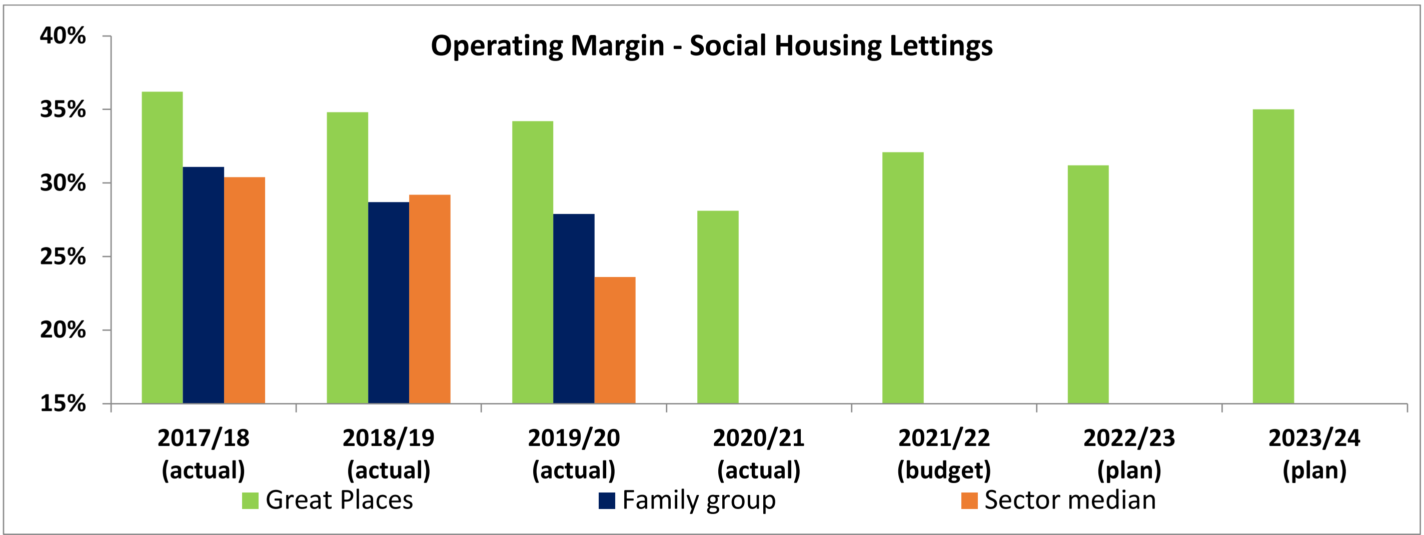
1 Our Family Group for benchmarking purposes (selected based on location, size, development activity or mix of housing properties) – Accent, Accord, Cobalt, EMH, ISOS, Johnnie Johnson, Irwell Valley, Leeds Federated, Longhurst, Mosscare St Vincent's, Muir, Nottingham Community, Orbit, Regenda, Riverside, South Yorkshire, Stonewater, Onward and Yorkshire

Key messages over the five scorecard categories:

Business health:



Our overall operating margin, the proportion of surplus generated from turnover on a provider's day-to-day activities, at 25.8% was better than both our family group and the sector median in previous years. Our overall operating margin for 2020/21 has reduced slightly from 2019/20 due to additional building safety costs and investment in systems and colleagues, which will also continue over the next 12 month period. EBITDA is slightly lower than last year and again, is targeted to increase next year.

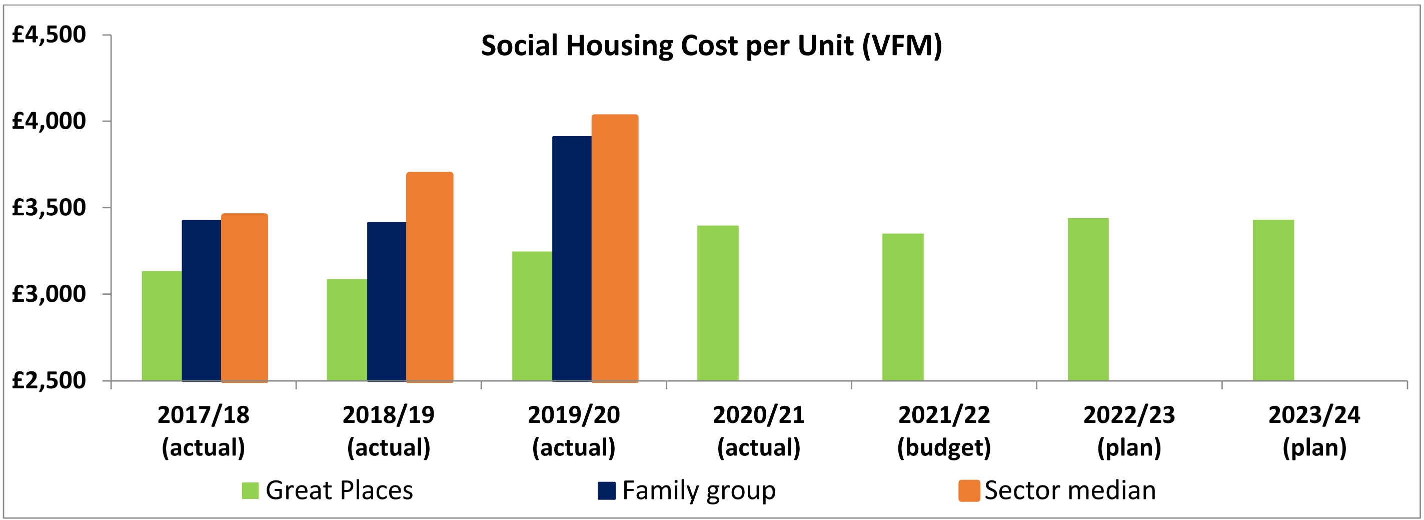


Our operating margin for social housing lettings is 29.2%, and historically has also been better than both our family group and the sector median and again is expected to increase in future years for the same reasons as the overall operating margin.

Development: We have developed over 1,000 new homes in the past three years and ended the year with 36 'live' development sites and almost 1,500 new homes being built, a record high. Over the past 10 years, Great Places has developed around 6,000 new homes and the Sector Scorecard evidences that development as a % of stock is an area where we remain particularly strong and expect to be in future years.

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

Operating efficiencies:



Our headline cost per unit is £3,343 for 2020/21. This is a small increase on the previous year and is slightly better than the target set for the year. There has been an increase in one-off costs arising from the merger with Equity, and costs will continue to rise as the integration programme is completed during 2020/21, after which the overhead cost per unit will improve as the expected efficiencies start to materialise. 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. Our overheads have reduced and are significantly better than both the sector median and our 'family' group when displayed as a percentage of turnover.

Outcomes delivered: For customer satisfaction, we continue to follow the Institute of Customer Service ("ICS") approach including their 10 point scale, but for 2020/21 changed our focus so that we now report a blended figure across all our customer groups. If we carry out a direct comparison with 19/20 (general needs customers only) we improved from 7.53/10 to 7.58/10, and that is favourable against the ICS median for housing associations of 7.35/10 showing that our customers are more satisfied with the service they receive from us, compared to other housing associations. The figure of 7.3/10 quoted for all customer groups (including supported housing, shared owners and market renters) is an improvement on 7.2/10 for the previous 12 months, despite a year of pandemic restrictions impacting on service delivery. Our use of the ICS methodology has many benefits but does mean that we cannot directly compare with the rest of the sector's % score.

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 6.9% was behind the target of 12.6%, but still an improvement on the prior year.

Effective asset management: Our Return on Capital Employed, at 2.7% is slightly below target and also a decrease on last years performance and is due to the ramp up in development activities and therefore our total asset base. Benchmarking shows this is the case with the majority of associations who have a proportionately large development programmes. 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. Recently, growth has been most evident in the merger with Equity Housing Group which saw Great Places expand by around 25%, however 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 current VFM focus is on the delivery of the savings within the Equity merger business case, both in terms of monetary savings which are projected to be around £3m per annum by 2022/23, and other efficiencies around improved performance over a range of measures.

At year end 2020/21, out of a suite of 10 internal Critical Success Factors, we achieved our target for 8 areas, with 3 of those achieving our stretch target, and we missed 2 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.

It is worth noting that the two CSFs that did not achieve target were in relation to Development Completions and Customers supported into work, training or volunteering, which were both affected by the Covid-19 pandemic. The introduction of lockdowns, social distancing and furlough schemes had a significant impact on our development sites and contractors ability to work. Despite the challenges, 325 new homes were built and a further 996 new affordable homes across 22 sites, were started. Sites were closed for 8 weeks during the initial lockdown and 8 weeks after year-end we had hit our development completions target. For households helped into work, training and volunteering, while the target wasn't met, we still helped over 700 households despite the ongoing challenges and issues being experienced as a result of the pandemic. As part of our COVID response, the Community Investment Team have been redirecting resources to help customers struggling during the pandemic through our Hardship Fund, which during 2020/21 approved 250 applications and paid out over £100k to customers and community groups.

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 we have a new Corporate Plan in place which 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	2022	2023	2024	2025	2026
Operating Margin – overall	26.2%	26.4%	28.3%	29.2%	29.7%
Operating Margin – Social Housing Lettings	32.1%	31.2%	35.0%	35.4%	35.8%
EBITDA MRI Interest cover	153.0%	154.0%	161.0%	156.0%	149.0%
New Supply: Units developed as % of units owned	3.7%	5.1%	4.9%	4.3%	4.1%
Gearing	43.5%	45.6%	46.7%	47.9%	49.1%
% Reinvestment	11.3%	12.0%	15.1%	13.8%	13.1%
Return on capital employed (ROCE)	3.0%	3.1%	3.4%	3.3%	3.25%
Headline social housing cost per unit	£3.35k	£3.44k	£3.43k	£3.40k	£3.33k

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 (“Promoting Board Excellence for Housing Associations” that was published in February 2015), but which actually goes further in some areas to add additional detail and clarity. Great Places is currently carrying out an assessment against the new NHF Code of Governance with a view to adoption of the Code later in 2021.

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 2020 the Regulator of Social Housing (“RSH”) re-affirmed that the Group has the highest G1 Governance assessment which the RSH again confirmed in April 2021 in an interim judgement following the Equity transfer of engagements. Following a recent in-depth assessment by the regulator, the Group has had its viability rating upgraded to V1, meaning that the overall governance and viability rating is G1/V1.

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

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

The Group Board currently has nine non-executive members, of whom there are six male and three female members. The Chief Executive is also a Board member. The average attendance at Board meetings between 1 April 2020 and 31 March 2021 was 98%. During that period there were eight scheduled Board meetings, plus two strategy days. In addition, training and development sessions are held prior to every Board meeting. As part of the Transfer of Engagements we increased the non-executive Board members by two and during the year two Board members stepped down at the end of their tenure. During the year the Group will commence the first stage of a two-year Board succession and recruitment process which will see five of the existing Board step down as they reach the end of their tenures, including both the Chair of the Board and the Chair of the Audit and Assurance Committee.

There are two Committees of the Board – the Audit and Assurance Committee and the Remuneration and Appraisal Committee. Both have clearly defined terms of reference 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 has been developed outlining the legislation that we are required to adhere to, and details of how we meet the requirements of each Act of Parliament. On consideration of the evidence provided, the Group confirms it has met all regulatory requirements during the year and up to the date of this report.

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 Strategy and Risk Appetite Statement during 2020-21.

The Covid-19 pandemic played a big part in the risk environment for Great Places and the wider housing sector throughout 2020-21, 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.

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*	Commissioning of an independent customer health and safety compliance review. Other key controls include Specialist contractors, 3rd party audit arrangements, specialist compliance team, regular board reporting and internal KPI's, A health and safety strategy and committee is in place. We have issued lone working devices to all relevant colleagues and have a mandatory training programme in place. We have a new CSF for 2021/22 focussing on building safety.
Merger integration programme	Effective integration of the two organisations is critical to making the partnership a success. *Risk Appetite – open*	Governance and oversight forums have been established alongside a programme risk register. A programme management office has been established and appropriately resourced to deliver the documented programme plan. A Partnership Champion is in place to act as a critical friend.
Secure and resilient technology infrastructure to meet the needs of the business	Secure infrastructure is the fundamental building block required for us to build a more resilient business that can support innovative systems and ways of working. *Risk Appetite – moderate*	The infrastructure has been thoroughly tested due to the impact of Covid-19 and has proven to be resilient. Training plans have been rolled out within the technology team. Processes have been put in place to ensure all relevant patches are implemented. Routine off site data backups take place and Sophos monitoring has been implemented.
Customer poverty, welfare reform & the inability to pay rent	Our tenants' ability to pay rent is a key risk to the business that we have limited control over given the external political environment. *Risk Appetite – averse*	A new Income Management Strategy has been put in place. Robust monitoring and management of Universal Credit claimants and impact on arrears. Rent arrears are included within the balanced scorecard performance report. This is of particular importance given the impact of Covid-19 on the economy. A dedicated Community Investment team is in place to provide employment support and work training.

Risk	Nature of Risk and Risk Appetite	Mitigation
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*	A People strategy is in place. This is supported by competitive terms and conditions with regular salary benchmarking. A bonus scheme rewards colleagues. New feedback mechanisms, including the happiness index and Pulse surveys, are being 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 is in place via sales flash reporting to the Executive team, stress testing on market exposure carried out at Board level, a challenging appraisal and approval process, 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.

Progress during 2020/21

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

Audit work undertaken in 2020/21

During 2020/21, internal audit and assurance work was undertaken by Pricewaterhouse Coopers LLP (PwC) employing a risk based internal audit approach following their re-appointment via an OJEU procurement exercise in early 2019. This contract ends in March 2022 and the reprocurement process will begin in the Autumn.

Work carried out under this framework included 16 assurance reviews across a broad range of service areas, including one specially commissioned piece of work to assess our internal controls framework as affected by the Covid-19 lockdown. 2 further reviews were deferred due to both the impact of the pandemic and the Cosmos Integration Programme – responsive repairs and void management – both of which are included early in the 2021/22 programme.

- 0 high risk outcomes
- 10 medium risk outcomes
- 6 low risk outcomes

In total, 66 findings were identified. No recommendations were identified to be high risk 42% of findings had a medium risk rating, 39% of findings were low risk, with the remaining recommendations being advisory points.

Internal audit follow up has also been conducted on 2 occasions (end of Q2 and end of Q4) during the year with 73% of recommendations fully implemented (55 out of 75 findings), with a year on year cumulative implementation rate of 97%.

In their internal audit annual report for 2020/21 which was submitted alongside this report to the June Audit and Assurance Committee meeting, PwC state: *"Our work has identified that there are effective controls in place within Great Places Housing Group to ensure that actions agreed as a result of Internal Audit reviews are implemented in a timely way and that evidence to support their implementation is recorded on the audit issue tracking system."*

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

Modern Slavery

Great Places is required to adopt a Modern Slavery transparency statement outlining the steps that the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking 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 2021 the Group has made no political contributions (2020: £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 16 September 2021.

External auditors

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

Statement of compliance

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

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

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

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

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

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

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

1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

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

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

P. Elvy
Company Secretary

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

Opinion on the financial statements

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 2021 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the 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 members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

Julien Rye

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BDO LLP

Statutory Auditor

Manchester, UK

Date: 03 September 2021

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

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2021 £'000	2020 £'000
Turnover	4	144,152	120,897
Operating costs	4	(84,771)	(64,714)
Cost of sales	4	(22,192)	(21,662)
Surplus on sale of fixed assets	5	2,980	3,937
Operating surplus	6	**40,169**	**38,458**
Interest receivable and similar income	7	153	648
Interest payable and financing costs	8	(25,561)	(23,576)
Movement in fair value of investment properties	14	588	1,507
Movement in fair value of financial instruments	8	-	171
Gain on transfer of engagements	35	39,449	-
Surplus on ordinary activities before taxation		**54,798**	**17,208**
Tax on surplus on ordinary activities	10	(514)	(270)
Surplus for the financial year		**54,284**	**16,938**
Actuarial (losses)/gains on defined benefit pension schemes	27	(15,335)	10,113
Movement in fair value of hedged financial instruments	8	9,995	7,103
Tax charge in relation to other comprehensive income	10	(563)	(251)
Other comprehensive (expenditure)/income		**(5,903)**	**16,965**
Total comprehensive income for the year		**48,381**	**33,903**

All amounts relate to continuing activities.

The accompanying notes on pages 37 to 78 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 2021

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Note	2021 £'000	2020 £'000
Turnover	4	20,540	19,546
Cost of Sales	4	(1,455)	(668)
Operating costs	4	(17,417)	(18,790)
Operating surplus	6	**1,668**	**88**
Distribution from GPHA for pension liability	27	6,222	-
Interest receivable and other income	7	21,469	20,755
Interest payable and financing costs	8	(21,499)	(20,834)
Surplus/(Deficit) on ordinary activities before taxation		**7,860**	**9**
Tax on surplus/(deficit) on ordinary activities	10	-	(55)
Surplus / (Deficit) for the financial year		**7,860**	**(46)**
Actuarial (losses)/gains on defined benefit pension schemes	27	(3,816)	1,861
Tax charge in relation to other comprehensive income	10	(563)	(251)
Other comprehensive (expenditure)/income		**(4,379)**	**1,610**
Total comprehensive income for the year		**3,481**	**1,564**

All amounts relate to continuing activities.

The accompanying notes on pages 37 to 78 form part of these financial statements.

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

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021 £'000	2020 £'000
Tangible fixed assets			
Housing properties	13	1,313,452	1,077,343
Investment properties	14	23,279	20,974
Other tangible fixed assets	15	12,619	7,989
Total tangible fixed assets		**1,349,350**	**1,106,306**
Fixed asset investments			
Homebuy loans	16	6,133	6,513
Fixed asset investments	17	833	831
Investment in joint venture	17	807	117
Total fixed asset investments		**7,773**	**7,461**
Total fixed assets		**1,357,123**	**1,113,767**
Current assets			
Stock and work in progress	18	35,545	29,899
Debtors	19	32,157	18,105
Investments	20	28,159	34,667
Cash and cash equivalents		138,120	39,727
Total current assets		**233,981**	**122,398**
Creditors: Amounts falling due within one year	21	(104,003)	(69,514)
Net current assets		**129,978**	**52,884**
Total assets less current liabilities		**1,487,101**	**1,166,651**
Creditors:			
Creditors falling due after more than one year	22	(1,325,011)	(1,069,049)
Pension liability	27	(25,382)	(9,483)
Provision for liabilities	28	(208)	-
Net assets		**136,500**	**88,119**
Capital and reserves			
Share capital (non-equity)	30	-	-
Income and expenditure reserve		173,751	135,934
Revaluation reserve		4,479	3,891
Designated reserve		123	142
Cash flow hedge reserve		(41,853)	(51,848)
Consolidated funds		**136,500**	**88,119**

The accompanying notes on pages 37 to 78 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 24 August 2021 and signed on its behalf by:

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

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2021

ASSOCIATION STATEMENT OF FINANCIAL POSITION

	Note	2021 £'000	2020 £'000
Tangible fixed assets			
Other tangible fixed assets	15	-	1,011
Fixed asset investments	17	372	340
Total fixed assets		**372**	**1,351**
Debtors: Amounts falling due after one year	19	631,315	509,223
Current assets			
Debtors	19	22,506	20,194
Investments	20	21,141	28,479
Cash and cash equivalents		168	208
		43,815	**48,881**
Creditors: Amounts falling due within one year	21	(43,596)	(50,431)
Net current assets / (liabilities)		**219**	**(1,550)**
Total assets less current liabilities		**631,906**	**509,024**
Creditors:			
Amounts falling due after more than one year	22	(631,315)	(509,223)
Pension liability	27	-	(2,691)
Net assets / (liabilities)		**591**	**(2,890)**
Capital and reserves			
Share capital (non-equity)	30	-	-
Income and expenditure reserve		591	(2,890)
Association's funds / (deficit)		**591**	**(2,890)**

The accompanying notes on pages 37 to 78 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 24 August 2021 and signed on its behalf by:

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

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2021

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

	Cash flow hedge reserve	Revaluation reserve	Designated reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2019	(44,745)	2,561	157	110,449	68,422
Surplus for the year	-	-	-	16,938	16,938
Actuarial gains on pension scheme	-	-	-	10,113	10,113
Fair value adjustments of financial instruments	(7,103)	-	-	-	(7,103)
Tax credit in relation to other comprehensive income	-	-	-	(251)	(251)
Interest credited from I&E reserve	-	-	1	(1)	-
Transfers	-	1,330	(16)	(1,314)	-
As at 31 March 2020	**(51,848)**	**3,891**	**142**	**135,934**	**88,119**
Surplus for the year	-	-	-	54,284	54,284
Actuarial losses on defined benefit pension schemes	-	-	-	(15,335)	(15,335)
Fair value adjustments of financial instruments	9,995	-	-	-	9,995
Tax charge in relation to other comprehensive income	-	-	-	(563)	(563)
Interest credited from I&E reserve	-	-	-	-	-
Transfers	-	588	(19)	(569)	-
As at 31 March 2021	**(41,853)**	**4,479**	**123**	**173,751**	**136,500**

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve	Total
	£'000	£'000
As at 1 April 2019	(4,454)	(4,454)
Deficit for the year	(46)	(46)
Actuarial gains on defined benefit pension schemes	1,861	1,861
Tax credit in relation to other comprehensive income	(251)	(251)
As at 31 March 2020	**(2,890)**	**(2,890)**
Surplus for the year	7,860	7,860
Actuarial losses on defined benefit pension schemes	(3,816)	(3,816)
Tax charge in relation to other comprehensive income	(563)	(563)
As at 31 March 2021	**591**	**591**

The accompanying notes on pages 37 to 78 form part of these financial statements.

GREAT PLACES HOUSING GROUP LIMITED

Year ended 31 March 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

	2021 £'000	2020 £'000
Cash flows from operating activities		
Surplus for the financial year	54,284	16,938
Non cash adjustments to surplus:		
Depreciation of housing properties	20,477	17,546
Depreciation of fixed assets - other	784	725
Amortised grant	(6,364)	(5,407)
Fair value gain on acquisition of Equity Housing Group	(39,449)	-
Adjustment for investing or financing activities:		
Surplus on the sale of fixed assets	(2,980)	(3,937)
Proceeds from sale of fixed assets	11,514	11,145
Cost of sales on properties developed for sale	19,556	19,473
Interest payable and finance costs	25,561	23,576
Interest received	(153)	(517)
Taxation expense	514	270
Other adjustments to surplus:		
Net fair value (gains) recognised in profit or loss	(588)	(1,678)
Difference between net defined benefit pension expense and cash contribution	(1,626)	(781)
Adjustment for working capital:		
Cash expenditure on developing property for resale	(20,980)	(26,137)
(Increase)/decrease in trade and other debtors	(1,632)	1,332
Increase in stocks	(184)	(62)
Increase/(decrease) in trade and other creditors	7,318	(1,887)
Cash from operations	**66,052**	**50,599**
Corporation tax paid	(162)	28
Net cash generated from operating activities	**65,890**	**50,627**

The accompanying notes on pages 37 to 78 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	2021 £'000	2020 £'000
Cash flows from investing activities		
Purchase and construction of fixed asset housing properties	(80,636)	(45,729)
Social housing grant received	26,003	14,078
Homebuy loans repaid	380	379
Fixed asset investments	(692)	8
Sale of other fixed assets	-	-
Purchase of other fixed assets	(2,626)	(534)
Purchase and construction of investment properties	(1,317)	(1,945)
Cash transferred from Equity Housing Group	4,294	-
Decrease/(Increase) in cash collateral held by counterparties	3,185	(351)
Decrease/(Increase) in swap collateral	7,338	(9,187)
Interest received	153	517
Net cash used in investing activities	**(43,918)**	**(42,764)**
Cash flows from financing activities		
Interest paid	(31,536)	(25,631)
Loan issue costs and other fees incurred	666	(629)
Bond finance received	103,825	-
Loans received	12,570	6,125
Loans repaid	(9,104)	(10,129)
Net cash from financing	**76,421**	**(30,264)**
Increase / (Decrease) in cash	**98,393**	**(22,401)**
Cash at beginning of year	**39,727**	**62,128**
Cash at end of year	**138,120**	**39,727**

The accompanying notes on pages 37 to 78 form part of these financial statements.

1. Legal status

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

2. Accounting policies

Basis of accounting
The financial statements of the Group and Association have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for the Group included the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 "Accounting by registered social housing providers" 2018, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

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

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 including sensitivity analyses and stress testing demonstrates that the Group has sufficient funding facilities in place that will meet planned development and other expenditure, and that it is fully able to service its debt facilities. After a thorough review including considering all assets, liabilities and commitments the Board are assured that there are sufficient cash reserves and agreed facilities in place to meet liabilities as they fall due.

The Group is able to mitigate a worst case scenario and avoid a covenant breach by managing the timing of development and repairs expenditure among other mitigating actions. Further the Group has access to undrawn loan facilities set out in Note 26.

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 each of the swaps against existing drawn floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve.

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 21 and 22). The swap fair values have been obtained from the valuations provided by the swap counterparties at each reporting date and compared with valuations obtained from the Group's treasury advisors for assurance.

Taxation - Current and deferred taxation

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

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

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

2. Accounting policies (continued)

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	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

Donated land

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

Impairment

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

The DRC will be based upon the lower of:

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

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

Stock swaps

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

2. Accounting policies (continued)

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 and receivable within one year are recorded at transaction price. The Association estimates the recoverable amount of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt. Any losses arising from impairment are recognised in the income statement in other operating expenses.

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

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

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

2. Accounting policies (continued)

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

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

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

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 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.

2. Accounting policies (continued)

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 2021 there were 157 active members of the SHPS scheme, three active members of the SYPA scheme and one active member of the GMPF scheme.

For these schemes, 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 that is no effective hedge it is recognised in the revenue reserve.

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

The preparation of financial statements in compliance with 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.

- 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.

- 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.

- 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.

- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

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

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

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%	2,354

Tangible fixed assets (notes 13 to 15)
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 12/15to 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 2.7%	(2,985)
Rate of inflation	Increase of 0.1% p.a.	increase by 2.7%	2,985
Rate of salary growth	Increase of 0.1% p.a.	increase by 0.2%	221
Rate of mortality	Probability of surviving each year increased by 10%	increase by 2.5%	2,764

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

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
Supporting people	1,848	-	(1,756)	92
Properties managed but owned by other organisations	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 includes £27k of receipts in relation to the government's job retention scheme (2020: nil)

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

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

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

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 2021 £'000	Total 2020 £'000
Rent receivable net of service charges	77,897	7,085	4,846	279	90,107	72,156
Service charge income	3,778	4,773	1,509	-	10,060	6,669
Amortisation of government grants	4,855	894	607	-	6,356	5,378
Government grant taken to income	101	30	-	-	131	-
Other income	992	2,060	171	-	3,223	3,714
Turnover from social housing lettings	**87,623**	**14,842**	**7,133**	**279**	**109,877**	**87,917**
Management	(16,021)	(2,184)	(2,164)	(31)	(20,400)	(15,717)
Service charge costs	(4,575)	(5,196)	(1,515)	(86)	(11,372)	(7,300)
Routine maintenance	(9,824)	(1,246)	(64)	(24)	(11,158)	(8,077)
Planned maintenance	(3,811)	(344)	(14)	(4)	(4,173)	(3,313)
Major repairs expenditure	(7,706)	(642)	252	(2)	(8,098)	(5,562)
Bad debts	(1,141)	(95)	(3)	(4)	(1,243)	(434)
Property lease charges	(187)	(8)	-	-	(195)	(317)
Depreciation of housing properties:						
-annual charge	(16,291)	(2,009)	(1,563)	(25)	(19,888)	(16,345)
-accelerated on disposal of components	(1,013)	-	-	-	(1,013)	(777)
Other costs	(262)	(21)	(9)	-	(292)	(37)
Operating expenditure on social housing lettings	**(60,831)**	**(11,745)**	**(5,080)**	**(176)**	**(77,832)**	**(57,879)**
Operating surplus on social housing lettings	**26,792**	**3,097**	**2,053**	**103**	**32,045**	**30,038**
Void losses	517	56	25	14	612	511

** 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 (2020: nil).

5. Surplus on sale of fixed assets – housing properties

	Disposal proceeds £'000	Carrying value of asset £'000	Capital grant recycled £'000	Total Surplus 2021 £'000	Total Surplus 2020 £'000
Shared Ownership	5,434	(3,039)	(1,198)	1,197	1,516
Other Housing properties	6,107	(3,492)	(922)	1,693	2,275
Homebuy	441	2	(353)	90	129
Investment properties	-	-	-	-	17
Total	**11,982**	**(6,529)**	**(2,473)**	**2,980**	**3,937**

ASSOCIATION

The Association sold no fixed assets (2020:nil).

6. Operating surplus

This is arrived at after charging:

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Depreciation of housing properties	19,898	16,436	-	-
Accelerated depreciation on component disposal	1,013	777	-	-
Depreciation of other tangible fixed assets	784	725	474	607
Amounts paid under operating leases:				
- Land and buildings	195	307	-	-
- Vehicles	716	563	36	509
- Photocopiers and printers	-	23	-	23
Auditors' remuneration (excluding VAT)				
- for the audit of the financial statements	105	66	18	18
- other audit related services	17	44	13	29

7. Interest receivable and other income

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Interest receivable and similar income	103	517	-	2
Intra group interest receivable	-	-	21,444	20,722
Interest receivable from JVs	25	-	25	-
Interest from Fixed Asset Investments	-	31	-	31
Income from Fixed Asset Investments	25	100	-	-
	153	648	21,469	20,755

8. Interest payable and financing costs

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Interest and financing costs				
Loans and bank overdrafts	25,636	24,288	21,445	20,722
Net interest payable on pension liabilities	279	468	54	112
Finance leases	203	199	-	-
Payable on recycled grant	12	72	-	-
Arrangement fees amortised or written off	1,625	432	-	-
Other finance costs including non-utilisation fees and commitment fees	959	629	-	-
	28,714	26,088	21,499	20,834
Interest payable capitalised on housing properties	(3,153)	(2,512)	-	-
	25,561	**23,576**	**21,499**	**20,834**
Other financing costs				
Gain on fair value of non-hedged derivative instruments	-	(171)	-	-
Financing costs through other comprehensive income				
(Gain)/loss on fair value of hedged derivative instruments	(9,995)	7,103	-	-
	15,566	**30,508**	**21,499**	**20,834**

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% (2020: 0.75%) receivable and 4.80% (2020: 4.80%) payable, based on the average weighted cost of borrowing during the year.

9. Gift aid

In respect of the year ended 31 March 2021 the following gift aid payments were made to GPHA by subsidiary and group undertakings: £580k (2020: £750k) by Plumlife, and £1,100k (2020: £1,750k) by Cube. No gift aid will be due from Terra Nova (2020: £53k). These transactions are eliminated on consolidation.

10. Tax on surplus on ordinary activities

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Current tax charge for the year	180	223	-	-
Current tax adjustment in respect of prior years	126	(8)	-	-
UK corporation tax charge/(credit) for year	306	215	-	-
Deferred tax				
Origination and reversal of timing differences	106	55	-	55
Adjustments in respect of prior periods	102	-	-	-
Deferred tax - note 11	208	55	-	55
Tax on surplus	514	270	-	55
Surplus before tax	54,798	17,208	7,860	9
Tax on profit on ordinary activities at standard CT rate of 19.00% (2020: 19%)	10,411	3,270	1,493	2
Effects of:				
Exempt charitable activities	(14,415)	(2,846)	-	-
Fixed asset differences	(7)	-	-	-
Expenses not deductible for tax purposes	4,889	(20)	11	180
Income not taxable for tax purposes	(157)	-	(1,182)	-
Losses eliminated	141	-	141	-
Chargeable gains/(losses)	84	-	-	-
Adjustments to tax charge in respect of previous periods	127	(7)	-	-
Adjustments to tax charge in respect of previous periods - deferred tax	92	-	(10)	-
Gift Aid payments	(126)	-	-	-
Deferred tax not recognised	(419)	-	(347)	-
Utilisation of brought forward losses	(106)	(182)	(106)	(182)
Deferred tax charge	-	55	-	55
Tax charge/(credit) for period	514	270	-	55

The aggregate current and deferred tax relating to items recognised in other comprehensive income for the group and the Association, arising from timing differences in relation to the SHPS pension scheme, is a charge of £563k (2020: credit of £251k).

11. Deferred tax

Deferred tax liabilities/(assets)	**Group**		**Association**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Fixed asset timing differences	60	(52)	-	(52)
Short term timing differences	(6)	(511)	-	(511)
Capital gains/(losses)	154	-	-	-
At 31 March 2021	208	(563)	-	(563)

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**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Executive directors	857	750	794	750
Non-Executive directors	84	75	84	75
	941	825	878	825

Executive Directors

Executive Directors include the Chief Executive and those officers who are executive directors and who report directly to the Chief Executive. The Executive Directors transferred from the Association to Great Places Housing Association on 1 March 2021 under TUPE regulations. Non-Executive directors are Board members and their Deed of Appointment novated from Great Places Housing Group to Great Places Housing Association on 1 April 2021.

The increase in Executive Director emoluments is primarily due an additional transitional executive post created from April 2020, with the incumbent leaving Great Places on 30 September 2020.

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

	Group		**Association**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
£50,001 to £60,000	1	-	1	-
£120,001 to £130,000	-	1	-	1
£130,001 to £140,000	-	2	3	2
£140,001 to £150,000	3	-	-	-
£150,001 to £160,000	-	1	1	1
£160,001 to £170,000	1	-	-	-
£170,001 to £180,000	-	-	1	-
£180,001 to £190,000	-	1	-	1
£190,001 to £200,000	1	-	-	-

12. Directors and members (continued)

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
£50,001 to £60,000	1	-	1	-
£120,001 to £130,000	-	1	-	1
£130,001 to £140,000	-	2	3	2
£140,001 to £150,000	3	-	-	-
£150,001 to £160,000	-	1	1	1
£160,001 to £170,000	1	-	-	-
£170,001 to £180,000	-	-	1	-
£180,001 to £190,000	-	1	-	1
£190,001 to £200,000	1	-	-	-

The amounts shown above are in relation to the Group's executive directors who were paid solely in respect of the performance of their duties. Emoluments of the highest paid Group and Association Executive was the Chief Executive Officer who received emoluments, excluding pension contributions, totalling £184k (2020: £176k). 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 (2020: £12k) 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.

12. Directors and members (continued)

Non Executive Directors

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

Name	Date served (if not for whole period)	GPHG	GPHA	PLUMLIFE	CUBE	A&AC	R&AC	2021 '000	2020 £'000
Babar Ahmad	-				✓			4	3
Christine Amyes	-	✓	✓	✓			✓	6	6
Celia Cashman	-	✓	✓	✓		✓		6	6
Tony Davison	-	✓	✓	✓			✓	14	14
Jan Fitzgerald	To 17/9/2020	✓	✓	✓			✓	3	6
Jerry Green	-	✓	✓	✓		✓		7	7
Michael Hanson	-	✓	✓	✓		✓		6	6
Mervyn Jones	From 01/04/20	✓	✓	✓			✓	6	-
Brendan Nevin	To 17/9/2020	✓	✓	✓		✓		3	6
Grenville Page	From 01/04/20	✓	✓	✓		✓		6	-
Emma Prichard-Selby	-				✓			3	3
Jenny Rayner	-	✓	✓	✓			✓	8	8
David Robinson	-	✓	✓	✓	✓			7	7
Samantha Young	To 19/9/19							-	3
								84	**75**

***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	
	2021	**2020**	**2021**	**2020**
	No.	**No.**	**No.**	**No.**
£60,001 to £70,000	18	13	8	10
£70,001 to £80,000	7	6	5	5
£80,001 to £90,000	3	3	4	2
£90,001 to £100,000	7	2	2	2
£100,001 to £110,000	1	1	1	1
£110,001 to £120,000	2	1	-	-
£170,001 to £180,000	1	-	-	-

The colleague in the uppermost band was an former Equity Housing Group employee who was paid an enhanced redundancy package in line with the terms and conditions of their previous employment.

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 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 April 2020	1,073,189	44,397	128,661	16,164	1,048	1,263,459
Additions	109	52,973	59	18,232	-	71,373
Components capitalised	9,263	-	-	-	-	9,263
Interest capitalised	-	913	-	975	-	1,888
Schemes completed	17,051	(17,051)	9,760	(9,760)	-	-
Disposals	(5,406)	-	(4,330)	-	-	(9,736)
Component disposals	(1,592)	-	-	-	-	(1,592)
Transfers of engagements (note 35)	97,865	2,417	76,492	6,342	-	183,116
As at 31 March 2021	**1,190,479**	**83,649**	**210,642**	**31,953**	**1,048**	**1,517,771**
Depreciation and impairment						
Opening balance	(175,402)	-	(10,541)	-	(173)	(186,116)
Charged in year	(18,843)	-	(1,047)	-	(8)	(19,898)
Disposal	556	-	457	-	-	1,013
Component disposals	682	-	-	-	-	682
As at 31 March 2021	**(193,007)**	**-**	**(11,131)**	**-**	**(181)**	**(204,319)**
NBV as at 31 March 2021	**997,472**	**83,649**	**199,511**	**31,953**	**867**	**1,313,452**
NBV as at 31 March 2020	897,787	44,397	118,120	16,164	875	1,077,343

Interest capitalised

Cumulative interest capitalised in housing properties is £12,393k (2020: £10,505k).

Expenditure to works on existing properties

	2021	2020
	£'000	£'000
Amounts capitalised	9,263	9,555
Amounts charged to income statement	8,098	5,562
	17,361	**15,117**

Housing properties book value, net of depreciation impairment

	2021	2020
	£'000	£'000
Freehold land and buildings	1,003,466	790,666
Long leasehold land and buildings	309,986	286,677
	1,313,452	**1,077,343**

ASSOCIATION

The Association has no Housing Properties.

14. Tangible fixed assets – investment properties

GROUP

	Investment Properties completed	Investment Properties under construction	Investment Properties Total 2021	Investment Properties Total 2020
	£'000	£'000	£'000	£'000
At the beginning on the year	18,014	2,960	20,974	17,679
Additions	-	1,317	1,317	1,945
Disposals	-	-	-	(240)
Reclassified from Housing Properties	-	-	-	83
Transfers of engagements (note 35)	400	-	400	-
Revaluations	588	-	588	1,507
At the end of the year	**19,002**	**4,277**	**23,279**	**20,974**

The surplus on revaluation of investment properties is £588k (2020: £1,507k). Of this £588k (2020: £1,330k) 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 completed investment properties were valued at 31 March 2021 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.

	2021	2020
	£'000	£'000
Gross cost	18,028	16,711
Gross cost transferred in from another RP	400	-
Accumulated depreciation based on historical cost	(5,197)	(4,990)
Historical cost net book value	**13,231**	**11,721**

ASSOCIATION

The Association has no investment properties (2020: 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 2020	7,804	344	3,519	11,667
Additions	1,220	1	1,405	2,626
Transfers of engagements (note 35)	2,558	207	50	2,815
Disposals	-	-	(2,071)	(2,071)
As at 31 March 2021	**11,582**	**552**	**2,903**	**15,037**
Depreciation and Impairment				
As at 1 April 2020	(1,108)	(62)	(2,508)	(3,678)
Charged in year	(158)	(64)	(562)	(784)
Released on disposal	-	-	2,044	2,044
As at 31 March 2021	**(1,266)**	**(126)**	**(1,026)**	**(2,418)**
NBV as at 31 March 2021	**10,316**	**426**	**1,877**	**12,619**
NBV as at 31 March 2020	6,696	282	1,011	7,989

ASSOCIATION	IT and Computers	Total
	£'000	£'000
Cost		
As at 1 April 2020	3,519	3,519
Additions	198	198
Transferred within group	(1,646)	(1,646)
Disposals	(2,071)	(2,071)
As at 31 March 2021	-	-
Depreciation		
As at 1 April 2020	(2,508)	(2,508)
Charge for the year	(474)	(474)
Transferred within group	938	938
Released on disposal	2,044	2,044
As at 31 March 2021	-	-
NBV as at 31 March 2021	-	-
NBV as at 31 March 2020	1,011	1,011

The Association transferred any remaining IT assets to Great Places Housing Association on 1st March 2021 to coincide with the TUPE of all colleagues to which the IT assets relate.

16. Investments – Homebuy loans

GROUP	2021	2020
	£'000	£'000
At the beginning of the year	6,513	6,892
Loans redeemed	(380)	(379)
Reclassification	-	-
At the end of the year	**6,133**	**6,513**

ASSOCIATION

The Association has no Homebuy loans (2020: 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 2020	461	30	340	831
Additions	-	-	32	32
Disposal or repayment	-	(30)	-	(30)
As at 31 March 2021	**461**	**-**	**372**	**833**
NBV as at 31 March 2021	**461**	**-**	**372**	**833**
NBV as at 31 March 2020	461	30	340	831

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	**JV** Reviva	**JV** GMJV Fundco LLP	**JV** Forge New Homes LLP	**Joint venture total**
	£'000	£'000	£'000	£'000	£'000
Cost					
At the beginning of the year	-	10	107	-	117
Additions	-	-	191	500	691
Repayment	-	(1)	-	-	(1)
At the end of the year	**-**	**9**	**298**	**500**	**807**
NBV as at 31 March 2021	**-**	**9**	**298**	**500**	**807**
NBV as at 31 March 2020	-	10	107	-	117

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

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.

17. Investments - Fixed asset investment (continued)

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**	**Other Investments**
	KGP	Inspiral
	£'000	**£'000**
Cost		
As at 1 April 2020	-	340
Disposal or repayment	-	32
As at 31 March 2021	**-**	**372**

18. Stock and work in progress

GROUP

	2021	**2020**
	£'000	**£'000**
Shared ownership properties:		
- completed	853	2,561
- under construction	15,766	8,128
Other properties for sale:		
- completed	4,150	2,044
- under construction	14,014	16,588
Materials stock	762	578
	35,545	**29,899**

The figures above include £2,750k (2020: £1,487k) of capitalised interest.

ASSOCIATION

The association has no stock and work in progress.

19. Debtors

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Due within one year				
Rent and service charges receivable	4,736	4,951	-	-
Provision for bad and doubtful debts	(3,453)	(2,835)	-	-
	1,283	2,116	-	-
Due from subsidiary undertakings	-	-	17,360	14,572
Trade debtors	1,047	488	314	68
Social housing grant receivable	20,759	8,452	-	-
Others debtors	7,311	4,941	53	36
Interest rate swap (note 23c)	-	-	3,842	4,277
Corporation tax debtor	-	144	-	144
Deferred tax (note 11)	-	563	-	563
Prepayments and accrued income	1,757	1,401	937	534
	32,157	**18,105**	**22,506**	**20,194**
Due after more than one year				
Due from subsidiary undertakings	-	-	593,304	461,652
Interest rate swap (note 23c)	-	-	38,011	47,571
	-	**-**	**631,315**	**509,223**
Total debtors	**32,157**	**18,105**	**653,821**	**529,417**

20. Current asset investments

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
SWAP collateral held by counterparties	21,141	28,479	21,141	28,479
Monies held by loan counterparties	7,018	6,188	-	-
	28,159	**34,667**	**21,141**	**28,479**

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	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Debt (note 23a)	10,812	9,446	9,979	8,593
Obligations under finance leases (note 23b)	84	81	-	-
Interest rate swap (note 23c)	3,842	4,277	3,842	4,277
Deferred capital grant (note 24)	6,532	5,463	-	-
Recycled capital grant fund (note 25)	2,743	2,608	-	-
Trade creditors	510	1,600	-	229
Rent and service charges received in advance	2,373	2,002	-	-
SHG received in advance	23,216	4,676	-	-
Corporation tax	372	243	(144)	-
Other taxation and social security	717	548	-	271
Amounts owed to group undertakings	-	-	21,141	28,479
Leaseholder sinking funds	17,621	11,690	-	-
Other creditors	22,718	18,880	8,079	7,630
Accruals and deferred income	12,463	8,000	699	952
	104,003	**69,514**	**43,596**	**50,431**

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	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Debt, net of arrangement fees (note 23)	702,707	531,060	593,304	461,652
Obligations under finance leases (note 23b)	2,806	2,889	-	-
Interest rate swap (note 23c)	38,011	47,571	38,011	47,571
Deferred capital grant (note 24)	572,432	477,422	-	-
Recycled capital grant fund (note 25)	9,055	10,107	-	-
	1,325,011	**1,069,049**	**631,315**	**509,223**

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.

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.

23. Debt analysis (continued)

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%.

The debenture loan from THFC Ltd (8.625% Debenture, 2023) was repayable by a single payment of £750k on 13 October 2023 and was included in the prior year loan balance at note 23a. This was repaid early in May 2020.

Total debt is as follows:

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Loans: principal and fair value of loans	303,291	233,195	207,003	177,047
Bond Issue and Premium	416,885	313,806	396,280	293,198
	720,176	547,001	603,283	470,245
Less: arrangement fees	(6,656)	(6,495)	-	-
	713,520	**540,506**	**603,283**	**470,245**

The fixed and variable split of debt is as follows:

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Bond	416,885	313,806	396,280	293,198
Fixed rate	147,288	107,148	51,000	51,000
Variable rate fixed by interest rates swaps (note 23c)	107,000	107,000	107,000	107,000
Variable rate	49,003	19,047	49,003	19,047
	720,176	**547,001**	**603,283**	**470,245**

The weighted average interest rate of the Group's loans at 31 March 2021 was 3.80% (2020: 4.22%). The Association's fixed rate financial liabilities have a weighted average interest rate of 3.79% (2020: 4.40%) and the weighted average period for which it is fixed is 20 years (2020: 20 years).

23. Debt analysis (continued)

a Loans repayable

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
In one year or less or on demand	10,812	9,446	9,978	8,593
In more than one year, but not more than two years	11,377	8,839	10,367	8,724
In more than two years, but not more than five years	33,973	24,943	30,245	24,522
In more than five years	664,014	503,773	156,413	135,208
	720,176	**547,001**	**207,003**	**177,047**

b Obligations under finance leases

The Group obligations under finance leases are as follows:

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

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 has not yet occurred, but is expected to occur prior to 31 December 2021.

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
In one year or less or on demand	3,842	4,277	3,842	4,277
In more than one year, but not more than two years	3,842	4,277	3,842	4,277
In more than two years, but not more than five years	10,946	12,687	10,946	12,687
In more than five years	23,223	30,607	23,223	30,607
	41,853	**51,848**	**41,853**	**51,848**

23. Debt analysis (continued)

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

	As at 31 March 2020	Cashflows	Transfer of engagements (note 35)	New finance leases	Other non-cash movements	As at 31 March 2021
Cash	(39,727)	(94,099)	(4,294)	-	-	(138,120)
Swap collateral	(28,479)	7,338	-	-	-	(21,141)
Finance leases (note 23b)	2,970	(81)	-	-	-	2,889
Bank loans (note 23a)	225,950	4,133	66,409	-	143	296,635
Bond (note 23a)	313,806	103,825	-	-	(746)	416,885
Interest rate swap (note 23c)	51,848	-	-	-	(9,995)	41,853
Debenture stock	750	(750)	-	-	-	-
Net Debt	**527,118**	**20,366**	**62,115**	**-**	**(10,598)**	**599,001**

24. Deferred capital grant

	Social housing grant	Homebuy grant	Total 2021	Total 2020
	£'000	£'000	£'000	£'000
Total grant at start of period	552,400	6,513	558,913	542,557
Transfer of engagements (note 35)	80,672	-	80,672	-
Grants received in the year	24,791	-	24,791	23,719
Grants recycled in the year	(2,121)	(353)	(2,474)	(5,821)
Grants disposed in the year	(1,108)	(27)	(1,135)	(1,543)
Total grant at end of period	**654,634**	**6,133**	**660,767**	**558,912**
Total amortisation at start of period	(76,027)	-	(76,027)	(72,018)
Released to income in the period - social housing	(6,364)	-	(6,364)	(5,378)
Released to income in the period - other	-	-	-	(29)
Released on disposal	588	-	588	1,398
Total amortisation at end of period	**(81,803)**	**-**	**(81,803)**	**(76,027)**
Net book value at end of period	**572,831**	**6,133**	**578,964**	**482,885**
Net book value at start of period	476,373	6,513	482,886	470,539
Of which:				
Due within one year			6,532	5,463
Due after more than one year			572,432	477,422
			578,964	**482,885**

ASSOCIATION

The association has no deferred capital grant funds (2020:nil).

25. Recycled capital grant fund

	2021	2020
	£'000	£'000
At the beginning of the year	12,715	12,447
Grants recycled		
- Housing Properties	922	4,655
- Shared Ownership	1,198	810
- Homebuy	353	356
Interest accrued	12	72
Transferred from another RP	1,618	-
Development of properties	(5,020)	(5,625)
At the end of the year	**11,798**	**12,715**
Of which:		
Due within one year	2,743	2,608
Due greater than one year	9,055	10,107
	11,798	**12,715**

ASSOCIATION

The association has no recycled capital grant funds (2020: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, coincidental with the repayment of the term loans. The change in fair value in the period was a decrease in the liability of £9,995k (2020: increase of £7,102k) with the entire charge being recognised in other comprehensive income as the swaps are all effective hedges.

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets measured at historical cost:				
- Homebuy loans	6,133	6,513	-	-
- Trade receivables	1,047	488	314	68
- Other receivables	30,902	17,617	611,654	477,501
- Current asset investments	28,159	34,667	21,141	28,479
- Cash and cash equivalents	138,120	39,727	167	208
Intragroup derivative financial instrument*	-	-	41,853	51,848
Total financial assets	**204,361**	**99,012**	**675,129**	**558,104**

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

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Financial liabilities				
Financial liabilities measured at historical cost:				
- Loans payable	713,521	540,506	603,283	470,245
- Trade creditors	509	1,600	-	229
- Other creditors	91,276	58,754	29,775	37,331
- Finance leases	2,889	2,970	-	-
- Deferred capital grant	578,964	482,885	-	-
Derivative financial instruments hedged*	41,853	51,848	41,853	51,848
Total financial liabilities	**1,429,012**	**1,138,563**	**674,911**	**559,653**

**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	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Expiring in one year or less	10,000	38,000	-	38,000
Expiring between one and two years	43,830	-	43,830	-
Expiring in more than two years	84,801	43,830	30,000	43,830
	138,631	**81,830**	**73,830**	**81,830**

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 2017. This actuarial valuation showed assets of £4,553m, liabilities of £6,075m and a deficit of £1,522m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

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

27. Pensions (continued)

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 2021 was £2,257k, which includes £500k for the former Equity liabilities (2020: £1,715k). We estimate that the contributions to be paid in the next financial year will be £2,302k.

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.

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 2021 there were four active members of the Schemes employed by the Group. The employer's contribution rate is 19.1% (2020: 19.1%) for SYPA and 20.6% (2020: 20.6%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £18k.

A full actuarial valuation was carried out at 31 March 2017 and supplementary figures were provided for 31 March 2021 by a qualified independent actuary.

27. Pensions (continued)

Pension liability:

	Group						Association	
	LGPS £'000	SHPS £'000	Total 2021 £'000	LGPS £'000	SHPS £'000	Total 2020 £'000	Total 2021 £'000	Total 2020 £'000
Present value of funded obligations	(4,859)	(105,711)	(110,570)	(4,092)	(64,020)	(68,112)	-	(17,017)
Fair value of plan assets	4,060	81,128	85,188	3,409	55,220	58,629	-	14,326
Net liability	**(799)**	**(24,583)**	**(25,382)**	**(683)**	**(8,800)**	**(9,483)**	**-**	**(2,691)**

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

	Group						Association	
	LGPS £'000	SHPS £'000	Total 2021 £'000	LGPS £'000	SHPS £'000	Total 2020 £'000	Total 2021 £'000	Total 2020 £'000
Current service cost	35	1,359	1,394	44	962	1,006	501	540
Past service cost	-	-	-	42	-	42	-	-
Administrative expenses	-	63	63	-	43	43	13	19
Total charge to operating costs	**35**	**1,422**	**1,457**	**86**	**1,005**	**1,091**	**514**	**559**
Interest on plan assets	(78)	(1,693)	(1,771)	(91)	(1,245)	(1,336)	(307)	(323)
Interest on pension scheme liabilities	93	1,957	2,050	121	1,683	1,804	361	435
Total charge to other finance costs	**15**	**264**	**279**	**30**	**438**	**468**	**54**	**112**

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

	Group						Association	
	LGPS £'000	SHPS £'000	Total 2021 £'000	LGPS £'000	SHPS £'000	Total 2020 £'000	Total 2021 £'000	Total 2020 £'000
Experience on plan assets - gain (loss)	641	6,777	7,418	(342)	1,339	997	1,096	226
Experience gains and losses arising on the plan liabilities - gain (loss)	76	1,795	1,871	728	(1,511)	(783)	252	(986)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(10)	(368)	(378)	59	613	672	-	157
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(791)	(23,455)	(24,246)	161	9,066	9,227	(5,164)	2,464
Total other comprehensive income	**(84)**	**(15,251)**	**(15,335)**	**606**	**9,507**	**10,113**	**(3,816)**	**1,861**

27. Pensions (continued)

Changes in present value of defined benefit obligation:

			Group				Association	
	LGPS £'000	SHPS £'000	Total 2021 £'000	LGPS £'000	SHPS £'000	Total 2020 £'000	Total 2021 £'000	Total 2020 £'000
Defined benefit obligation at start of period	(4,092)	(64,020)	(68,112)	(4,931)	(71,673)	(76,604)	(17,017)	(17,989)
Current service cost	(35)	(1,359)	(1,394)	(44)	(962)	(1,006)	(501)	(540)
Past service cost	-	-	-	(42)	-	(42)	-	-
Expenses	-	(63)	(63)	-	(43)	(43)	(13)	(19)
Interest expense	(93)	(1,957)	(2,050)	(121)	(1,683)	(1,804)	(361)	(435)
Member contributions	(7)	(18)	(25)	(7)	(67)	(74)	(7)	(52)
Actuarial losses (gains) due to scheme experience	76	1,795	1,871	728	(1,511)	(783)	252	(986)
Actuarial losses (gains) due to changes in demographic assumptions	(10)	(368)	(378)	59	613	672	-	157
Actuarial losses (gains) due to changes in financial assumptions	(791)	(23,455)	(24,246)	161	9,066	9,227	(5,164)	2,464
Benefits paid and expenses	93	2,346	2,439	105	2,240	2,345	529	383
Liabilities acquired in a business combination (note 35)	-	(18,612)	(18,612)	-	-	-	-	-
Liabilities transferred within Group companies	-	-	-	-	-	-	22,282	-
Defined benefit obligation at end of period	**(4,859)**	**(105,711)**	**(110,570)**	**(4,092)**	**(64,020)**	**(68,112)**	**-**	**(17,017)**

Changes in fair value of plan assets:

			Group				Association	
	LGPS £'000	SHPS £'000	Total 2021 £'000	LGPS £'000	SHPS £'000	Total 2020 £'000	Total 2021 £'000	Total 2020 £'000
Fair value of plan assets at start of period	3,409	55,220	58,629	3,723	52,568	56,291	14,326	13,088
Interest income	78	1,693	1,771	91	1,245	1,336	307	323
Experience on plan assets - gain (loss)	641	6,777	7,418	(342)	1,339	997	1,096	226
Employer contributions	18	3,344	3,362	35	2,241	2,276	853	1,020
Member contributions	7	18	25	7	67	74	7	52
Benefits paid and expenses	(93)	(2,346)	(2,439)	(105)	(2,240)	(2,345)	(529)	(383)
Assets acquired in a business combination (note 35)	-	16,422	16,422	-	-	-	-	-
Assets transferred within Group companies	-	-	-	-	-	-	(16,060)	-
Fair value of plan assets at end of period	**4,060**	**81,128**	**85,188**	**3,409**	**55,220**	**58,629**	**-**	**14,326**

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:

Key assumptions

	Group				Association	
	2021 LGPS % per annum	**2021 SHPS % per annum**	**2021 Total % per annum**	**2020 Total % per annum**	**2021 Total % per annum**	**2020 Total % per annum**
Discount rate	2.00% - 2.20%	2.21%	2.00% - 2.21%	2.30% - 2.50%	2.21%	2.32%
Pension increase	2.80% - 2.85%	3.24%	2.80% - 3.24%	2.20% - 2.20%	3.24%	2.50%
Inflation rate (CPI)	2.70% - 2.85%	2.87%	2.70% - 2.87%	1.90% - 2.10%	2.87%	1.50%
Salary Growth	3.60% - 3.95%	3.87%	3.60% - 3.95%	2.70% - 3.45%	3.87%	2.50%
Allowance for commutation of pension for cash at retirement		75.00%		75.00%		75.00%

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

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

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

	Group						Association	
	2021				**2020**		**2020**	
	LGPS		**SHPS**		**Total**		**Total**	
	£'000	**%**	**£'000**	**%**	**£'000**	**%**	**£'000**	**%**
Equities	2,412	59.4%	22,815	28.1%	17,936	30.6%	4,128	28.8%
Bonds	704	17.3%	20,241	24.9%	9,430	16.1%	2,286	16.0%
Property	332	8.2%	8,684	10.7%	6,558	11.2%	1,630	11.4%
Cash/Liquidity	195	4.8%	1	0.0%	193	0.3%	-	0.0%
Other	418	10.3%	29,387	36.3%	24,512	41.8%	6,282	43.8%
Total	**4,060**	**100.0%**	**81,128**	**100.0%**	**58,629**	**100.0%**	**14,326**	**100.0%**

28. Provision for liabilities

Deferred tax (assets)/liabilities movement	Group Deferred taxation	Group Total	Association Deferred taxation	Association Total
	£'000	£'000	£'000	£'000
At 1 April 2020	(563)	(563)	(563)	(563)
Charged to profit or loss	208	208	-	-
Charged to other comprehensive income	563	563	563	563
At 31 March 2021	208	208	-	-

29. Employees

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

	Group 2021	Group 2020	Association 2021	Association 2020
	No	No	No	No
Administration	189	158	183	146
Housing, support and care	324	247	-	-
Maintenance	145	137	16	110
Development	56	44	41	40
	714	**586**	**240**	**296**

Employee costs

	Group 2021	Group 2020	Association 2021	Association 2020
	£'000	£'000	£'000	£'000
Wages and salaries	24,624	18,405	10,448	10,362
Social security costs	2,243	1,731	1,036	1,019
Other pension costs	1,165	867	528	460
	28,032	**21,003**	**12,012**	**11,841**

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.

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.

	2021	2020
	£	£
Shares of £1 each issued and fully paid		
At the beginning of the year	9	10
Shares issued during the year	2	-
Shares surrendered during the year	(2)	(1)
At the end of the year	**9**	**9**

31. Financial commitments

Capital commitments for the Group were as follows:

	2021 £'000	2020 £'000
Expenditure contracted but not provided for in the accounts	178,275	102,463
Expenditure authorised by the Board, but not contracted	42,569	83,038
	220,844	**185,501**

Capital commitments will be funded as follows:

	2021 £'000	2020 £'000
Existing loan facilities	11,885	53,297
First tranche and market sales	70,254	80,854
Grants	23,293	26,069
Existing reserves	115,412	25,281
	220,844	**185,501**

ASSOCIATION

The association has no capital commitments at the balance sheet date (2020:nil).

Operating leases

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

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
In one year or less or on demand	666	666	-	666
In more than one year, but not more than two years	339	337	-	337
In more than two years, but not more than five years	571	565	-	565
In more than five years	1,185	1,184	-	1,184
	2,761	**2,752**	**-**	**2,752**

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	2021 Total Owned and Managed	2020 Total Owned and Managed
General Needs - social rent	39	672	10,210	10,921	8,997
General Needs - affordable rent	20	-	5,122	5,142	4,424
Low Cost Home Ownership	9	-	2,744	2,753	1,455
Supported Housing	204	77	1,111	1,392	1,155
Supported - Housing for older people	-	-	479	479	301
Intermediate Rent	-	-	382	382	400
Non Social Rented	3	60	261	324	210
Social Leased	-	200	1,305	1,505	1,017
Non Social Leased	-	1,379	115	1,494	1,417
Total	**275**	**2,388**	**21,729**	**24,392**	**19,376**
Accommodation in development at year end				1,399	768

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	**8,997**	**4,424**	**1,455**	**1,456**	**400**	**2,644**	**19,376**
Transfer from another RP	1,984	568	1,245	355	-	653	4,805
New stock acquired	46	140	91	-	-	29	306
New stock into management	19	3	-	5	-	58	85
Management contracts handed back	-	-	-	0	-	(63)	(63)
Other gains - change of use/remodelling	-	-	-	4	-	(1)	3
Sales to the open market	(12)	(2)	-	-	(1)	-	(15)
Sales to tenants freehold	(4)	(6)	(28)	-	-	-	(38)
Sales to tenants leasehold*	(6)	(4)	(33)	-	-	-	(43)
Other sales	(49)	0	(3)	-	-	(11)	(63)
Other losses	-	-	(1)	-	(2)	(1)	(4)
Movement from category*	(105)	(65)	28	(75)	(17)	1,056	822
Movement to category*	51	84	(1)	126	2	(1,041)	(779)
Net change in stock	1,924	718	1,298	415	(18)	679	5,016
Closing unit numbers	**10,921**	**5,142**	**2,753**	**1,871**	**382**	**3,323**	**24,392**

** 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 (2020: 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 2021, the value of grant received in respect of these properties that had not been disposed of was £27,957k (2020: £12,994k).

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, £603m (2020: £476m) of the Group's loans are on lent to GPHA under this arrangement, of which £593m (2020: £462m) 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	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Non-regulated entities				
Cube Homes Limited	151	32	1,124	1,123
Regulated entities				
Great Places Housing Association	17,326	10,568	21,445	20,722
Plumlife Homes Limited	1,035	621	-	-
	18,512	**11,221**	**22,569**	**21,845**

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 2021 was £19,111k.

Transactions with non-regulated entities

During the year GPHA had intra-group transactions with its subsidiary Terra Nova of £1151k (2020: £7,224k) 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 Equity Housing Group were transferred to GPHA through a Transfer of Engagements. There was no consideration and it has been accounted for using the acquisition method of accounting. The assets and liabilities of EHG on the date of transfer have been brought into GPHA at fair value and the net gain taken to the Statement of Comprehensive Income.

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

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

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

36. 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.

37. Group structure

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

Great Places Housing Association (GPHA)
Plumlife Homes Limited
Cube Homes Limited (a wholly owned subsidiary of GPHA)
Cube Great Places Limited (a wholly owned subsidiary of Cube Homes Limited)
Terra Nova Developments Limited (a wholly owned subsidiary of GPHA)
Equity Enterprises Limited (a wholly owned subsidiary of GPHA) (dissolved 18 May 2021)

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

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

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

Terra Nova Developments Limited	Percentage held or controlled - 100%
Cube Homes Limited	Percentage held or controlled - 100%
Cube Great Places Limited	Percentage held or controlled - 100%
Equity Enterprises Limited	Percentage held or controlled - 100%

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.