Financial Statement

For the Year Ended 31 March 2020

Greatwell Homes

An Exempt Charity
(Co-Operative and Community Benefit Society)
(Property, plant and equipment held at cost not valuation)

Basis of preparation:
Compliant with 2018 SORP for Housing Associations and
2019 Accounting Direction

Greatwell
Homes

Chair's Statement

We have seen a lot of change for our organisation throughout the year; a new name and identity, much more use of digital communications with our customers and the introduction of new technology to help our staff work more flexibly.

Almost a third of our customers are now using our online portal to digitally pay their rent and report repairs. Our staff have the equipment and abilities to work remotely. Whether this is within our communities or from home, this flexibility is helping Greatwell Homes to provide a better service for our customers in line with our Customer Charter which we proudly launched in April last year.

And now we find ourselves in a changing world. COVID-19 has challenged us and our customers in many ways. It has created difficult times for everyone. Our response has been to provide the best services and support we can, to ensure the safety and wellbeing of our customers and staff. This has meant adopting different ways of working. Our recent investment in modernisation has helped this transition happen with little disruption and we have now started to accelerate our transformation journey so that we can ensure the successful operation of our organisation during this time of uncertainty.

I am confident that we have a great team to achieve this. A team that is committed to deliver our mission to provide great services and high-quality living environments in and around Northamptonshire.

John Lewis,
Chairman

Board, Senior Management and Professional

Board Members:		**Executive Directors:**	
Chairman:	John Lewis	Chief Executive Officer	Joanne Savage
Vice Chair:	Simon Brooksbank	Executive Director Resources and Company Secretary	Julie Robinson
Board Members:	Cheryl Armatrading	Executive Director Customers	Amanda Meanwell (Until 30th Sept 2020)
	David Beale	Executive Director Assets	Denise Lewis
	Ian Hill (from 27/09/2018 to 30/09/2019)		
	Martin Lord		
	Doug Livingstone		
	John Welch		
	Martin Wheatley		
	Jo Robinson (from 30/10/2019)		
	Kevin Edwards (from 30/10/2019)		

Advisors and Bankers:		
Registered Office: Greatwell Homes Limited 12 Sheep Street Wellingborough Northants NN8 1BL	Auditors: Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE	Principal Solicitors: Trowers and Hamlins 3 Bunhill Row London EC1Y 8YZ
Principal Funders and Bankers: Barclays Bank PLC Midlands Team PO Box 3333 One Snowhill Snowhill Queensway Birmingham B3 2WN	Valuers: (Social Housing) Savills 37-39 Perrymount Road Haywards Heath RH16 3BN	Valuers: (Market Rent) Harwoods 21 Silver Street Wellingborough Northamptonshire NN81AY

Strategic report for the year ended 31 March 2020

Overview and Background

Greatwell Homes is a not for profit registered provider of social housing. Created in December 2007, it owns and manages just under five thousand homes for low cost rent and shared ownership in north Northamptonshire. It exists to provide good quality homes in a variety of ways for people who might otherwise be unable to afford them. We ensure our customers and our other stakeholders we work with have successful and sustainable relationships with us.

Principal Activities

The Association's principal activities are the management, maintenance, and development of affordable homes for rent. It owns 4,897 homes and manages a further 60 homes (as at March 2020).

	As at 31 Mar 2019 – Units	As at 31 Mar 2019 - %	As at 31 Mar 2020 - Units	As at 31 Mar 2020 - %
Social Rent	4,093	85.0%	4,074	83.3%
Supported Housing	246	5.1%	246	5.0%
Affordable Rent	269	5.7%	334	6.8%
Intermediate Rent	7	0.1%	18	0.4%
Shared Ownership (Low-cost home ownership)	177	3.7%	206	4.2%
Market Rent	17	0.4%	19	0.4%
Total owned stock	**4,809**	**100.0%**	**4,897**	**100%**
Managed stock	55	100.0%	60	60
Total managed stock	**55**	**100.0%**	**60**	**100%**
Total owned and managed stock	**4,864**		**4,957**	

Legal Structure

The Association is a charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014 (30097R). The Association is registered with the Regulator Social Housing as a Registered Provider of social housing with a registration number of L4509.

Our Strategy

The Association's Corporate Plan to 2022 can be found overleaf.

Mission

We will work successfully with our customers and communities to provide great services and high-quality living environments.

Who We Are

We are a locally based Housing Association in and around Northamptonshire with a commitment to:

- Develop a diverse range of new homes to meet local needs
- Work with our customers to provide great homes and value for money services
- Invest in communities where it supports our customers and protects our business

Key Deliverables

We will deliver the objectives outlined within our four strategies:

- Finance
- Growth
- Assets
- Transforming our Future

And within our four frameworks that support them:

- Value for Money and Procurement
- Customer Involvement
- Communications
- Risk, Assurance and Compliance

Our Values

Respect: We will treat each other and anyone who deals with us with respect and recognise everyone as an individual.

Trust: We will be open and honest with our colleagues, customers and external partners and we will deliver on the commitments we make.

One Team: We will be one team, working collaboratively, listening and communicating clearly with our customers, to deliver great services.

Empowered: We will be bold, progressive, seek to empower our customers and be confident in the decisions we make.

Efficient & Effective: We will work efficiently and effectively, continously looking for ways to improve and deliver value for money.

Our Customer Charter

The key themes are:

- Work with our Communities and Customers
- Great Value for Money Services
- High-quality Living Environments
- Great Homes

The Operating Environment

The world is changing. COVID-19 is bringing massive transformation to our lives, the health and well-being of our communities, our service delivery and the nature and structure of our economy - in fact, every aspect of our existence.

The absolute need to continue to deliver core services to our customers, in such challenging times, has transcended our original plans and ideas. Our business has transformed at a pace, and in ways, that could never really have been anticipated or understood. This major event is driving a faster move to remote and agile working and a re-definition of our operating model. However, our values and mission remain solid, critically at the foundation and heart of every decision we are making right now, and will continue to make, in relation to 'the new normal'.

Safety, health, and well-being are now at the centre of everyone's lives. The home is more important than ever before, and the way we engage with our customers and communities is changed for ever. Our role is to lead the business through these challenging and changing times, harnessing, and supporting the goodwill and commitment of our staff so that we can continue in our mission of providing great services and high-quality living environments.

We are still committed to grow the number of homes that we manage by 2022. The current number based on our actual forecast is 311 by 2022. Our development pipeline is set to deliver a mix of homes with around 30% for low cost home ownership and 70% affordable rent with an element of market rent. Whilst the Board considers growth a priority, it also recognises the commitment to existing customers and communities including investment in environmental improvements and Independent Living schemes.

Having undertaken a considerable amount of improvement works, our homes are in good condition and meet the Decent Homes Standard.

Our business has gone through a lot of transformation over the last year, with a change of name and identity, continuing to move our communications with customers to digital platforms and bringing in new technology in order for our staff to work more remotely.

Almost a third of our customers are signed up to our online portal allowing them to pay their rent and raise repairs digitally. We also kept our promise to embed our Customer Charter which launched in April 2019.

The UK and EU Parliaments ratified the withdrawal agreement from the EU on the 31 January 2020, the UK and EU has now entered an 11-month transition period. Throughout this period the UK and the EU will start to set out plans for their new relationship. We had expected to have more clarity, in relation to Brexit by now but the devastating impact of COVID-19 has overtaken that and there remains uncertainty about how this will impact the economy in the future. The Association awaits government policies to be introduced in response to both these events. Our business plan has been robustly stress tested for the impact of COVID-19 and other scenarios and a suite of mitigations has been identified against any adverse impacts. This will be monitored and stress tested throughout the coming year.

The local political environment in which we operate is undergoing significant change. Government legislation has been passed such that all eight current local authorities in Northamptonshire will be replaced with two new unitary councils. One serving the North of the County and one the West of the County. The North Northamptonshire unitary council will serve the areas of Wellingborough, Kettering, Corby, and East Northants. The West Northamptonshire Unitary will include Northampton where we own some properties. It was anticipated that this would take place from April 2021 but there may be some delay to these timescales because of the impact of COVID-19, but it is anticipated it would happen during 2020/21. This will provide opportunities for wider partnership working with the new unitary going forward.

We have seen an increase in Universal Credit claims because of new claimants moving into our homes or due to changes in circumstances. It is positive to note that the Association's rate of rent collection improved in 2019-20 despite the challenges faced.

There is grant available through Homes England to support new social housing for affordable rent, our development plans are predicated on grant being available to part fund those schemes that are eligible. We continue to develop Section 106 development schemes.

The Government's intention to extend the Voluntary Right to Buy to all social housing tenants resulted in a pilot in the Midlands. We have seen two properties sold under this scheme in 2019-20.

Our financial strength and stability, coupled with robust and effective governance, has enabled us to maintain our excellent G1/V1 Regulatory Judgement.

Risks

The Governance and Viability Standard places emphasis on the Board's role to understand and balance the risks we are facing. The Board, therefore, has the responsibility to ensure effective governance and risk management is fully embedded.

Our Risk, Assurance and Compliance Framework underpinning our corporate plan strategies came into effect from 2019/20.

Our risk and assurance map is reviewed throughout the year to provide robust evidencing of internal controls and mitigating actions, using a three-lines-of-defence approach. The risk and assurance map specifies who is responsible for managing the risk and the processes that are in place to embed a culture of risk management.

Annually the Board considers the scope of the new risk areas, defines its risk appetite and what each means in practice to demonstrate that governance and risk management is aligned to our risk appetite, as shown below. Our overall objectives and activities should therefore align to the risk appetite set by the Board. Considering COVID-19, the Board are reviewing their risk appetite again in July 2020.

Our strategic risk register contains eight key risk areas as outlined below. COVID-19 creates the key impact across all our risks.

Risk Area	Risk appetite set by the Board	Total Risk Score	Comments, controls, and action
Support Services	Minimal/Cautious	40	Our most vulnerable customers access this service which cannot be carried out face to face during COVID-19. However, we have increased our service provision to all these customers by increasing the phone contact we are providing. We have also identified those customers that do not have next of kin or any support network and are ensuring extra support is provided. We are continuing to provide a cleaning service within our

			Independent Living schemes and are working with Borough Council Wellingborough (BCW) to help address homelessness.
Housing Management & Maintenance	Open	36	COVID-19 has resulted in all our face to face customer engagement and tenancy management having to be suspended. Furthermore, we also suspended all works on our void properties as well as new lettings and non-emergency responsive repairs also having been put on hold. We are, however, continuing with emergency repairs and housing services are being provided over the phone and using digital channels. We are also contacting 1,300 of our most vulnerable customers to offer support and are working closely with BCW and the local community resilience forum to signpost them to the right support including financial support provided by the government.
Asset H&S compliance	Minimal	30	Impact of COVID-19 - All essential Asset Health and Safety work is continuing although the electrical testing programme has been limited to only address those over 10 years old and those that were previously deemed to be completed unsatisfactorily.
People	Open	30	This risk has increased, not only due to staff self-isolating but also due to staff working from home and needing to stay connected as well as engaged with the organisation. Furthermore, there is also increased pressure on external communication to customers regarding service delivery and support including managing customer's expectations. Customers in general have been very receptive of the changes we have had to make and have been understanding of the reduction in service being delivered during these difficult times. A programme of staff engagement and wellbeing has been rolled out. The decision was taken to start to furlough some staff during April with a review taking place every three weeks.
New Supply, Acquisitions & Disposals	Open	21	The Impact of COVID-19 increases the likelihood of a recession including a downturn in the housing market. This could result in a slowdown in sales and potential developers holding onto sites until market conditions are more favourable. Our employers' agents are increasing their monitoring of Small and Medium sized enterprise (SME) sites and assessing the impact of a three to six months slippage. We are completing additional stress-testing to assess the impact of reduced sales as well as a reduction in property values.
Financial & Treasury Management	Cautious	21	Economic instability could result in suppliers not being able to deliver services and customers not being able to pay rent. Our liquidity is strong, having received a further £10m of funding on 30th March 2020. We are monitoring financial

			impact of COVID-19 ranging from the backlog of repairs and maintenance, loss due to staff sickness, rent arrears increasing to additional expenditure due to service charge credits needing to be applied. We are also identifying efficiencies and cashable savings.
Regulatory Compliance	Minimal	15	While there is still a requirement to comply with the regulatory requirements and informing the Regulator of any issues of materiality, there has been a recognition of the pressure the sector is facing during COVID-19. There are clear expectations from the Regulator around decision-making during these difficult times with clear evidence of discussions held having to be documented. Our business continuity Incident Management Team (IMT) meets twice a week to discuss and agree actions to be taken during the COVID-19 breakout. Regular briefing notes on the position are issued to the Board with Board COVID19 catch ups being held fortnightly.
New Business Ventures	Open	6	We are not currently pursuing any new business ventures.

Financial Performance Review

The Board is pleased to report a strong financial performance for 2019/20 as summarised in Table 1 below. This enabled reinvestment into improving our services to customers through introducing more services on our customer portal to allow customers to have 24/7 access. The Association also brought the voids service in-house. We have generated an Operating Surplus of £7.34m which has remained steady year on year with the improvement driven partly by increased sales income and some efficiencies. The end of this financial year brings the end of the 1% rent reductions with the new Rent Standard allowing associations to increase rent by CPI + 1%. However, cost minimisation is key in 2020/21 to ensure the organisation is in the best place to face the predicted economic downturn.

The total income for the year returns a better than budget performance on 1st tranche sales of £1.06m reflecting re-profiling of the development programme and early handovers and £0.35m gains from higher Right to Buy property disposals. Total operating expenditure for the year was £1.3m higher than budget due to an in-year staff restructure, additional Shared Ownership costs which are somewhat offset by the additional income and repairs costs.

Healthy cash flow generation performance has allowed £13m of the development programme expenditure to be funded this year. The association received the second in a series of £10m loans from PIC ensuring funding is available for re-investment needs.

The Association mobilised the Incident Management Team as a response to COVID-19 on 17 March 2020. This group has meet on a weekly basis to discuss risks to the organisation and the mitigation of them. It also is a platform where financial impacts have been discussed and are being monitored using a suite of performance indicators.

Greatwell Homes Financial Statement for the Year Ended 31 March 2020

Table 1 – 5-Year Summary of Financial Performance

For year ended 31 March	**2020**	**2019**	**2018**	**2017**	**2016**
Summary Statement of Comprehensive Income	£'000	£'000	£'000	£'000	£'000
Total turnover (note 2)	25,651	26,088	22,959	24,335	21,907
Income from Social Housing lettings (note 3)	21,386	20,733	20,607	20,438	21,342
Operating surplus: continuing activities	7,341	8,768	9,309	8,536	7,487
Income for the year transferred to reserves	5,977	5,751	7,547	7,101	6,631
Summary Statement of Financial Performance	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Intangible assets	-	-	-	-	-
Housing properties including Investment properties (notes 11, and 12)	126,999	112,597	99,336	93,530	86,884
Other Property, Plant and Equipment (note 11)	651	932	356	128	156
Total fixed assets	**127,650**	**113,529**	**99,692**	**93,656**	**87,040**
Net current assets	14,108	11,386	4,300	700	307
Total assets less current liabilities	**141,758**	**124,915**	**103,992**	**94,356**	**87,347**
Funded by:					
Loans (due over one year) (note 28)	58,771	48,745	35,843	35,820	35,798
Pension asset (note 10)	35	916	(836)	(874)	(632)
Other long-term liabilities (note 18)	8,244	6,523	6,011	3,983	3,855
Capital and reserves:					
Revenue reserve	74,708	68,731	62,974	55,427	48,326
Total reserves	**141,758**	**124,915**	**103,992**	**94,356**	**87,347**

** In 2014 housing properties were valued on EUV-SH basis, in 2015 following the introduction of FRS102 housing properties were valued at depreciated historical cost.*

Performance in the Year

The first year of our Corporate Plan 2019-22 has focussed on service improvements to help us build on the strong foundations established in previous years as well identifying areas to continue to drive business improvements. Performance against the plan has been monitored and reported to Board and our customers during the year. Our key achievements in delivering value for money actions identified last year, are set out below.

Transforming our Future

Our Transforming our Future strategy aims to make the best use of technology to help change the way we work to deliver great Value for Money services to our customers. During the year, we:

- Improved the Customer Portal on our website to enable customers to increasingly self-serve with payment plans, direct debit setups, shared ownership and leasehold information all being made available during the year.

- Delivered a completely new cloud-based IT infrastructure, enabling our staff to access information from anywhere and spend more time in our customers' homes and communities to deliver services.
- Strengthened our digital communications platforms including social media to keep customers informed.
- Completed the Tenant Participation Advisory Services (TPAS) 'Trailblazer' project and was successful in being awarded TPAS accreditation to ensure we continue and improve on involving customers and listening to the Customer Voice.
- Improved our understanding of why customers might not be able to sustain their tenancy, especially in the first year, and tailoring our approach to supporting the high-risk customers.

Asset Management

Our Asset Management strategy sets out our approach to providing well maintained, safe and secure homes and high-quality living environments that meet the needs of our current and future customers. During the year, we:

- Expanded our in-house service offer to include voids, cyclical maintenance, and general building works to enable us to have more control over our services. We have experienced a few challenges to deliver these well in the first year and this will be a focus to improve on during 2020-21.
- Agreed specific plans for our independent living schemes in terms of future investment as well as re-developing one of these with the preferred option being to provide an extra-care scheme to meet increasing demand for this service.
- Developed an agreement with BCW for the transfer of land within our community areas to allow us to have more control over the land on our estate as well as providing a single point of contact for our customers.
- Reviewed our asset management system, appraising alternative options, to identify a system that allows us to improve the management of our properties including compliance with health and safety obligations.

Growth

Our Growth strategy sets out our approach to increasing the number of homes we own and manage for ourselves and others, expansion.

- Secured additional finance of £40m over the next four years to allow us to build additional homes and improve existing stock.
- Carried out a review of the market rent programme and are developing our brand as a provider of good quality and secure homes for rent.
- Completed 108 new homes to increase properties available to current and future customers.
- Bid successfully to acquire 53 properties and a community centre from Hyde Housing Group, allowing us to further increase our portfolio.

Finance

Our Finance strategy aims to ensure we have a financially strong business plan that supports and delivers on our corporate objectives.

- Reviewed our rent setting and service charge policies to ensure the right balance between maximisation of our capacity to invest in new and existing homes and affordability for our customers.

- Introduced improved cost/benefit trackers to identify where projects are delivering savings, efficiencies, and value for money.
- Reviewed expenditure to identify discretionary, contractual, and non-discretionary spend so we continue to remain in the best financial position possible.

Customer Charter

During the year, we have focussed on embedding our offer, ensuring commitment and engagement from all staff across the organisation. Our Customer Assembly assessed our achievements and agreed that during this last year we have delivered our offer to customers successfully.

Value for Money Assessment

Our Value for Money (VFM) and Procurement Framework is one of four frameworks which underpins the strategies outlined in the Corporate Plan 2019-22.

We need to be able to provide assurance that we are an organisation that is run efficiently and effectively by creating and enabling value for us and our customers. We will do this by:

Doing the right things

We have a clear mission, a vision of who we are and what we do; and a Corporate Plan 2019 - 2022 which is based around four key strategies. Doing the right things means that everything we do is aligned to those strategies, our Corporate Plan objectives, and the impact on our customers. If it is not, then we need to ask ourselves the question of why we are doing it.

Using the right resources

We will ensure that we are making the best use of our assets to meet the needs of our customers.
We will ensure we have the right capacity and skills to ensure we deliver great VFM.
We will assess the right model for our procurement exercises to ensure we get the best mix of cost and quality for our contracts. We will continue to expand working in partnership with other agencies (e.g. BCW) where the service provides better value to our customers.

Developing the right processes

In order to reduce costs and provide more flexible services we will expand our digital offer to our customers putting in place processes that are agile, paper-light and easy to access while at the same time ensuring that we are compliant with procurement, financial and data protection regulations.

Embedding the right culture

As an organisation we have embraced the five values of respect, trust, one team, empowered and efficient & effective. We will continue to embed our Values and Behaviours Framework which ensures that all staff adhere to these values and we incorporate them into our day to day activities when we are interacting and transacting with our stakeholders.

Delivering the right outcomes

We will involve and consult with our customers whenever a decision, change or project will have a direct impact on the homes and services we provide. This will ensure that we deliver VFM in the investments and improvements we make by meeting the needs and expectations of our customers as well as protecting our organisation.

Performance against our Key Performance Indicators and Value for Money Metrics

Indicator	2019/20 Target	2019/20 Actual	Direction of Travel vs. 2018/19	Peer group comparison – quartile position*	Target 2020/21	Comment
Current tenant arrears as a % annual rent debit net of Housing Benefit	3.75%	2.84%	↓	3rd	3.0%	We met the target set for the year which is specifically pleasing bearing in mind an increase in Universal Credit (UC) claims. The target in 20/21 has been increased due to the anticipated impact of an increase in UC claims and the impact of COVID-19.
Unit cost	£3,336	£3,551	↑	3rd	<£2,817	Increasing the number of posts as part of an organisational re-structure during the year has increased our management costs. The use of sub-contractors and void loss has also increased our overall unit costs.
Reinvestment percentage	15.3%	14.3%	↔	1st	>14.34%	Our re-investment percentage remains high, putting us in the top quartile of our benchmark group.
Gearing percentage	39.7%	35.1%	↑	1st	<38.64%	Our gearing percentage was within target and puts us within the top quartile.
Return on capital employed (ROCE)	3.9%	5.18%	↓	1st	>4.64%	Our operating surplus finished higher than forecasted.
New supply delivered % (Social only)	2.05%	2.17%	↔	2nd	3.64%	We delivered 106 Social units against a target of 100.
New supply delivered % (Non-Social)	N/a	0.04%	↔	2nd	N/a	We delivered 2 Non-Social units.
Overall Operating Margin (as per RSH VFM metrics calculation)	23%	24.6%	↓	3rd	>24.08	Our operating surplus finished higher than forecast due to an increase in shared ownership sales.
Social Housing only Operating Margin	N/a	22.0%	↓	3rd	N/a	Our operating surplus has been impacted by increased costs compared to last year.
Interest Cover EBITDA (MRI) (as per RSH VFM metrics calculation)	185.9%	280.8%	↓	1st	>338.22%	The increase in surplus, reduction in capital improvements and increased disposal income improved the performance.

Finance Strategy: To ensure we have a financially strong business plan that supports and delivers on our corporate objectives.

Asset Management Strategy: To set out our approach to providing well maintained, safe and secure homes and high-quality living environments that meet the needs of our current and future customers.

Indicator	2019/20 Target	2019/20 Actual	Direction of Travel vs. 2018/19	Peer group comparison – quartile position	Target 2020/21	Comment
% dwellings with a valid gas safety certificate	**100%**	**99.98%**	↔	**3rd**	**100%**	One property without a valid gas certificate for less than 10 days in March 2020 due to the customer self-isolating with COVID-19.
Repairs completed at first visit as % repairs completed	**88%**	**93.4%**	↔	**1st**	**92%**	Excellent result for 2019/20, achieving above target.
Emergency Repairs completed in target as % repairs complete	**98%**	**99.5%**	↔	**2nd**	**98%**	Excellent result for 2019/20, achieving above target.
Repairs completed in target as % repairs complete	**96%**	**88.7%**	↓	**4th**	**96%**	We were not able to achieve target at year end, as we struggled with capacity within the team throughout the year.
Percentage of completed electrical installation condition reports (EICR) in 2019/20	**100%**	**64.4%**	**n/a**	**n/a**	**100%**	Performance based on EICRs we had to complete within the year so no benchmarking information available.
Average re-let time of properties (days)	**25**	**71**	↓	**4th**	**35**	Void performance is currently one of our concerns, having experienced issues with delivering the service since the beginning of the year. Clear improvement actions have been identified to bring performance back on track.
% of rent loss due to voids	**0.77%**	**1.18%**	**n/a**	**4th**	**1.97%**	Performance directly linked to long re-let times. This will be a focus to improve for 2020/21.

Growth Strategy: To set out our approach to increasing the number of homes we own and manage for ourselves and others, expansion and/or improvement of our Customer Charter and increased financial capacity.

Indicator	2019/20 Target	2019/20 Actual	Direction of Travel vs. 2018/19	Peer group comparison – quartile position	Target 2020/21	Comment
No. development units completed against target	**100**	**108**	↓	**3rd**	**178**	We completed 108 units exceeding our target of 100.
No. of Units started on Site	**85**	**74**	↓	**n/a**	We do not expect any new starts on site in 2020/21	Our last quarter was affected by the COVID-19 outbreak which resulted in a development site being put on hold.
% of handed over units sold within 3 months target	**87%**	**95%**	**n/a**	**n/a**	New KPI proposed: Expected income from shared ownership sales, this highlights the financial impact of delays in shared ownership sales better	This is a new KPI and shows how quickly we market our properties for sale.

Transforming our Future Strategy: to make best use of modern technology to help change the way we work to deliver great Value for Money services to our customers

Indicator	2019/20 Target	2019/20 Actual	Direction of Travel vs. 2018/19	Peer group comparison – quartile position	Target 2020/21	Comment
Satisfaction with complaint handling	**85%**	**92.2%**	↑	**1st**	**88%**	Customers are happy with the way we deal with our complaints.
Percentage of customers satisfied their last repair	**93%**	**93.6%**	⇔	**2nd**	**94%**	Satisfaction with our repair's performance remains high and on target.
Average no of sick days per employee	**8.6**	**7.53**	↑	**2nd**	**8.6**	Sickness remained below target though increased slightly compared to 2018/19.
Percentage increase in customers using online services	**25%**	**49%**	**n/a**	**n/a**	**60%**	We continue to see an increase in customers signing up to our portal as well as using other digital transaction opportunities.

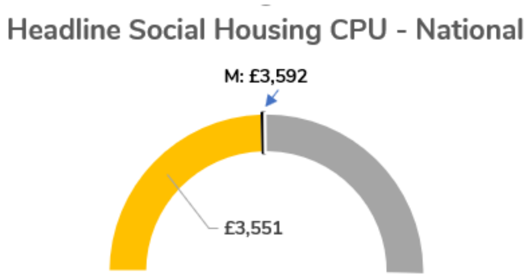
** The peer group quartiles are sourced from HouseMark and include all Midlands housing providers who reported results for the year ended 31st March 2019. There are 85 peers included in this group.*

Due to the impact of COVID-19 we will expect our performance to be negatively affected next year. We have already revisited our budget to identify savings and efficiencies, which is reflected in the targets set for 2020/21, shown within the tables above. We have also already reviewed our voids performance target, considering COVID-19 restrictions experienced at the end of 2019/20. We will review the rest of our targets during the year to ensure that they are achievable and reflect the operating environment.

Our operating costs

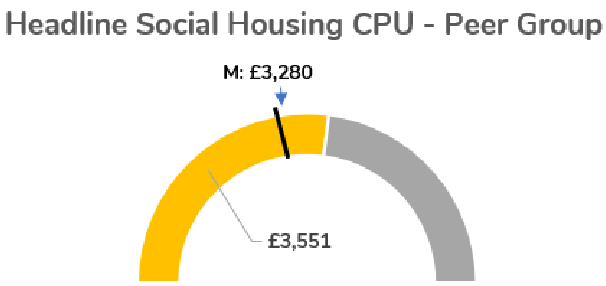
Headline Social Housing Cost

Our total Cost per Unit (CPU) is £3,551 which increased from £2,883 in 2018/19. This is in line with the median of Housing Associations across the country. Our costs will increase as we are delivering more planned works and major improvements including environmental improvements in the future.



Midlands HA and LSVT peer group

When comparing ourselves to 85 peers operating in the Midlands, our overall headline costs are higher than the median. Our maintenance and management costs are higher though our major repairs costs are lower. We will be looking to improve the balance between responsive repairs and planned works in future years.



Social housing cost breakdown by activity

Breaking this down further shows our social housing cost by service activity. In the previous year, our Housing Management costs were slightly higher than the median. When looking at this in more detail, it showed that our Community Involvement costs were higher than our peers.

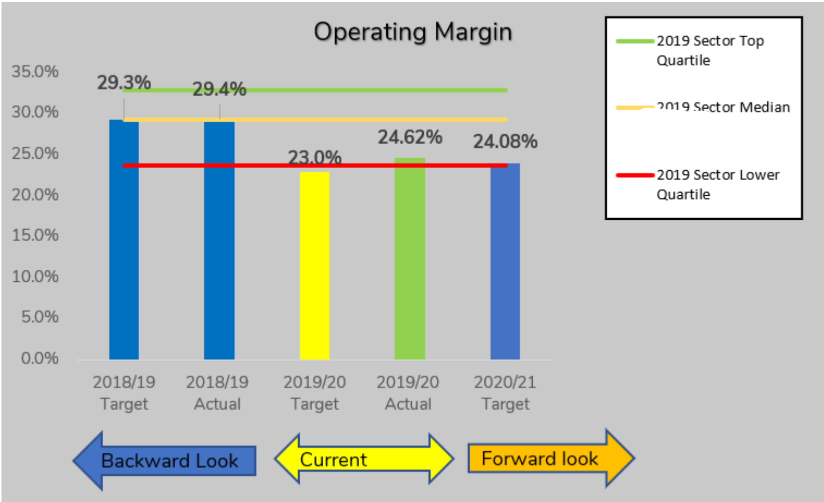
Social Housing Cost per Unit	Total	Housing Management	Maintenance	Major Repairs	Service Charges	Other
2018/19 Result	£2,833	£1,042	£1,039	£576	£132	£94
2018/19 Quartile	1st	3rd	3rd	1st	1st	1st
2018/19 Peer Group Median	£3,592	£917	£909	£660	£373	£166
2019/20 Quartile	*Benchmarking information will be made available on our website later in the year*					

In 2019/20 our social housing cost per unit increased to £3,551. Our management costs have been higher due to a major mid-year restructure and high staff turnover and we have also had an increase in costs due to reliance on higher sub-contractor use and because of long re-let times of our empty properties. Work will continue to improve performance in this area.

Business Health

Operating Margin Overall

Our operating margin for 2019/20 has reduced compared to the previous year though that was expected, and we met our target for the year. Going forward we are looking to achieve an operating margin of 24.6%. This considers the impact of COVID-19.

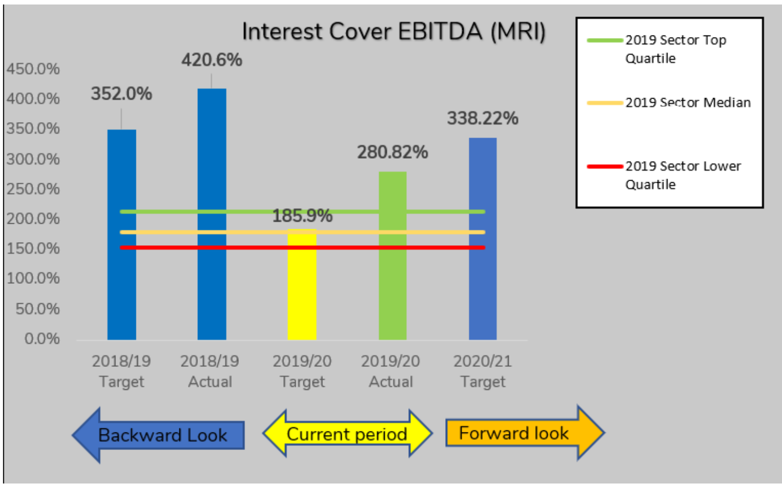


Midlands Peer Group Comparison

Greatwell Homes compares less favourably to our peer group, placing within the third quartile when it comes to operating margin which shows 24.6% against a median of 29.3%.

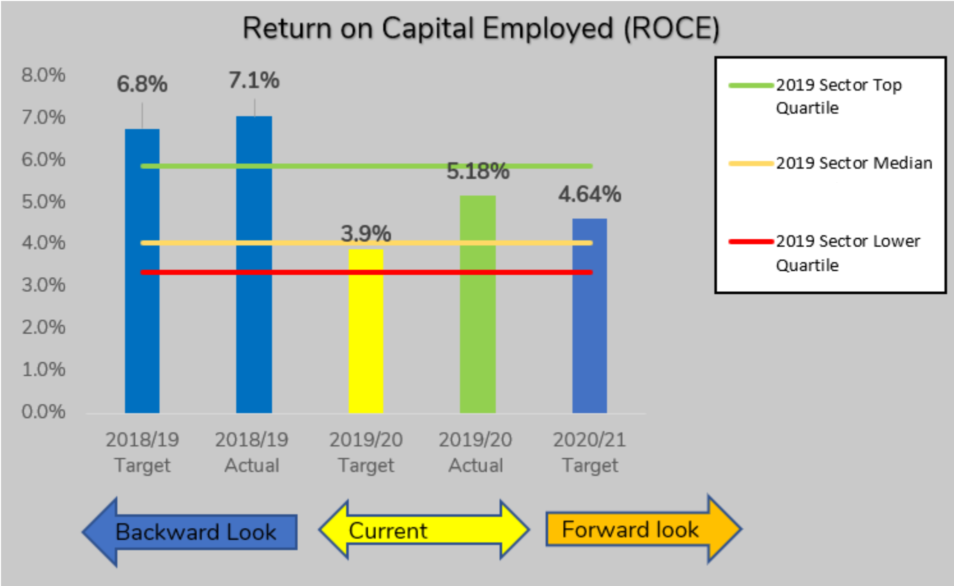
Interest cover

Our interest cover for 2019/20 was targeted at 185.9%. We achieved 280.82% due to an increased operating surplus, reduction in capital improvement spend and increased disposal on properties income.



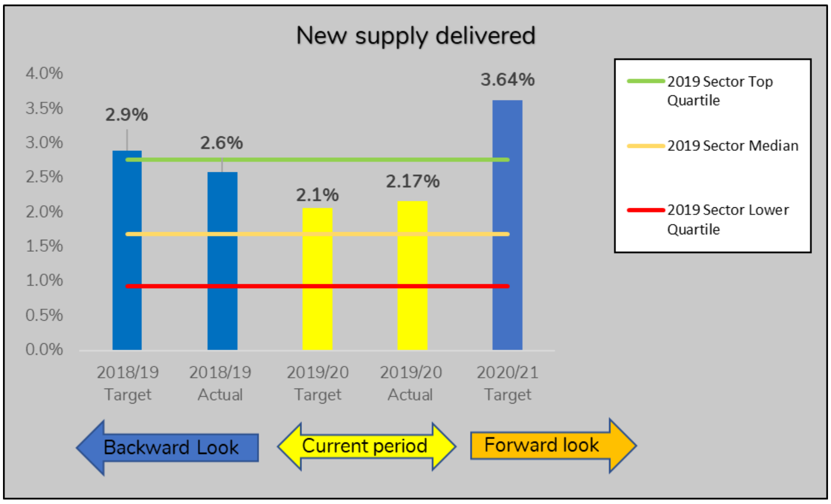
Return on Capital Employed

Our target for Return on Capital Employed was 3.9% for 2019/20. We achieved 5.18% due to our operating surplus being higher than forecast.



New supply delivered (Social only)

During 2019/20 we delivered a 2.17% increase in our stock numbers. This means, within the Midlands, we are above Median performance. Going forward we are looking to develop 178 homes to achieve 3.64% of new supply delivered.



Value for Money savings and efficiencies

During the year we made the following efficiency gains:

Quarter	Service	Saving/ Efficiency	On-going saving (£)	One-off saving (£)	Comment
Q4 2019/20	Finance	Change in Energy Suppliers	£30,107		Per annum
	Asset management	Procurement of Electrical Testing	£48,433		For the next 3 years
		Procurement of Asbestos surveying		£15,974	
	Homeownership	Advertising and managing market rent properties taken in-house	£1,500		Per property
Q3 2019/20	Finance	End of Archive Storage Contract	£2,448		Per annum
	Housing	Reduction in utility bills during void periods		£18,000	Offset by rental income loss during void period
Q2 2019/20	ITBI	Review of service desk modules – annual license	£7,685		Per annum
	Housing	Injunction and court representation (in-house) x 3 cases		£18,000	
	Procurement	Northern Housing Consortium		£10,471	
Q1 2019/20	Asset Management	Re-tender of gas contract	£275,000	£95,000	2019/20 only From 2020/21 onwards
Total			**£365,173**	**£157,445**	

Customer Voice and Value for Money

Meaningful customer involvement, engagement and accountability is a key priority for Greatwell Homes. Customers should and must play a vital role in decision making, shaping services, and holding us to account:

During 2019-20 as a direct result of both formal and informal customer feedback, 31 service changes were made and included:

- Introduction of a quarterly E-newsletter reducing postage and printing costs.
- Industrial washing machines introduced within Independent Living schemes costs for which are recovered via service charges.

- Four weeks' notice to garage customers to clear garage and return keys ahead of planned environmental works (was previously 2 weeks) which in turn has reduced complaints and subsequent staff time.
- Operational Performance Indicator (OPI) introduced to monitor tenancy failure rates within the first year with the aim to better understand and reduce number of voids and subsequent costs.
- Review of Lettable Standard – to support timely lettings and reduce rent loss because of properties being vacant.

To further build on this work, a Customer Voice Framework has been developed to capture all elements of the customer voice. The framework provides a structured approach on how we will capture and analyse this information and more importantly what we then do with it. It will ensure our services continue to be improved to meet the needs of our customers and offer value for money.

Future Prospects

In addition to the continual review of operations to identify efficiencies, we will be looking to deliver actions identified for year 2 of our strategies. Due to COVID-19, we have had to review our original plans to ensure we focus on the right priorities and have the capacity to deliver what we say we will.

Strategy	Action	Expected Impact in the coming years
Transforming our Future	Introduce self-appointable repairs on our customer portal	Higher customer satisfaction Additional capacity within customer services Improved repairs planning
	Consider revised repairs timeslots to meet customer needs	Higher customer satisfaction Improved repairs performance
	Continue to deliver against the Customer charter	Higher customer satisfaction Improved services, tailored to customers
	Enhance listening to the Customer Voice	Improved customer services and listening to customers
Asset Management	Review and introduce digital tools to manage our assets (IoT)	Making better use of our stock Predictive asset maintenance Improved stock value Improved ROCE
	Finalise contract arrangements for the land transferred from BCW	Improved estates Higher neighbourhood satisfaction
	Continue with the Environmental Improvement Programme	Improved estates Higher neighbourhood satisfaction Improved Reinvestment percentage
	Commence low level investment in our Independent Living Schemes	Improved satisfaction from our Independent Living customers Improved asset value Improved Reinvestment percentage
	Commence re-development of one Independent Living scheme with conversion into an	Enhanced product offer allowing us to meet specific housing needs Improved Reinvestment percentage

	Extra Care scheme as a preferred option		
	Implement a new Asset Management system	Improved management of asset health & safety compliance Better planned maintenance programme delivery	
	Review all our stock EPC rating and identify how properties can be made more energy-efficient		Understand the measures and costs associated with bringing our stock up to EPC rating of C or above by 2025 in line with sector wide target.
Growth	Work in partnership to deliver new homes	Larger property portfolio to meet housing need. New Homes increases income which supports the following Value for Money metrics: EBITDA and ROCE	
	Develop a clear understanding where mergers and acquisitions exist	Opportunities identified	
Finance	Improve cash-flow forecasting	Strong financial position Better Financial reporting	
	Maximise returns in line with Treasury Policy	Strong financial position Improved Reinvestment percentage	

We will continue to remain flexible and adjust our plans in accordance with the challenges and opportunities that will present themselves throughout the year.

Value for Money conclusion

In summary, we can say that:

- We are within the median quartile for our underlying cost base compared with the sector and our peer group.
- This is complimented by our services, homes and neighbourhoods being of a good standard.
- We have been able to realise our development ambitions
- We have built up cash surpluses and serviced our debt.
- We have high levels of interest cover and low gearing and this capacity will be put to good use developing much needed new homes.
- We will continue to identify further efficiency gains across the business, not only to help us to improve and work more effectively but also to negate the economic impact of COVID-19 and the Brexit post-transition phase including the risk of no deal.
- We involve our customers in decision making.
- We have delivered most of our value for money actions identified last year. Implementing a re-structure in September 2019. The impact of COVID-19 has meant that four actions had to be paused and these will be picked up at a later stage within the delivery of our overall Corporate Plan 2019-22.

Report of the Board

The Board presents the Annual Report and the audited financial statements for Greatwell Homes for the year ended 31 March 2020.

Principal Activities

Details of the Association's principal activities, its performance during the year and factors likely to affect its future housing development are contained within the Strategic Report, which precedes this report.

Board Members and Executive Directors

The current board members (and others who served during the period) are set out on page 51. Board members are remunerated for their services to the Association and permitted to claim expenses incurred in the performance of their duties. Details of the remuneration of board members is set out in note 8 to the financial statements.

Executive director service contracts and remuneration

The Chief Executive and other executive directors are appointed on permanent contracts of employment with a notice period of between three and six months. The remuneration of the executive directors is reviewed by the Remuneration and Selection Committee, who make recommendations to be considered and determined by the Board. Full details of the executive emoluments are set out in note 8 to the financial statements.

Pensions

The executive directors are eligible to participate in the Social Housing Pension Scheme defined contribution or benefit schemes. Their participation is on the same terms as all other eligible staff. The association contributes to the scheme on behalf of its employees.

Non-executive directors are not eligible to participate in any company pension scheme.

Other Benefits

The executive directors are also entitled to participate in a health care scheme and are eligible subject to Board approval for an annual bonus which is based on achieving targets set by the Board.

Corporate governance

As at 31 March 2020 the Rules of the Association allow for the appointment of up to twelve Board members. As at 31 March 2020, the Association had ten Board members. Board members are selected from a wide range of backgrounds to encompass an appropriate mix of skills, competencies, and knowledge.

The Board determines what matters should be delegated to the Executive Management Team or to a Committee of the Board and what matters it reserves for its own consideration and decision. These are clearly defined in the Association's Governance and Delegation Framework. Board members act in the interest of the Association and not on behalf of any other interest group.

Greatwell Home's Board, supported by its Committees ensures that the organisation operates to high standards of integrity, transparency, and accountability.

The Board is supported by two committees, the Audit and Risk Committee and the Remuneration and Selection Committee.

Audit and Risk Committee

The committee comprises of at least four, but no more than six, members. The Chair of the Committee is appointed by the Board and cannot be the Chair of the Board. The Committee is expected to meet at least four times a year. Its responsibilities include, to review the financial statements and the appointment of the external and internal auditors and recommend their approval by the Board. The Committee meets with Greatwell Homes' auditors, without officer's present, at least annually.

The Committee plays a valuable role in monitoring the control environment and ensuring that there is an appropriate risk management strategy, risk assessment and control process are embedded, and appropriate systems are in place.

Remuneration and Selection Committee

This Committee comprises of at least three, but no more than five, members and is expected to meet at least three times a year. The Chair of the Committee is appointed by the Board and cannot be the Chair of the Board. Its responsibilities include overseeing matters relating to the recruitment, succession, appraisal, training and remuneration of board members and the executive management team.

Executive Management Team

The Board delegates day to day management and control of the Association, to a group of Executive Directors who meet as an Executive Management Team (EMT). The EMT meets on a regular basis and recommends policy decisions to the Board.

Lead by the Chief Executive, the EMT ensures the effective performance and successful delivery of services to customers and investment in neighbourhoods, in line with the agreed corporate objectives.

Employees

We recognise that the success of our business and our ability to meet our objectives and commitments to our customers and communities depends on our employees. It is the policy of Greatwell Homes that training, career development and promotion opportunities should be available to all employees. We ensure that all employees understand their contribution towards delivery of our new Corporate Plan 2019 – 22. This is reinforced by regular individual meetings between managers and their direct reports, and by our annual performance appraisal and target setting process.

We are fully committed to equality of opportunity and have in place modern employment policies that ensure that we are an attractive and engaging employer to individuals regardless of their gender, age, ethnicity, sexual orientation, religion, or disability status. The health, safety, and wellbeing of all our employees are of prime importance. We have in place detailed health and safety policies and provide staff training and education on health and safety matters.

We recognise the Unison Trade Union and engage in local collective negotiations with them.

Towards the end of 2019-20 we have established an elected staff forum.

Insurance

We retendered our insurance in January 2020 and aligned the first renewal to the financial year end 31 March 2020. Insurance was maintained throughout the period including cover for members and senior employees against liabilities in relation to the Association.

Corporate Social Responsibility

The Board are committed to be a socially responsible organisation, managing in a socially responsible way, ensuring adherence to legislation and ethical operation. The Association is actively working with local communities and partners to improve the life chances of our customers.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.7 of the 2018 SORP for Registered Social Housing Providers.

As a public benefit entity, Greatwell Homes Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Code of Governance

We have adopted the National Housing Federation Code of Governance 2015 Promoting Board Excellence for Housing Associations. As at 31 March 2020 we had one gas safety certificate outstanding due to a customer self- isolating, this was are undertaken in the first week of April and we were then fully compliant with the Code. We are aware of the impact of COVID-19 on our customers. As a landlord, customer safety is our paramount concern. We will make every effort to abide by statutory safety obligations throughout this crisis, such as the gas safety inspections, particularly as most of our customers are spending most of their time at home. Where customers are self-isolating, we will rearrange safety checks to take place after their isolation period has ended. Where customers are shielding, we will balance the risk presented considering factors such as the age and type of appliance, previous maintenance history and the date of the last safety check. In some situations, we may go ahead with the inspection making all the necessary health and safety precautions to protect customers and staff. This may result in us not being compliant with the code at certain points during the coming year. We will report all non-compliance to the Regulator in line with their instructions.

Compliance with Governance and Financial Viability Standard

The Association is registered with and regulated by the Regulator of Social Housing (RSH). Under a coregulation approach the onus is on each registered provider to self-regulate, assess, and scrutinise service provision and demonstrate clearly that services provided represent value for money.

The Accounting Direction 2019 has a requirement for providers to certify that they have complied with the Regulator's Governance and Financial Viability Standard within the narrative reporting. In addition to this certification, any areas of non-compliance should be disclosed and explained.

As described above, the organisation is compliant as at the 31 March 2020, however, due to the impact of COVID-19 this would not be the case in the forthcoming months.

Statement of Internal Control

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and conduct an annual review of the effectiveness of this system.

The process for identifying, evaluating, and managing the significant risks faced by the Association is on-going and has been in place throughout the period 1 April 2019 up to the date of approval of the report and financial statements and beyond. These internal controls act to provide reasonable assurance that planned corporate objectives are achieved. They also exist to give reasonable assurance that the financial and management performance information is reliable, and the Association's assets are safeguarded. However, the Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss.

Key elements of the systems of the control framework include:

- Board approved terms of reference and delegated authorities for Board, Committees and Executive Management Team.
- Clearly defined management responsibilities for the identification, evaluation, and control of significant risks.
- Robust strategic and business planning processes, which are stress tested and include detailed financial budgets and forecasts.
- Formal recruitment, retention, training, and development policies for all staff.
- Established authorisation and appraisal procedures for significant new initiatives and commitments.
- A robust approach to treasury management which is reviewed externally each year.
- Regular reporting to the appropriate committee on business objectives, targets, and outcomes.
- Board approved whistle blowing and fraud policies covering prevention, detection and reporting of assets.
- Regular monitoring of loan covenants and requirements for any new loan facilities.
- Robust business continuity plans in place which are tested annually including disaster recovery of IT systems
- A Corporate Improvement Plan introduced during the year which is monitored by the Audit and Risk Committee.

A fraud register is maintained and reviewed by the Audit and Risk Committee at each of its meetings. During 2019/20, there has been one instance of fraud and five instances of attempted fraud reported.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of Internal Control. The Board receives Audit and Risk Committee minutes and a report from its Chair. The Committee has received the Executive Management Team's annual review of the effectiveness of the system of internal control for the Association, and the annual report of the internal auditor, and has reported its findings to the Board.

External Audit Assurance

The work of the external auditor, Beever and Struthers provides some independent assurance over the adequacy of the internal control environment. The Association receives a management letter from the external auditors which identifies any internal control weaknesses identified as part of their work on the audit of the financial statements. The Board itself and through the activities of the Audit and Risk committee has reviewed the outcome of external audit work and the external audit management letter.

Going Concern

Our business activities, our current financial position, and factors likely to affect our future development are set out within the Strategic Report. There is much uncertainty in these unprecedented times post COVID-19, however, we have in place funding, which provides resources to finance committed reinvestment and development programmes, along with day-to-day operations. We have a long-term business plan that shows we can service the debt facilities whilst continuing to comply with lenders' covenants. We have performed several stress tests and outlined mitigations should they materialise.

On this basis, the Board has a reasonable expectation that Greatwell Homes has the 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. For this reason, it continues to adopt the going concern basis in the financial statements.

Accounting Policies

The Association's principle accounting policies are set out on pages 38 to 46 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of costs; amortisation of deferred government grant; housing property depreciation; investment properties and the treatment of pensions.

Effects of Material Estimates and Judgements Upon Performance

Preparation of the financial statements requires management to make significant judgements and estimates. The estimates and assumptions that can have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided below.

Housing Property Categorisation

The categorisation of housing properties is a significant judgement made by management. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that market rented properties are investment properties.

Impairment

Management assesses the Association's housing properties for indicators of impairment at each balance sheet date. Where indicators exist, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. Judgements in assessing the level of a cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision. The impairment review at 31st March 2020 lead to no properties having their carrying value impaired (2019 £nil).

Useful Lives of Depreciable Assets

Management reviews its estimate of the useful lives of its depreciable assets at each reporting date based upon the expected utility of the assets. Uncertainty in these estimates relate to changes in decent homes standards, component failure or obsolescence and customer abuse or misuse. Any of these could lead to more frequent replacement of key components.

Defined Benefit Pension Obligations

Management's estimate of the Association's defined benefit pension obligations under the Local Government Pension Scheme and Social Housing Pension Scheme is based upon a number of critical underlying assumptions such as rates of inflation, mortality, discount rates, investment returns and future salary increases. Variation in these assumptions may significantly impact upon the obligation amount and the annual defined benefit expenses (as shown in note 10). At 31st March 2020, the Association had defined pensions liability of £35k compared to the year ended 31 March 2019 of £916k liability. Further details are provided in note 10 to the accounts. The impact of COVID-19 has been considered and the reports provided by the actuaries are based on asset valuations as at 31 March 2020.

Provisions for Doubtful Debt

Management reviews the provision held against the risk of failure to recover current and former tenant rent and service charge arrears at each reporting date. The provision made has an impact upon the value of the current assets recognised at the reporting date and any change in value of the provision during the period is recognised as an operating cost in the statement of comprehensive income in the period. At 31st March 2020, the Association's provision for doubtful debt was £172k (2019 £75k).

Disclosure of Information of Auditors

The Board Members who held office at the date of approval of this Board report, confirm that so far as they are each aware, there is no relevant audit information of which our auditors are unaware; and each Board member has taken all the steps that ought to have been taken as a Board member to make themselves aware of any relevant audit information, and to establish that the auditors are aware of that information.

Annual General Meeting

The Annual General Meeting will be held on 24 September 2020.

Independent Auditors

A resolution to re-appoint Beever and Struthers as the organisation's auditors will be proposed at the forthcoming Annual General Meeting. Beever and Struthers have indicated their willingness to continue in office should the resolution concerning their reappointment be agreed at the AGM.

By Order of the Board:

John Lewis, Chair

30 July 2020

Simon Brooksbank, Vice Chair

30 July 2020

Board's Responsibilities in Respect of Financial Statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the of the association and of the Income and Expenditure for the period of account.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society 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. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Compliance

The board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

The Board's Strategic Report was approved on 30 July 2020 and signed on its behalf by:

John Lewis

Chair

Julie Robinson

Company Secretary

Report of the Independent Auditor

Opinion

We have audited the financial statements of Greatwell Homes Limited "the Association" for the year ended 31 March 2020 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Equity (Reserves), Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of the Association's income and expenditure and the Association's income and expenditure for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Cooperative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 29, the Board are 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site 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 Association's members, as a body, in accordance with section 87 of the Cooperative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE
Date: 30 July 2020

Greatwell Homes Limited - Statement of Comprehensive Income

	Notes	Year Ended 31 Mar 2020 £'000	Year Ended 31 Mar 2019 £'000
Turnover	2	**25,651**	26,088
Operating expenditure and Cost of Sales	2	**(19,337)**	(18,427)
Gain on disposal of fixed assets	5	**1,027**	1,107
Operating surplus		**7,341**	8,768
Interest receivable	6	**42**	16
Interest and financing costs	6	**(2,246)**	(1,984)
Increase/decrease in valuation of investment properties	12	**(268)**	173
Surplus before tax	7	**4,869**	6,973
Taxation		**0**	0
Surplus for the year after tax		**4,869**	6,973
Other comprehensive income			
Inception deficit adjustment from reserves for SHPS	10	**0**	(945)
Actuarial gain in respect of pension schemes	10	**1,108**	(277)
Total comprehensive income for the year		**5,977**	5,751

The financial statements on pages 33 to 37 were approved and authorised for issue by the Board on 30 July 2020 and were signed on its behalf by:

John Lewis Chair	Simon Brooksbank Vice Chair	Julie Robinson Company Secretary

Greatwell Homes Limited - Statement of Financial Position

	Notes	As at 31 Mar 2020 £'000	As at 31 Mar 2019 £'000
Fixed Assets			
Tangible fixed assets	11	124,735	110,674
Investment Properties	12	2,915	2,855
		127,650	113,529
Current Assets			
Stock	13	1,166	1,022
Trade and Other debtors	14	971	1,004
Investments	15	30	30
Cash and Cash equivalents	16	15,249	14,553
		17,416	16,609
Less Creditors: amounts falling due in one year	17	(3,308)	(5,223)
Net Current assets/(liabilities)		**14,108**	11,386
Pension Asset (liabilities)	10	(35)	(916)
Total assets less current liabilities		**141,723**	123,999
Creditors: amounts falling due after more than one year	18	(67,015)	(55,268)
Total net assets		**74,708**	68,731
Reserves			
Income and expenditure reserve		**74,708**	68,731
Non-equity share capital		**0**	0
Total Reserves		**74,708**	68,731

The financial statements on pages 33 to 37 were approved and authorised for issue by the Board on 30 July 2020 and were signed on its behalf by:

John Lewis Chair	Simon Brooksbank Vice Chair	Julie Robinson Company Secretary

The notes on pages 38 to 66 form an integral part of these accounts.

Greatwell Homes Limited - Statement of Changes in Reserves

	Income and Expenditure Reserve £'000
Balance as at 1 April 2018	**62,974**
Adjustment to prior year reserves	**6**
Surplus/(deficit) for the year after tax	**6,973**
Net Inception deficit adjustment from reserves for SHPS	**(945)**
Other comprehensive income for the year	**(277)**
Balance as at 31 March 2019	**68,731**
Surplus/(deficit) for the year after tax	**4,869**
Other comprehensive income for the year	**1,108**
Balance as at 31 March 2020	**74,708**

The notes on pages 38 to 66 form an integral part of these accounts.

Greatwell Homes Limited - Statement of Cash flows

	Notes	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000
Net cash generated from Operating Activities	note i	4,549	8,646
Cash flow from investing activities:			
Purchase of tangible fixed assets	11/12	(17,752)	(16,185)
Purchase of tangible fixed assets-Other	11	(484)	(1,151)
Proceeds from sale of tangible fixed assets-RTB/RTA	5	1,876	1,844
Proceeds from Shared Ownership 1st Tranche sales	2	2,828	4,188
Proceeds from receipt of grants	19	2,121	664
		(11,411)	(10,640)
Cash flow from financing activities:			
Interest paid	6	(2,246)	(1,984)
New long-term loan financing	28	10,000	13,000
Net cash inflow(outflow) from financing activities		7,754	11,018
Net change in cash and cash equivalents		696	9,022
Cash and cash equivalents at beginning of the year		14,553	5,531
Cash and cash equivalents at end of the year	16	**15,249**	**14,553**

The notes on pages 38 to 66 form an integral part of these accounts.

Consolidated statement of cash flow continued

Note i

	Notes	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000
Cashflow from Operating activities			
Surplus for the year	SOCI	**7,341**	**8,768**
Adjustment for non-cash items:			
Depreciation of Tangible fixed assets	11	4,009	3,619
Decrease/(increase) in stock	13	(144)	(53)
Decrease/(increase) in Trade and other debtors	14	(33)	219
(Decrease)/increase in trade and other creditors	17	(1,915)	1,800
Pension costs less contributions payable	10	204	232
Carrying amount of tangible fixed assets disposals	11	165	135
Adjustments for investing or financing activities:			
Gain on disposal of tangible fixed asset	5	(1,027)	(1,107)
Shared ownership sales costs	2	(1,766)	(2,918)
Government grants utilised in the year	19	(81)	(51)
Increase in Investments	15	-	(30)
Interest payable	6	(2,246)	(1,984)
Interest received	6	42	16
Net cash generated from operating activities		**4,549**	**8,646**

The notes on pages 38 to 66 form an integral part of these accounts.

Greatwell Homes - Notes to the financial statements for the year ended 31 March 2020

Legal Status
Greatwell Homes Limited is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Housing Association. The registered office is 12 Sheep Street, Wellingborough, Northants, NN8 1BL. Greatwell Home's principal activity is to provide social housing.

1. Principal Accounting Policies

Basis of Accounting
The Association's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements are prepared on the historical cost basis of accounting and are presented in sterling £'000 for the year ended 31 March 2020.

The Association's financial statements have been prepared in compliance with FRS 102. The Association meets the definition of a public benefit entity (PBE).

Going concern
The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The COVID-19 global pandemic in March 2020 has impacted on global economies, this has led to a revision of the 2020/21 Budget which in turn has led to a reassessment of the Association's business plan, as well as an assessment of imminent or likely future breach in borrowing covenants. No significant concerns have been noted in the base case business plan updated for 2020/21 which shows that the association is able to service debt facilities and comply with the borrowing covenant. We therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. **Development expenditure**. The Association capitalises development expenditure in accordance with the accounting policy described on page 42. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b. **Categorisation of housing properties**. The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that market rented properties are investment properties.

c. **Impairment.** The Association considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Association also considers expected future performance of the asset. See note 14 for more information. Any impairment loss is charged to the Statement of comprehensive Income.

Impairment is recognised where carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified

Following a trigger for impairment, the Association performs impairment tests based on a fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arms-length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cashflow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Association is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level. The Association has not identified any properties in the period with an impairment liability.

d. **Pension and other post-employment benefits**. The costs of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases, and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

Other key sources of estimation and assumptions:

a. **Tangible fixed assets**. Other than investment properties, tangible fixed assets are depreciated over their useful economic lives, considering residual values, where appropriate. The actual life cycle of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at 31 March 2020 was £124.8m.

b. **Revaluation of investment properties**. The Association carries its investment properties at fair value, with changes in fair value being recognised in The Statement of Comprehensive Income. The Association engaged independent valuation specialists to determine fair value at the reported period date. The valuer used a valuation technique based on a discounted cashflow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 15(a). The carrying value of investment properties as at 31 March 2020 was £2.92m. During this unprecedented post pandemic time, there is a level of material uncertainty on the valuations however, consideration has been undertaken to ensure these are as accurate as possible.

Turnover and revenue recognition
Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and the Homes England, income from the sale of shared ownership and other income.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Support income and costs
Support services income is accounted for as support services income in the Turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges
Service charge income and costs are recognised on an accrual basis. The Association's variable service charges are on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors, this is referred to as a sinking fund.

Loan interest costs
Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs
These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Value Added Tax
The Association charges VAT on some of its income and can recover part of the VAT it incurs on expenditure. All amounts disclosed in the financial statements are inclusive of VAT to the extent that it is suffered by the Association and not recoverable.

Tangible fixed assets and depreciation

Housing Properties
Tangible fixed assets are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the Statement of Financial Position at the fair value less consideration paid.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction. For mixed tenure housing properties, costs are allocated in the following way:

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Component	Years
Adaptations	10
Bathroom	30
Boilers	15
Communal Equipment	5
Electrical Wiring	30
Enveloping	50
Heating Systems	30
Kitchens	20
Lifts	25
Property	75
Roofs	60
Windows and Doors	20

The Association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Component	Years
Fixtures, fittings, and equipment	3
IT Equipment	3
Estate capital improvements	30

Low cost home ownership properties
The costs of low-cost home ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets/ property sales in operating profit.

Capitalisation of interest and administration costs
Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Leasing and hire purchase
Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations

to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

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.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Investment property

Investment property includes commercial and other properties not held for social benefit. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location, or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income. There are no restrictions on realisation or remittance of income or disposal proceeds.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing Grant (SHG) and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG in respect of housing properties during construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant
Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Disposal Proceeds Fund (DPF)
Historical receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF up until the year ended 31 March 2017 when due to de-regulatory measures, there are no longer requirements to show new proceeds from relevant disposals in the DPF. This creditor is carried forward until it is used to fund the acquisition of new social housing. In accordance with paragraph 2 of The Accounting Direction for Private Registered Providers of Social Housing 2019, the DPF will operate until 6 April 2020 (unless an individual Housing Association meets the statutory requirements for bringing it to an end earlier).

Retirement benefits
The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

Consistent with the guidance in FRED 71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit for SHPS has been recognised in Other Comprehensive Income for the year ending 31st March 2020.

Financial Instruments
Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through the Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) or 11.8(bA) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.
- Investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are measured at:
    - Fair value with changes in fair value recognised in the Statement of Comprehensive Income if the shares are publicly traded or their value can otherwise be measured reliably, and

- At cost less, impairment for all other such investments.

Financial instruments held by the Association are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

a) The best evidence of fair value is a quoted price in an active market.
b) When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
c) Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Loans

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

The following financial instruments are assessed individually for impairment:

a) All equity instruments regardless of significance; and
b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped based on similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate.
b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset’s carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in the Statement of Comprehensive Income immediately.

2 Particulars of Turnover, cost of sales, operating expenditure, and operating surplus

	2020			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus
	£'000	£'000	£'000	£'000
Social Housing lettings (note 3a)	21,386	-	(16,688)	4,699
Other social housing activities				
First Tranche low cost home ownership sales	2,828	(1,766)		1,062
Charges for support services	134	-	(270)	(136)
Other				
VAT shelter Income	522	-	(256)	266
Activities other than social housing				
Lettings (note 3b)	781	-	(357)	424
Total	**25,651**	**(1,766)**	**(17,571)**	**6,314**

	2019			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus
	£'000	£'000	£'000	£'000
Social Housing lettings (note 3a)	20,733	-	(14,972)	5,761
Other social housing activities				
First Tranche low cost home ownership sales	4,188	(2918)	-	1,270
Charges for support services	305	-	(298)	7
Other				
VAT shelter Income	305	-	(158)	147
Activities other than social housing				
Lettings (note 3b)	557	-	(81)	476
Total	**26,088**	**(2,918)**	**(15,509)**	**7,661**

3a. Particulars of turnover and operating expenditure from social housing lettings

	General Housing	Supported Housing And Housing For Older People	Low Cost Home Owner ship	Other	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable net of identifiable service charges and net of voids	18,773	955	1,047	-	**20,775**	**20,185**
Service charge Income	219	279	32	-	**530**	**497**
Amortised government grants	81	-	-	-	**81**	**51**
Total Turnover from Social Housing Lettings	19,073	1,234	1,079	-	**21,386**	**20,733**
Operating expenditure						
Management	5,187	277	469	-	**5,933**	**5,149**
Service charge costs	383	198	1	-	**582**	**639**
Routine Maintenance	4,553	188	-	-	**4,741**	**4,322**
Planned Maintenance	544	11	-	-	**555**	**712**
Major Repairs expenditure	-	-	-	1,460	**1,460**	**1,031**
Bad Debt	172	-	-	-	**172**	**75**
Dep'n of Hsg Properties	2,974	271	-	-	**3,245**	**3,044**
Other Costs	-	-	-	-	**-**	**-**
Total Operating Expenditure on Social Housing Lettings	13,813	945	470	1,460	**16,688**	**14,972**
Operating Surplus/(deficit) on Social Housing Lettings	5,261	289	609	(1460)	**4,699**	**5,761**
Void Losses	256	25	8	9	**299**	**179**

3b. Turnover from activities other than social housing

	2020	2019
	£'000	£'000
Lettings		
Market Rent	**138**	**127**
Garages	**643**	**430**
Other	**781**	**557**

4. Accommodation owned, managed and in development

	2020 No. of properties **Owned**	**2020** No. of properties **Managed**	2019 No. of properties Owned	2019 No. of properties Managed
Social Housing				
Under development at end of year:				
General needs housing social rent	**38**	**-**	12	-
General needs housing affordable rent	**119**	**-**	136	-
Supported housing	**0**	**-**	-	-
Housing for older people	**0**	**-**	-	-
Low-cost home ownership	**57**	**-**	61	-
	214	**-**	209	-
Under management at end of year:				
General needs housing social rent	**4,092**	**60**	4,093	55
General needs housing affordable rent	**334**	**-**	269	-
Supported housing	**246**	**-**	253	-
Housing for older people	**0**	**-**	-	-
Low-cost home ownership	**206**	**-**	177	-
	4,878	**60**	4,792	55
Non-Social Housing				
Under management at end of year:				
Market rented	**19**	**-**	17	-
Total	**5,111**	**60**	5,018	55

5. Gain on disposal of property, plant, and equipment (fixed assets)

	Right to Buy and Right to Acquire £'000	**Shared Ownership Stair-casing Sales £'000**	**Total 2020 £'000**	**Total 2019 £'000**
Proceeds of sales	1,799	77	**1,876**	**1,844**
Less: Costs of sales	(122)	(48)	**(170)**	**(135)**
Less: Clawback payable BCW	(679)	-	**(679)**	**(602)**
	998	29	**1,027**	**1,107**

6. Net Interest

	2020 £'000	2019 £'000
Interest receivable and similar income		
On financial assets measured at amortised cost:		
Interest receivable from current accounts	**42**	16
	42	16

	2020 £'000	2019 £'000
Interest payable and financing costs		
On financial liabilities repayable in more than five years:		
On loans repayable within five years	**-**	-
On loans wholly or partly repayable in more than five years	**2,512**	2,222
Grant received towards costs	**(22)**	(22)
Costs associated with financing	**22**	22
	2,512	2,222
On defined benefit pension scheme		
Expected return on plan assets LGPS	**(191)**	(202)
Expected return on plan assets SHPS	**(90)**	(85)
Interest on scheme liabilities LGPS	**181**	182
Interest on scheme liabilities SHPS	**123**	117
On financial liabilities measured at fair value		
Fair value loss on derivative financial instruments	**-**	-
Less: Interest capitalised on housing properties under construction	**(289)**	(250)
	2,246	1,984

7. Surplus on ordinary activities

	2020 £'000	2019 £'000
The operating surplus is stated after charging: -		
Auditors' remuneration (excluding VAT):		
Audit of financial statements	**16**	18
Operating lease rentals:		
- Vehicles	**198**	103
- Land and Buildings	**289**	255
- Office equipment	**7**	7
Depreciation of housing properties	**3,245**	3,044
Depreciation of other fixed assets	**764**	575

8. Key management personnel remuneration

Remuneration for the year ended 31 March 2020:

Members of the Executive Management Team

Name Position	**2020** Basic Salary £'000	**2020** Benefit in Kind £'000	**2020** E'er Pen £'000	**2020** E'er NIC £'000	**2020** Total £'000	2019 Total £'000
Jo Savage Chief Executive	155	0.3	17	20	192	175
Julie Robinson Executive Director Resources	125	0.2	14	16	155	146
Mandy Meanwell Executive Director Customers	122	0.5	13	15	150	138
Denise Lewis Executive Director Assets	123	0	9	15	147	144
	525	**1**	**53**	**66**	**644**	603

Jo Savage is the Chief Executive and was the highest paid executive in the period to 31 March 2020. She is a member of the SHPS defined benefit scheme, the details of which are reported in note 10. She has no enhanced benefits to her pension contributions.

Members of the Board

Name	**2020** Salary £'000	**2020** Benefits in Kind £'000	**2020** E'er Pen £'000	**2020** E'er NIC £'000	**2020** Total £'000	2019 Total £'000
John Lewis – Chair	-	-	-	-	**-**	-
Tim Davy – Chair (left 27 Sep 18)	-	-	-	-	**-**	6
Simon Brooksbank – Vice Chair	6.4	3.7	-	0.2	**10.3**	2
Martin Wheatley – Remuneration and Selection Chair	6.0	0.9	-	-	**6.9**	6
John Welch - Audit and Risk Chair	6.0	0.8	-	-	**6.8**	6
Yvette Morgan – Vice Chair (left 21 Feb 19)	-	-	-	-	**-**	6
Daphne Simmons (left 27/9/18)	-	-	-	-	**-**	3
Mary Reeves (left 27/9/18)	-	-	-	-	**-**	3
Cheryl Armatrading	4.5	-	-	-	**4.5**	2
Martin Lord	4.5	0.2	-	-	**4.7**	2
David Beale	4.5	-	-	-	**4.5**	2
Ian Hill (left 30/09/19)	3.0	0.4	-	-	**3.4**	2
Kevin Edwards (joined 30/10/19)	1.5	-	-	-	**1.5**	-
Jo Robinson (joined 30/10/19)	1.5	-	-	-	**1.5**	-

Doug Livingstone	4.5	0.7	-	-	5.2	4
	42.4	**6.7**	**-**	**0.2**	**49.3**	44

8. Key management personnel remuneration (continued)

Expenses paid during the year to Board Members totalled £6,794 (2019: £4,912).

John Lewis has elected not to receive remuneration.

There have been no payments to current or past Executive and Non-Executive Directors for loss of office (2019: £nil)

9. Employee information

The average number of persons employed during the year (excluding Executive and Non-Executive Directors) expressed in full time equivalents (37 hours per week) was:

	2020	2019
	No.	No.
Office staff	**96**	90
Repairs and Maintenance	**14**	14
Independent Living staff, caretakers, and cleaners	**17**	17
	127	121

	2020	2020
	£'000	£'000
Staff costs:		
Wages and salaries	**3802**	3,201
Social security costs	**344**	313
Other pension costs	**270**	338
	4,416	3,852

Aggregate number of full-time equivalent staff (excluding Executive and Non-Executive Directors) whose remuneration (including, salary, bonuses, allowances, employer NIC pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2020	2019
	No.	No.
£60,000 - £70,000	1	2
£70,000 - £80,000	1	2
£80,000 - £90,000	1	1
£90,000 - £100,000	2	1

10. Pension obligations

Greatwell Homes participates in two schemes, the Social Housing Pension Scheme (SHPS), and the Northamptonshire County Council Pension Fund (LGPS). Both schemes are multi-employer defined benefit schemes. The schemes are funded and were contracted out of the state scheme.

Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer scheme administered by TPT retirement Solutions ('TPT').

Principal Actuarial Assumptions

The following information is based upon an actuarial valuation of the fund at 31 March 2020 by a qualified independent actuary.

	At 31 Mar 2020	At 31 Mar 2019
	%	**%**
Rate of increase in salaries	2.53	3.23
Discount rate for scheme liabilities	2.34	2.38
Inflation assumption (CPI)	1.53	2.23

The current mortality assumptions include enough allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 Mar 2020	**At 31 Mar 2019**
	Years	**Years**
Retiring today		
Males	**21.5**	**21.8**
Females	**23.3**	23.5

Analysis of the amount charged to operating expenditure in the Statement of Comprehensive Income

	At 31 Mar 2020	At 31 Mar 2019
	£'000	£'000
Employer Contribution	**273**	23
Employer service cost (net of employee contributions	**(278)**	(175)
Past service cost	**(-)**	(-)
Total Operating Charge	**(5)**	(152)

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	**90**	85

Interest on pension liabilities	**(123)**	(117)
Amounts (charged)/credited to financing costs	**(33)**	(32)

Amount of gains and losses recognised in the Statement of Comprehensive Income

Actuarial gains / (losses) on pension scheme asset	**20**	311
Actuarial gains / (losses) on scheme liabilities	**676**	(379)
Actuarial gain/(loss) recognised	**696**	(68)

Movement in surplus / (deficit) during year

	At 31 Mar 2020 £'000	At 31 Mar 2019 £'000
Deficit in scheme at 1 April	**(1,400)**	(1,148)
Movement in year:		
Employer service cost (net of employee contributions)	**(278)**	(175)
Employer contributions	**273**	23
Past service cost	**-**	-
Net interest / return on assets	**(33)**	(32)
Remeasurements	**696**	(68)
(Deficit) / Surplus in scheme at 31 March	**(742)**	(1,400)

Asset and Liability Reconciliation

	At 31 Mar 2020 £'000	At 31 Mar 2019 £'000
Reconciliation of liabilities:		
Liabilities at start of period	**5,008**	4,399
Service cost	**278**	175
Interest cost	**123**	117
Employee contributions	**102**	83
Benefits paid	**(74)**	(38)
Past Service cost	**-**	-
Actuarial (gain)/ loss	**(524)**	272
Liabilities at end of period	**4,913**	5,008
Reconciliation of assets:		
Assets at start of period	**3,608**	3,251
Return on plan assets	**172**	204
Interest return on plan assets	**90**	85
Remeasurement	**-**	-

Employer contribution	**273**	23
Employee contribution	**102**	83
Benefits paid	**(74)**	(38)
Assets at end of period	**4,171**	3,608
Actual return on SHPS plan scheme assets	**742**	1,400

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in a separate funds administered by Northamptonshire County Council. The total contributions made for the year ended 31 March 2020 were £199k of which employer's contributions was £0 and employees' contributions totalled £27k.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2020 by a qualified independent actuary.

	At 31 Mar 2020	At 31 Mar 2019
	%	%
Rate of increase in salaries	2.4	2.8
Rate of Increase for pensions in payment/inflation	1.9	2.5
Discount rate for scheme liabilities	2.3	2.4
Inflation assumption (CPI)	1.9	2.5
Commutation of pensions to lump sums	50/75	50/75

The current mortality assumptions include enough allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 Mar 2020	At 31 Mar 2019
Retiring today	**Years**	Years
Males	**21.5**	22.1
Females	**23.7**	24.2
Retiring in 20 years		
Males	**22.3**	23.9
Females	**25.1**	26.1

Analysis of the amount charged to operating expenditure in the Statement of Comprehensive Income

	At 31 Mar 2020	At 31 Mar 2019
	£'000	£'000
Employer service cost (net of employee contributions)	**(199)**	(163)
Past service cost	**(-)**	(-)
Total Operating Charge	**(199)**	(163)

Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	**191**	202
Interest on pension liabilities	**(181)**	(182)
Amounts charged to financing costs	**10**	20
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains / (losses) on pension scheme asset	**(802)**	353
Actuarial gains / (losses) on scheme liabilities	**1,214**	(562)
Actuarial gain/(loss) recognised	**412**	(209)

Movement in surplus / (deficit) during year	At 31 Mar 2020	At 31 Mar 2019
	£'000	£'000
Surplus / (deficit) in scheme at 1 April	**484**	836
Movement in year:		
Employer service cost (net of employee contributions)	**(186)**	(163)
Employer contributions	**-**	-
Past service cost	**(13)**	-
Net interest / return on assets	**10**	20
Remeasurements	**412**	(209)
(Deficit) / Surplus in scheme at 31 March	**707**	484

Asset and Liability Reconciliation

	At 31 Mar 2020	At 31 Mar 2019
	£'000	£'000
Reconciliation of liabilities:		
Liabilities at start of period	**7,513**	6,719
Service cost	**186**	163
Interest cost	**181**	182
Employee contributions	**27**	25
Benefits paid	**(166)**	(138)
Past Service cost	**13**	-
Actuarial (gain)/ loss	**(1,214)**	562
Liabilities at end of period	**6,540**	7,513
Reconciliation of assets:		
Assets at start of period	**7,997**	7,555
Return on plan assets	**191**	353
Remeasurement	**(802)**	202
Employer contribution	**-**	-
Employee contribution	**27**	25
Benefits paid	**(166)**	(138)
Assets at end of period	**7,247**	7,997
Actual return on plan scheme assets	**707**	484

11. Tangible fixed assets

	Housing Properties								
	Social Housing Properties for Letting Completed £'000	Social Housing Properties for letting under Construction £'000	Low cost home ownership properties Completed (LCHO) £'000	Low cost home ownership properties under Construction £'000	Housing Estates £'000	Estates WIP £'000	**Total Housing Properties £'000**	Furniture and Office equipment £'000	**Total fixed assets £'000**
Cost									
At start of the year	109,904	8,673	11,196	2,193	355	-	**132,321**	2,555	**134,876**
Additions to properties acquired	7,550	3,212	3,291	245	-	-	**14,298**	-	**14,298**
Works to existing properties	1,255	-	-	-	1,910		**3,165**	484	**3,649**
Interest capitalised	289	-	-	-	-	-	**289**	-	**289**
Schemes completed					-	-	**0**	-	**0**
Transfer from Social to LCHO							**0**	-	**0**
Transfer from LCHO to Social							**0**	-	**0**
Disposals	(189)	-	(48)	-	-	-	**(237)**	-	**(237)**
At end of year	118,809	11,885	14,439	2,438	2,265	-	**149,836**	3,039	**152,875**
Depreciation and impairment									
At start of the year	(22,564)	-	-	-	(15)	-	**(22,579)**	(1,623)	**(24,202)**
Charge for the year	(3,238)	-	-	-	(7)	-	**(3,245)**	(764)	**(4,009)**
Disposals	72	-	-	-	-	-	**72**	-	**72**
At end of year	(25,730)	-	-	-	(22)	-	**(25,752)**	(2,388)	**(28,140)**
Net Book Value at 31 March 2020	93,079	11,885	14,439	2,438	2,243	-	**124,084**	651	**124,735**
Net Book Value at 31 March 2019	87,340	8,673	11,196	2,193	340	-	**109,742**	932	**110,674**

11. Tangible fixed assets (continued)

Housing Properties comprises:	2020 £'000	2019 £'000
Freehold land and Buildings	124,067	109,673
Long leasehold land and buildings	17	69
	124,084	109,742

Cost of properties include £261k (2019: £242k) for direct administrative costs capitalised during the year

Works to existing properties in the year:	2020 £'000	2019 £'000
Improvement works capitalised	3,165	1,759

The average interest on borrowings of 3.53% (2019: 4.10%) was used for calculating capitalised interest costs of £289k (2019: £250k).

12. Investment properties held for letting

	2020 £'000	2019 £'000
At start of year	2,855	2,600
Additions	328	82
Transfer from Housing Fixed Assets	-	-
Gain/(Loss) from adjustment in fair value	(268)	173
(Loss) /Gain	**2,915**	**2,855**

Investment properties were valued at 31 March 2020 by Harwoods, professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuations Standards. Due to COVID-19 there is a level of uncertainty in the valuations. However, every attempt has been made to ensure these are as accurate as possible with the uncertain impacts the pandemic has had on the economy.

13. Stock

	2020 £'000	2019 £'000
Shared Ownership properties:		
Completed	**99**	76
Work in Progress	**997**	864
Other materials stock held	**70**	82
	1,166	1,022

14. Trade and other debtors

	2020	2019
	£'000	£'000
Rent Arrears	**1,139**	1,292
Less: *provision for bad debt*	**(661)**	(771)
	478	521
Other debtors	**39**	90
Prepayment and accrued income	**454**	393
	971	1,004

Debtors are all due within one year.

15. Investments

	2020	2019
	£'000	£'000
Listed on a recognised investment exchange	**30**	30
	30	**30**

16. Cash and cash equivalents

	2020	2019
	£'000	£'000
Money Market Investment	**11**	11
Cash at Bank	**15,238**	14,542
	15,249	14,553

In the above are balances totalling £420k (2019: £349k) which are held in a sinking fund for tenants for service chargeable replacement costs.

17. Creditors: amounts falling due within one year.

	2020	2019
	£'000	£'000
Trade creditors	**-**	1,821
Rents and service charges paid in advance	**967**	634
Taxation and social security payable	**179**	150
Accruals and deferred income	**1,402**	1,965
Deferred Capital Grant (Note 19)	**81**	51
Other Creditors	**679**	602
	3,308	5,223

Other Creditors' relates to the Right to Buy clawback payment due to the Borough Council of Wellingborough due under terms of the transfer agreement.

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

	2020	2019
	£'000	£'000
Bank and other loans (note 28)	**58,771**	48,745
Deferred Capital Grant (Note 19)	**7,823**	5,813
SHPS pension agreement plan (Note 10)	**-**	-
Disposal proceeds fund (Note 20)	**-**	361
Sinking fund	**421**	349
	67,015	55,268

Loans are secured by housing properties, see note 28.

19. Deferred capital grant

	2020	2019
	£'000	£'000
At the start of the year	**5,864**	5,251
Grants received during the year:		
Housing properties	**2,121**	664
Grants recycled during the year:	**-**	-
Amortised Grant	**(81)**	(51)
At the end of the year	**7,904**	5,864
Due within one year	**81**	51
Due in more than one year	**7,823**	5,813
	7,904	5,864

20. Disposal proceeds fund

	2020	2019
	£'000	£'000
At the start of year	361	-
Inputs to disposal proceeds fund:		
Proceeds from Right to Acquire (2016/17)	**-**	361
Use/allocation of funds	**361**	-
Repayment of funds to Homes England	**-**	-

At the end of the year	-	361

20 Disposal proceeds fund (continued)

Due within one year	-	-
Due in more than one year	-	361
	-	361

Withdrawals from the Disposal proceeds fund were used for the new development of Affordable Rent properties in 2020/20.

21 Provision for liabilities and charges

In line with accounting policies a review has been undertaken of potential liabilities and charges. There are no disclosures to report.

22 Non-equity share capital

	2020	2019
Allotted Issued and Fully Paid:	**£**	£
At the start of the year	9	9
Issued during the year	2	5
Reduced in the year	1	(5)
At the end of the year	10	9

The par value of each share is £1. The shares do not have the right to any dividend or distribution in a winding -up and are not redeemable. Each share has full voting rights. All shares are fully paid.

23 Capital commitments

Tangible fixed assets/intangible fixed assets

	2020	2019
	£'000	£'000
Capital expenditure that has been contracted for but not been provided for in the financial statements	**21,665**	25,295
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**763**	11,600
	22,428	36,895

The Association expects these commitments to be financed with:

Social Housing Grant	**896**	1,559
Proceeds from the sale of properties	**2,897**	2,987

Committed loan facilities	**18,635**	32,349
	22,428	36,895

23 Capital commitments (continued)

The above figures include the full cost of shared ownership properties contracted for.

There are no performance conditions attached to the above commitments.

24 Other commitments

The Association had no other commitments as at 31 March 2020 that have not been disclosed elsewhere in these accounts.

25 Operating leases

	2020	2019
Land and Buildings	**£'000**	£'000
In one year or less	**206**	261
In one year or more but less than two years	**206**	261
In two years or more and less than five years	**411**	601
In five years or more	**403**	336
Others		
In one year or less	**183**	108
In one year or more but less than two years	**167**	106
In two years or more and less than five years	**191**	23
In five years or more	**-**	-
	1,767	1,696

26 Contingent liabilities

	2020	2019
The Association had no contingent liabilities as at 31 March 2020.	**£'000**	£'000

27 Related parties

In accordance with FRS 102 Related Party Disclosures, Section 33.1A the Association has not disclosed transactions entered between two or more members of the Association, where each party to the transaction is 100% owned
.
The Association entered the following related party transactions in the year ended 31 March 2020:

• The Board has one member who holds a tenancy agreement on normal terms and transactions are undertaken at an arm's length basis. Total rent charged to the Tenant Board member was £4,496 (2019: £6,516). There are no arrears on their tenancy at the reported period end £nil (2019: £nil).

28 Financial Instruments and risk management

The Association has two borrowing facilities with Barclays Bank plc for £85 million and Pension Insurance Corporation Plc (PIC) for £40million. The Board review and update the Treasury Strategy annually and in February 2018 approved re-financing and inception of the PIC borrowing facility. The Association's viability rating from the regulator is the highest possible rating of V1.

	2020	2019
	£'000	£'000
Loans not repayable by Instalments:		
Within one year	**9,000**	9,000
in one year or more but less than two years	**-**	-
in two years or more and less than five years	**-**	-
in five years or more	**50,000**	40,000
Less loan issue cost	**(229)**	(255)
Total loans	**58,771**	48,745

Both bank loans are secured by specific charges on the Association's individual housing properties.

The loan profile of the Association at 31 March 2020 is as follows:

Tranche / series	Total £'000	Variable rate	Fixed rate	Maturity date
Barclays Facility				
Tranche B	7,000		6.49%	01.09.2034
Tranche B	10,000		6.00%	17.07.2025
Tranche B	3,000		6.44%	10.12.2032
Tranche C	4,000	2.60%		17.07.2025
Tranche C	3,000			17.07.2025
Tranche C	2,000	2.60%		17.07.2025
Tranche A	10,000		4.34%	30.09.2026
PIC Facility				
PIC Series A	10,000		3.343%	29.03.2058
PIC Series B	10,000		3.343%	29.03.2057
Total drawn	**59,000**			
Undrawn Barclays	**46,000**			
Undrawn PIC	**20,000**			
Total facility Barclays and PIC	**125,000**			

At 31 March 2020, the Association had committed borrowing facilities of £125m of which £66m was undrawn.

Refinancing risk is managed via treasury policy ensuring that there is a minimum 12months projected funding requirement in place.

The Association's average cost of capital at 31 March 2020 is 3.53% (2019: 4.1%).

Interest rate risk
The Association manages volatility of cash flows and interest payments in relation to interest rate risk via limiting its exposure to variable interest rate risk. Interest rate risk policy managed by Finance and approved by the Board states that variable rate borrowings shall not exceed more than 50% of total outstanding borrowings.

Currency risk
The association only trades in sterling and holds sterling balances so it is not exposed to any currency risks.

Credit Risk
Credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation to the Association. Credit risk policy is part of the treasury policy which is approved by the Board.

Covenant Compliance
Covenant compliance is monitored by finance monthly and reported to Board and the lender quarterly. There were no breaches identified in the year. The following covenants are monitored:

	Barclays Limit	PIC Limit
Interest Cover		
EBITDA MRI to total interest expense	1.1:1	-
Debt Owed per unit		
Average net debt per unit owned	£27,500	£30,000
Asset Cover		
EUV-SH value of charged units	110%	105%

Financial assets and liabilities at fair value

Financial assets that are measured at amortised cost. This includes the total of debtors, trade receivables and other receivables and cash and is reported in note 14.

Financial liabilities that are measured at amortised cost. This is including bank loans, trade creditors, other creditors and rent in advance. This is reported in note 17 and 18.

29. Post Balance Sheet events

Going forward, the COVID-19 Global Pandemic will have an unknown impact on the economy in 2020/21. Greatwell Homes have ensured mitigation has been considered in both the 30-year Business plan and have made 2020/21 budget revisions.