Grand Union
Housing Group

Grand Union Housing Group

Annual report and financial statements
for the year ended 31 March 2020


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The Board, Executive Officers and Advisors

Chair

Harry Walker
Independent, Chair
(resigned 30 September 2019)

James MacMillan
Independent, Chair
(Appointed 1 April - Chair designate, and appointed Chair - 1 October 2019)

Board members

Gillian Walton
Independent, Vice Chair

Kami Nuttall
Independent

John Edwards
Independent

Richard Broomfield
Independent

Vanessa Connolly
Independent

Nicola Ewen
Independent

Brent O'Halloran
Independent

Peter Fielder
Independent

Michael Pattinson
Independent
(Appointed 17 September 2019)

Company Secretary

Anne-Marie Huff
(Appointed 1 June 2019)

Executive Officers

Aileen Evans
Group Chief Executive

Phil Hardy
Executive Director of Operations

Mona Shah
Executive Director of Finance & Information

Registered office

K2
Timbold Drive
Kents Hill
Milton Keynes
Buckinghamshire
MK7 6BZ

Solicitors

EMW Law

Perrin Myddelton

Trowers & Hamlins

Wright Hassall

Funders

NatWest Bank plc

Santander plc

Royal Bank of Scotland plc

Newcastle Building Society

Nationwide Building Society

Bankers

NatWest Bank plc

Auditors

Beever and Struthers
(External)

KPMG
(Internal)

Valuers

Savills plc

Bruton Knowles

Berrys

Registered under the Co-operative and Community Benefit Societies Act 2014
No. 7853 and with the Regulator for Social Housing No. 5060

Statement from the Chair and Group Chief Executive

At the time of writing, the world is being shaken by a global pandemic. Many thousands have died, and thousands more have lost loved ones. We can expect the consequences from COVID-19 to affect us for years to come – including the economic consequences that will have profound effects on the people we serve.

At Grand Union, we know that what we do matters. This belief is part of our culture, and it's never been more important than recently. It's sustained us as we work to support those who need it through the impacts of the pandemic. Our investment in technology, coupled with our focus on building a truly agile team, was also critical. It enabled us to transition seamlessly and deliver our services from home. Our team has been magnificent in rising to the challenge, working hard to support our customers and key partners during this very difficult time.

Our context

Our operating context was already challenging. There are still too few homes, so owning a home is beyond many people – the average home costs eight times average income; much more in some places.

A general election in December and a new government have yet to produce a housing policy other than a renewed focus on home ownership.

Amongst all this uncertainty, one fixed point is that the UK's transition period to leave the EU ends on 31 December 2020. However, there's much that remains uncertain about life after leaving. The pandemic has highlighted just how important it is to address our national housing crisis. Home has never been more important, but national statistics highlight a very clear link between coronavirus-related deaths and poor housing conditions, such as overcrowding.

Looking to the post-COVID-19 future, there must be a renewed focus on the part housing plays in helping people be healthy, both mentally and physically. We must also start a national conversation about how we'll use our homes in the future – not just as places to live but as places to work too.

An important part of our context occurred immediately after our year end. The Black Lives Matter protests have brought the issue of race discrimination into sharp focus. We want to take the time to educate ourselves and to put together a series of actions that we can be measured against and held accountable for - we don't want to be just saying words when what is needed are actions. We're not yet clear what these actions are, but we do know that they will be guided by colleagues and customers of Grand Union and we will work together to be better. As a starting point, we have joined the Housing Diversity Network and are in the process of forming a groupwide panel to oversee this work.

Our progress

2019/20 has been an exciting year of change as colleagues, customers and Board members continued to work together on our transformation. This year we took the major step of consolidating our office base and moved into a newly refurbished space in Milton Keynes located in the centre of our operational area. As well as providing savings of over £333,000 this year, we have created a modern, vibrant and flexible workspace and we are seeing huge benefits as colleagues are able to work together in different ways to provide high quality services to our customers.

Listening to our customers has never been more important and we have made important changes in this work during the year. We implemented a customer feedback platform, Rant & Rave, that enables us to gather high quality feedback quickly from customers as they access our services. As a direct result of the feedback we received from this we created a Resolutions team to ensure that we acted upon all feedback, whether positive or negative, so that we can continually evolve our service offer.

We've also implemented a digital survey platform so that we can ask our customers what they think of proposals for changes in service. Work on our digital offer has continued and, for example, enabled us to move to a fully digital lettings process. This enabled us to continue to offer homes to new customers through the pandemic, which was particularly important for those who were homeless. We have also continued to sell our shared ownership homes by conducting virtual viewings.

We continued with the implementation of our target operating model and we'll see further significant progress in the coming year. We'll complete the alignment of our people, culture, processes and technology keeping our customers' needs at the centre of everything we do.

Building new homes

We built nearly 200 homes in 2019/20 and increased the proportion of those homes we developed ourselves. Our commercial subsidiary, Grand Union Homes Ltd, delivered our first market sale homes, and most are now sold or reserved. Building at our second site is underway. Using the profits generated in the future from these sites to fund more social rented homes enables us to build more as we support the ambition to end the housing crisis.

Throughout the last few years funding for supported housing has been uncertain. But our commitment has remained. We've continued to develop services for people with a learning disability; we've developed further domestic abuse services; and we're expanding our provision for people living with dementia. We are both proud and excited to have begun work on our largest scheme to date, a new, state of the art, extra care scheme in Central Bedfordshire.

Corporate strategy and values

Following a lengthy and innovative consultation process, involving a broad range of people, we completed work on a new three-year corporate strategy, called Further together. The strategy is set against a backdrop of reduced trust in institutions and a challenge for Grand Union to deserve and retain the trust of our customers and our stakeholders.

Further together is clear about how we will achieve this, and we were delighted to launch it formally earlier in the summer. We've also revisited our values and, using feedback from colleagues, customers and stakeholders, have simplified these around the words **driven**, **together** and **deliver**. These can be found in full on page 20.

Grand Union has always been a values-driven organisation. These new values will provide clear guidance as we make sometimes difficult and important decisions in the future.

Sustainability

We began work this year on a new Sustainability Strategy. This will outline how we plan to achieve the government's carbon neutral targets. But we'll also examine every aspect of our business, so that both our homes and the way we work minimise any harmful impact we may have on the planet. We have long been at the forefront of using renewable heat in our homes, with a focus on solar heat, as well as ground and air source heat pumps. Renewable heat doesn't just reduce carbon emissions, it helps reduce fuel poverty too, and we'll continue our work with customers to ensure that more of them can benefit from these improvements. You can see our energy use statistics on page 16 in the year at a glance.

Governance

In accordance with Regulatory Requirements, we commissioned our three-yearly review of our governance structure and effectiveness. The review was wide ranging in its scope and recommendations. We are in the process of implementing the recommendations which will see a simplified committee structure, the introduction of the role of Senior Independent Director, and changes in our delegations framework to ensure even greater transparency and effectiveness.

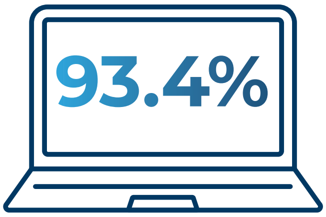
Financial strength

As these statements show, the Group has significant financial strength and was able to use this to obtain additional funding during the year. The funding deals include a new £30m revolving credit facility, along with £207m of restructured facilities, which will help Grand Union deliver much needed social housing and related services. We have retained excellent liquidity and low borrowing per unit. A focus on robust financial management and attention to achieving good value for money run throughout all our activities. These practices are embedded in our culture alongside ensuring that our customers' needs remain central to our work.

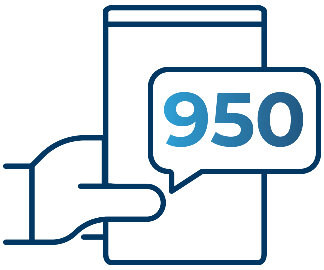
At the end of a challenging year, our joint thanks go to our colleagues who work diligently on our Board and Committees, our Management team and our brilliant colleagues who have pulled out all the stops to achieve innovation and great customer service. We remain committed to serving our customers and communities for the long term and we know that **we have the power to change things for good. We build more homes, stronger communities, better lives. What we do matters.**

James MacMillan
Chair

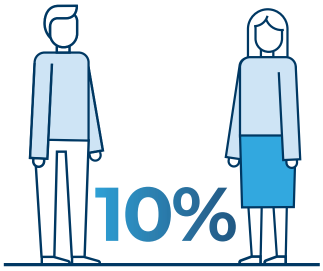
Aileen Evans
Group Chief Executive



of colleagues used Grand Union's intranet



different news, features and information articles were posted



of colleagues were involved in our Customer 2020 business transformation project

Staff Engagement Statement

In line with the regulations which came into force on 1 January 2019, we are required to report how we have engaged with our colleagues and informed them of key issues and matters affecting them.

Grand Union has taken a number of actions during the financial year to ensure that colleagues at all levels have had the opportunity to engage and also have access to key information. In 2019, an average of 93.4% of colleagues used Grand Union's intranet, called GUS. During the year, 950 different news, features and information articles were posted on GUS and were viewed over 145,000 times.

Regular all-colleague briefings by the executive directors took place across all four offices up until the office move in September 2019. Where possible, the briefings took place at either the same time or on the same day, so colleagues received news and information at the same time. These kept everyone engaged and offered them a chance to raise any questions or concerns they may have.

For the colleagues who could not attend, videos of the briefings were posted on GUS and comments were encouraged. Discussion groups were also set up to allow colleagues to post any questions, and directors responded to each post. These were well used, especially in line with the office move.

GUS also enabled multiple polls and questionnaires to be posted during the year, giving colleagues a chance to vote on subjects ranging from the name of the kitchen in the new office to what Grand Union's new values should be.

Regular blog updates from directors and the CEO kept colleagues up to date with external factors, both financial and economical, that may have had an impact on the business. The move to the new office has allowed directors to be more accessible for all colleagues and they regularly walk the floor. They also take the opportunity to shadow colleagues from across the business whenever possible.

More than 10% of colleagues were involved in our Customer 2020 business transformation project, via roles such as project members, project leaders and change champions. Our Joint Consultative Committee (JCC) meets every two months and is a forum between Grand Union as the employer and its colleagues. JCC helps develop Grand Union's interests and ensures colleagues are treated fairly and in accordance with equality and diversity legislation to achieve the highest possible standards within the resources available.

Last year's Annual Report and Financial Statements are available for colleagues as either a digital pdf or printed copy. A brief "year at a glance" summary page was also published on GUS in an easy to read, infographic format. Individual annual pay review letters also make mention of the financial pressures on Grand Union, for example the recent rent cut regime.

The year at a glance

Who we are

We've been in business for over 25 years and provide 12,000 homes for more than 27,000 people across Bedfordshire, Buckinghamshire, Northamptonshire and Hertfordshire. We're a £71 million turnover social business with almost 350 staff.

Our mission is **more homes, stronger communities, better lives**. We build affordable homes, provide personal support, and help people to learn, work and be healthy.

We're a financially stable and innovative not-for-profit organisation that believes in partnership and collaboration. We plan to build 1,900 more new homes in the next five years. There are 1,492 plots in the current secured pipeline; this is 78% of the programme.

New homes

In 2019/20 we built a record **184** new homes. We built:

105
homes for rent
(including social rent, affordable rent and supported living)

63
shared ownership homes

10
for market sale

6
for market rent

We received almost **£5.3m** in sales income (new shared ownership and market sale homes). We received £11.1m Homes England grant for our consortium, with over £6.5m for Grand Union schemes.

Existing homes

38,703 repairs were carried out in 2019/20 and **581** voids were completed.
We spent **£27m** on home improvements and repairs, which included:

502
homes with new windows and doors

124
new kitchens.
2 accessibility kitchens

107
new bathrooms.
25 new level access showers

513
new boilers installed.
35 new central heating systems

487
high level works to properties

People

We have **345** members of staff

53
have been here for more than 15 years.
Turnover was 12.5%, the lowest for five years.

VfM, assets and turnover

We achieved VfM savings of **£0.6m**

£333k
savings from office move

9,000
customer feedback through Rant & Rave.

£671m
Total assets worth

£71m
Turnover

Communities and services

£3.4m
benefits secured for customers in 2019/20

£0.9m of assistance with rent
i.e. Housing Benefit, Discretionary Housing payments or the housing costs element of Universal Credit

£1.09m in disability payments which provide extra money for customers with long-term health problems or disabilities

Rent arrears just **1.65%** net (as of 31 March 2020)

2,724
customers engaged with us via training, guidance and advice sessions, consultation, IT training sessions and youth sessions

96,806 phone calls answered by our Customer Services team

6,357 web chats answered by our Customer Services team

30,684
emails dealt with by our Customer Services team

4,750 customers have signed up to our My.GUHG customer portal (as of 31 March 2020)

Governance

G1/V1

Confirmed Governance and Financial Viability Standard following the In-depth Assessment by the Regulator of Social Housing.

Energy use

Fleet and machinery

94,383 litres
total fuel use

1,681,202 kWh
energy use

307.35 tCO_2e
emissions

Office sites

687,779 kWh
total fuel use

170.23 tCO_2e
emissions

Our homes

0.05
intensity ratio per home managed (carbon usage as a proportion of our homes)

Strategic Report

The Board presents its Strategic and Board reports on the affairs of Grand Union Housing Group Limited ("the Group") together with the financial statements and auditor's report for the year ended 31 March 2020.

The Group is comprised of

Grand Union Housing Group Limited
Registered

Grand Union Homes Limited	**Grand Union Group Funding PLC**	**GUHG Development Company Limited**
Not registered	Not registered	Not registered

Objectives, strategy and the future

Combined strength

Our 2020 Vision was all about working together more effectively so that we could do more. Since 2015, Grand Union has grown by combining the assets, resources and skills of previously separate, smaller housing providers across Bedfordshire, Buckinghamshire, Northamptonshire and Hertfordshire.

In taking on this significant challenge, we aimed to transform the way we delivered our services and release financial strength to build more homes for the customers of the future. But importantly, we also wanted to improve transparency.

We wanted our organisation to be one where the Board was able to gain a clear line of sight across the business, and where customers' voices could be heard clearly, and responded to. Looking back, at the beginning of 2020, we've achieved so much.

Looking to the future, we have a new corporate strategy – **Further together** – which is aimed at deserving and retaining the trust of our customers, our colleagues and our wider stakeholders. It's underpinned by the values that shape our organisation's culture and guide everything that we do.

Grand Union Housing Group delivery map

COVID-19 pandemic

Less than 12 months in, our new way of working received a tougher test than we could have imagined. The COVID-19 pandemic has affected everyone involved with Grand Union. It's touched on every aspect of what we do, and we can be proud of how we've risen to the challenge, transforming our service delivery overnight. We've really seen how each of us has been driven to do more. And we've definitely been in it together; working alongside members of our communities to make a real difference.

Our response to the pandemic has reinforced the benefit of our approach to managing change. From the start of our consolidation, our projects have been led and delivered by Grand Union's leadership team. We've worked with external consultants, to get support where we've needed it. But we've used each project as an opportunity to learn and to develop our colleagues and capabilities.

During the crisis, the importance of a home that really meets each person's needs has become clearer than ever.

As we come out of the current difficult period and plan for the next three years, it's clear that we'll need our new skills and our organisational and financial strength. Using scenarios from Savills and Hargreaves we have run pandemic stress tests on our business plan including a drop in sales, delayed development and increased costs and we have been able to demonstrate that our plan is robust to withstand these additional pressures. Through our Financial Inclusion team we continue to support our customers through assistance with disability and benefits claims.

We operate in an area of planned economic growth, and we have a responsibility to help ensure that everyone in our communities benefits from the opportunities that brings. That means playing our part in tackling the housing crisis by building new homes at scale and at pace and making as many as possible available at genuinely affordable rents. It means supporting our customers to achieve their potential through education and training, employment and getting involved in their communities. And it also means supporting the people who work for Grand Union.

We have the power to change things for good. We build more homes, stronger communities, better lives. What we do matters.

While our vision remains, 2020 sees the end of our previous five-year corporate plan. We're delighted with what we have achieved during this time, and have successfully completed or bettered our objectives:

- double the number of new homes that we build each year, enabling more people to rent or own a home that they can afford
- deliver an ambitious, expanded programme of high-quality services that customers want, in a way that they want to receive them, whilst improving the wellbeing of those who need extra support, particularly the elderly
- be a force for positive change by investing in homes and local communities to reduce fuel poverty, support people into work and provide opportunities for young people
- give employees rewarding careers by investing in them and enabling them to exceed the expectations of customers
- build 1,900 new homes in our patch over the next five years, with the majority delivered as affordable homes.

Our values

Our values are important to us and underpin everything we do:

Driven

We're **driven** to do more. We empower staff to achieve more and help us evolve into a more **efficient, flexible** and **ambitious** organisation that has a positive impact on our customers and communities.

Together

We're in it **together**. Our **can-do attitude** and **collaborative approach** help us achieve our goals and provide what our customers, colleagues and partners need from us.

Deliver

We **deliver** on our promises. We're committed to making a difference to people's lives and by acting with integrity, being open-minded and taking ownership, we can be trusted to do what we say we will.

Strategy, objectives and performance

On 1 July 2020 we published our new corporate plan - **Further together** - which brings with it exciting new opportunities, challenges and objectives.

For the final year of our 2015/20 corporate plan, our key strategic aim was to transform the way we deliver our services to meet the evolving and changing needs of our current and future customers.

We looked to modernise our business by reviewing all aspects of service delivery, introducing new ways of working and a revised and updated business model, which would take advantage of technological developments to provide an improved digital offer to our customers.

During 2019/20, 'customer voice' was a key enabler for us to build more homes and improve the lives and experience of all our existing and future customers. This will continue to be the case moving forward.

Our focus during 2019/20 was split into five key strategic areas:

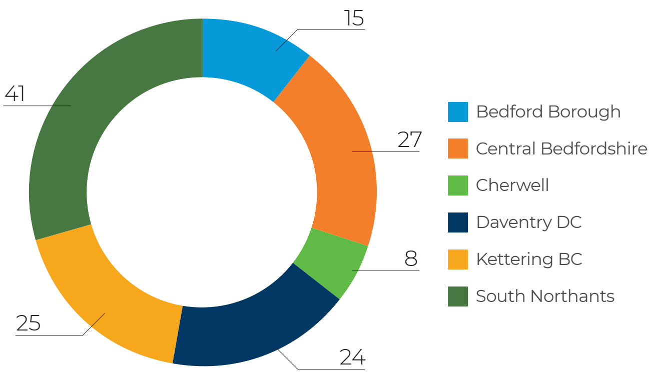
- New homes
- Existing homes
- Communities and services
- People
- Governance

New homes

We are in a housing crisis.
The Government's announcement in 2017, giving a rent settlement of CPI +1% from 2020, is welcomed and, together with the financial capacity released by unification, enables us to increase the numbers of homes we deliver.

We delivered 184 new homes in 2019/20 across our area of operation. The Group continues to have access to Affordable Housing Grant, through Homes England, as head of a consortium of three other local housing associations which has enabled the significant development programme to continue.

New homes by local authority

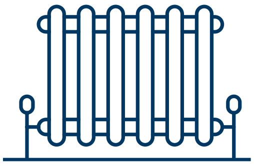


During 2020/21 we are on course to deliver more new homes with a strong pipeline to follow in subsequent years and our New Business and Development Strategy places greater emphasis on land led opportunities, relationships with local authorities and delivery by partnerships.

Existing homes

The condition of our homes is continually reviewed, with the results determining a long-term repair and component replacement programme.

Analysis of 2019/20 spend and works:



Central heating

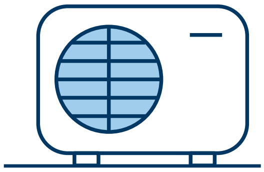
£1.542m

513 boilers
35 systems
30 minor works

Roofing

£1.515m

487 high level works
21 minor works



Air source heat pumps

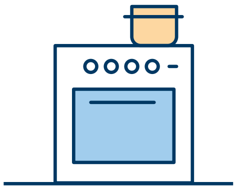
£415k

23 in total

Electrical upgrades

£918k

2,230 electrical jobs in total



Kitchens

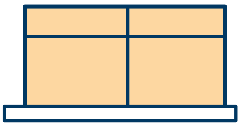
£773k

124 kitchens
29 minor works

Bathrooms

£532k

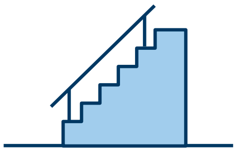
107 bathrooms
30 minor works



Windows and doors

£1.767m

502 windows and doors
82 minor works



Communal works including fire risk assessments

£294k

194 in total

External works

£1.086m

299 in total

Health and safety

We consider that the successful management of all health and safety activity is essential to the delivery of our business and are committed to providing a safe environment within which our customers can live without concern.

The Group delivers a comprehensive property compliance programme comprising the following areas:

1. Gas safety
2. Fire safety
3. Electrical safety
4. Asbestos management
5. Legionella management
6. Lift management

In terms of governance, we track on a monthly basis several key health and safety performance indicators relating to our core compliance activities, covering work undertaken both by our directly employed staff and contractors.

The wellbeing of our staff and customers is overseen by the Health & Safety Group, which meets four times per year, with reports going from this group to the Audit and Risk Committee.

We also report to the Group Board, through the Audit & Risk Committee, annually on all health and safety related activities; the compliance areas are also subject to an independent annual audit.

Communities and services

Our Customer 2020 business transformation programme is progressing well. It was launched in the autumn of 2017 and was borne out of the need to respond to a more challenging operating environment.

By taking a digital by default approach, our customers will be able to access our services quickly and easily, any time of day, all year round. Our goal is for 80% of all customer transactions to be digital. This will deliver efficiency savings, increase productivity, create capacity and provide improved outcomes for customers, especially those who need more help.

In the last year we have focussed on organising ourselves more effectively, having access to accurate and timely customer insight and improving processes that have the greatest impact on our customers. Key achievements are:

- We have begun to implement our new Target Operating Model and have successfully rolled out agile working, supported by new technology and training. We are now able to work where we need to be to increase our productivity and deliver streamlined services.
- The move from four offices to one is now complete, which will save around £539k over the next five years.
- We have tried to ensure that employees' time at Grand Union works for them in the best way possible through the new office design. New wellbeing initiatives have been introduced to encourage our workforce to stay healthy and well.
- It's been a busy year for our IT Team. We've introduced a new IT infrastructure, new hardware, Skype for Business, Office 365, a digital post service, document management system and an omnichannel customer contact platform.
- We have developed digital allocations. This process went live in April 2020 and we are currently developing an online repairs process.
- Our behavioural insight project was launched in the autumn of 2019. This project will enable us to start delivering tailored and targeted customer interventions in income management, customer contact and access for appointments, improving outcomes for both customers and the business.
- On top of this, we also brought in new customer feedback software (Rant & Rave) so we can hear the customer voice loud and clear. We are piloting a new structure, taken from existing headcount, to manage service recovery following a complaint, and crucially, any negative feedback received through Rant & Rave.

  We are also developing a service improvement framework, which aims to provide a structure for learning from feedback, identifying root causes and ensuring the right action is taken to address recurring issues.

We have completed a lot of work over the past 12 months with our Residents' Voice group; developing their skills, understanding and knowledge of the housing sector and ensuring that, as custodians of the customer voice, the wider customer voice is heard at the highest levels of Grand Union.

This work has included the development of our monthly online surveys (available on our website and customer portal), currently reaching over 4,000 customers.

Customer survey topics during 2019/20 have included: styles for new kitchens, shaping decisions on money available on new developments, consultation from Wellbeing and Financial Inclusion Strategy updates, planned major works spending, customers' understanding on Universal Credit and our Corporate Plan. Feedback from these surveys, along with the Residents' Voice's first piece of scrutiny work looking at our re-let standard, will help shape services as we move into 2020 and beyond.

The Group provides a range of services to support its customers through the ongoing complexities of welfare reform changes which have impacted them. These include direct support and advice, which has contributed to the continued low level of customer rent arrears within the Group. Due to unification we were without a licence to provide money advice for six months, hence the drop in opened cases.

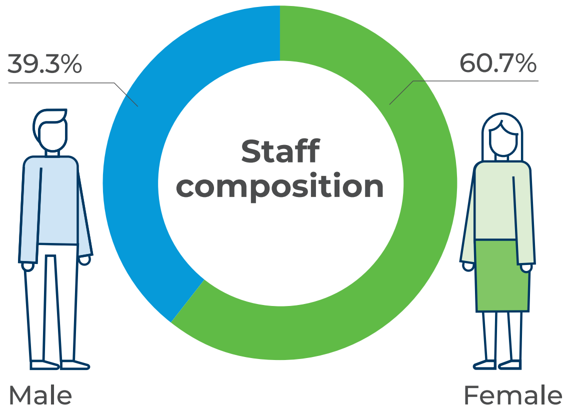
	2019/20	2018/19
Welfare Benefits – opened cases	1,140	1,036
Money Advice – opened cases	209	52
	£'000	£'000
Benefits gains for customers	**£3,424**	**£3,278**

People

We believe colleagues are proud to work for Grand Union and we want our customers to feel this passion. Our agile working framework aims to support the development of a culture which enables greater flexibility around how and where colleagues work, ensuring services are delivered effectively to customers.

We will work to ensure Grand Union is an employer of choice, attracts the right colleagues who embrace our values and want to grow, achieve their full potential and stay within the Group.

The Group fully complies with its obligations on Gender Pay Gap reporting.
You can find our report on our website at:
www.guhg.co.uk/gender-pay-gap-report



In April 2019, we were successful in achieving a 'strong' Accredited status in the Generation 6 IIP framework for the next three years. This identified that Grand Union was in a strong position to consider higher accreditation in the future.

Over the last year we have been working with MIND to create a mental health toolkit for housing associations. We have recently appointed seven Mental Health Champions within Grand Union who are currently undergoing training. We are about to introduce a new Check-in process which will encompass a Wellbeing Action Plan, ensuring that at regular one to one meetings managers are talking to their teams about their mental wellbeing.

When compared with the last census for the areas in which we operate, our colleague ethnic breakdown reflects the communities that we serve. As this data was from 2011, we believe that the minority groups will have higher representation in the next census, so we will need to take positive action to ensure that we continue to be representative. The next census is due in 2021.

Whilst we are proud that we have a 50:50 gender split at the senior levels, there is more work to do on the ethnic diversity across the Group. We will be working closely with the Housing Diversity Network, Board and Group-wide colleagues to define clear actions against which we can be accountable. We will continue to work hard to ensure equality and diversity representation across all levels of the organisation including the Board.

Governance

We strengthened our management of governance with the appointment of a Governance team in May 2019. Since that time, work has taken place to develop a new governance framework, update the schemes of delegation and improve the recruitment and induction procedures for new members.

The unification of the Group, which took place in October 2018, simplified the governance structure to some degree, however a second stage review of the structure was indicated by the In-depth Assessment, carried out in the spring of 2019.

The governance review, which commenced in November 2019, was very positive about the Group's governance practice, however recommendations for further streamlining the governance structure were presented to Board in February 2020. These recommendations, which improve Board oversight, were approved for implementation during the year 2020/21.

Grand Union remains compliant with the NHF 2015 Code of Governance and the Governance and Financial Viability Standard with a G1/V1 rating confirmed in June 2019 following the In-depth Assessment by the Regulator of Social Housing.

Financial and operational performance analysis

We are financially strong, and any surplus made is reinvested in what we do, delivering more homes and support services for our customers.

Assets	£'000
Housing properties	609,959
Other fixed assets	4,856
Investment properties	17,896
Intangible assets	314
Current assets	37,998
Total	**671,023**

Financed by	£'000
Debt	299,141
Pension liability	13,579
Reserves brought forward	315,084
Creditors (excluding debt)	29,799
Surplus for the year	13,420
Total	**671,023**

Group financial performance three-year summary

Assets	2020 £'000	2019 £'000	2018 £'000
Total turnover	71,166	74,299	73,832
Cost of sales	4,165	6,666	7,285
Operating costs	45,942	41,415	39,269
Surplus on disposal of property, plant and equipment	3,455	2,649	2,385
Operating surplus/(deficit)	24,514	*28,867	*29,663
Comprehensive income for the year	13,420	15,505	16,632
Fixed assets	633,025	604,966	574,130
Net current assets	21,980	26,725	57,209
Creditors – more than one year	312,922	300,792	316,946
Revenue reserve	143,139	127,746	105,440

*re-stated

Financial Viability

The Board governs the affairs of the Group, which is regulated by the RSH. Following an in-depth assessment in 2019, the Group retained its highest level ratings from the HCA for both Financial Viability and Governance (G1/V1). The Group continues to be rated A3 (Stable) by Moody's.

During the year the Group agreed new revolving credit facilities totalling £30m which has further strengthened the short term liquidity position. We have restructured some legacy banking covenant requirements to future proof activities in line with growth aspirations over the next ten years and beyond.

Value for Money (VfM)

Our vision for VfM is to optimise social value. The most important return we seek on our investment is measured in terms of social value: the difference we make to people's lives and in wider society.

In order to do this, we'll be clear about our strategic aims, and rigorous in measuring their achievement. We'll work efficiently, and we'll consider different approaches to delivery. For us, efficiency is not an aim in itself; it's about delivering both economic and social value - high quality homes and services, and cash we can invest in building and doing more.

Highlights in 2019/20
We have a strong culture of cost awareness and reinforcing the importance of VfM is part of our unification. During the year, our focus has been firmly on transformation and operational integration. The following are some of our additional achievements which delivered £0.6m savings.

Customer 2020
Our business transformation programme, Customer 2020, is based on detailed customer insight and by using innovative data science techniques we are making sure that our services are designed around the needs of our customers. One key deliverable of Customer 2020 was our office move, integrating four offices into one, which achieved £0.3m saving in the year.

By investing in great technology to support transformation, we are making it simple for customers and colleagues to get things done and are building trust in us to deliver a great customer experience. There will be financial benefits, with a net cost savings of £1.8m by year five, meaning we can do more to support current and future customers.

Development Strategy
The strategy was reviewed in June 2018, resulting in a substantial increase in the ambition for new homes, supported by commercial development. By 2022/23 we aim to deliver 340 homes per year for social benefit, supported by 60 for market rent or sale.

Asset Management
The Asset Management Strategy is delivering cash savings against the Business Plan allowances. This has allowed us to continue providing added value services such as tenancy support, welfare benefit advice and occupational therapy assessments, which we know are important to our customers. In 2020/21 we are rolling out a new strategic asset management tool which will simplify the processes for our operatives and ensure that we support our strategic reinvestment decisions.

Procurement
We have continued to amalgamate contracts where possible and are members of several procurement partnerships ensuring competitive tenders are received in the most efficient way. Furthermore, Grand Union act as contracting authorities on a number of frameworks including materials supply and utilities which achieves additional value.

Insourced recruitment service and people development
Our Recruitment & Talent Manager continues to make a positive impact on modernising our application process and ensuring more first-time placements. In 2020/21 we will be rolling out a new Learning and Development framework which will develop in house skills and support succession planning and growth.

We have successfully recruited a data warehouse manager which is a key deliverable of our data strategy and good progress has been made during the year on data cleansing and automation of some manual processes. The focus so far has been on our housing data and in 2020/21 we will be focusing on other data such as finance and development.

Liftshare scheme
We have introduced a colleague lift-sharing scheme, rewarding those who share lifts by providing priority bays and awarding green GUS points. Those who use the scheme range from daily sharing to one-off sharing and everything in-between. This has helped us to retain colleagues following the move to Milton Keynes and improve our carbon footprint and save on mileage payments.

Transformation projects
We have established a new Programme Overview Board which governs all transformation projects ensuring that projects are only approved once the business case prepared demonstrates value for money whether economic or social.

One of the projects implemented this year was a complete review of our service charge process. Using the lean principles, we have implemented a new process which ensures that the customer service charge statements are clear, accurate and timely. Whilst the review was predominately focused on customer first, it has resulted in 10 days' reduction in processing time and a small financial benefit.

In 2019/20 we invested in new software called Rant & Rave, which allows us to hear the customer voice for key customer journeys. Rant & Rave allows customers to give us an overall score and feedback in their own words.

VfM metrics

The metrics below reflect the challenges of the environment we are operating in given the impact of the -1% rent cut and our continued investment in maintaining our homes and improving our customer service through transformation projects.

Metric	2019/20	2018/19	*Peer group average 2018/19	Sector scorecard 2018/19
Reinvestment	5.90%	7.10%	8.10%	5.40%
New supply delivered – social housing	1.43%	2.54%	2.22%	1.00%
New supply delivered – non-social housing	0.14%	0.00%	0.18%	0.00%
Gearing	45.83%	46.32%	60.2%	33.8%
EBITDA MRI	162.3%	176.0%	155.6%	197.9%
Headline social housing cost per unit £	£3,448	£3,394	£3,495	£3,725
Operating margin – social housing lettings only	28.91%	34.15%	34.35%	27.20%
Operating margin – overall	29.59%	35.29%	33.20%	25.50%
Return on capital employed (ROCE)	3.74%	4.57%	3.20%	3.20%

* Our peer group consists of Catalyst Housing, bpha, Futures Housing Group, Settle, Cross Keys Homes and Nottingham Community Housing Association

Reinvestment remains strong at just under 6% and includes both new supply and investment in existing stock.

The provision of new supply of social stock reduced this year due to lower than anticipated development activity. However, this will grow to in excess of 3% as the development programme grows to 1,900 units over the next five years. There will also be future growth in the delivery of non-social housing as new tenure streams are developed, including market sale homes to complement the market rent portfolio already managed by the Group.

Our gearing ratio has increased over the past 12 months as cash resources have been utilised through development activity, general operating activities and capital investment in new IT equipment and new offices.

EBITA MRI has reduced year on year partly as a result of additional transformation costs, lower sales and higher maintenance costs. The EBITA MRI is broadly in line with our plan and reflects the Group's appetite to remain financially strong.

We have financial golden rules which help safeguard the Group against external risk. These have been assessed as part of the Resilience plan included in the Risk Management Framework and for specific treasury considerations as part of the annual Treasury Management Policy review which requires appropriate levels of comfort to be maintained across a variety of measures including gearing and interest cover.

The Headline Social Housing Cost per unit has marginally increased due to an increase in responsive repairs activity and management costs, as the Group continues its transformation and to support the current growth programme.

The operating margin has been negatively affected for both social housing lettings and overall as a result of the -1% rent cut and increased operating cost mainly from investment in transformation projects and increased repair costs. The transformation costs were planned as investment in Customer 2020 gathered pace during 2019/20.

During the year we have utilised our cash more effectively enabling development without significantly increasing our borrowings.

Sector scorecard

Metric	2019/20	2018/19	Sector scorecard 2018/19
Customer satisfaction	4.3*	N/A	N/A
Customer satisfaction	N/A	7.7** (Net promoter score)	N/A
Investment in communities	£1.0m	£0.9m	N/A
Occupancy	99.42%	99.89%	99.50%
Ratio of responsive to planned maintenance spend	0.71	0.56	0.65
Rent collected	99.80%	99.21%	99.80%
Overheads as a percentage of adjusted turnover	12.32%	10.11%	12.8%

*Grand Union now monitors customer satisfaction through Rant & Rave
** Grand Union previously monitored customer satisfaction through the Institute of Customer Services

In 2019/20 we invested in new software called Rant & Rave, which allows us to hear the customer voice for key customer journeys. Rant & Rave allows customers to give us an overall score (1-5, 5 being the highest) and feedback in their own words.

The feedback is digitally analysed in real time, including verbatim. We receive an alert to contact customers who report that they have had a poor experience so we can resolve the problem quickly.

Over time, the data helps to build up a detailed picture of areas for improvement.

The service areas we are currently surveying are:

- Customer contact handling (contact centre)
- Moving in
- Responsive repairs
- Moving out
- ASB case handling
- Complaints handling

We have also introduced a listening post on our website so customers could give us feedback at any time. Full rollout was completed in September 2019. During 2019/20 we received almost 9,000 items of customer feedback.

Our plans for further improvement
We have some key projects planned for next year which support our value for money strategy. We are reviewing our operating model to ensure our customer offer is as streamlined as possible. This includes moving some services, such as allocations, and the booking of routine repairs being digitally enhanced.

We are shaping our new sustainability strategy which will support our social value and this is a key part of our new corporate plan which will be launched next year.

Our routine repairs offering is currently a mixture of in house and external contractor services. To ensure completely transparent customer satisfaction and good value for money, we are bringing all these services in house.

Our transformation projects in 2020/21 will include a new strategic asset management tool, online repair service, embedding a data warehouse and the introduction of new reporting tools. We will also be looking at automation and robotics, for processes across the business which will result in efficiencies.

The current pandemic situation we are facing is asking us to challenge the way we currently work, learning from what worked well and keeping it and changing our thinking on all aspects of our business. When we work on new plans and targets next year this will form a fundamental part of our thinking.

Group Board

The members of the Board are shown on page 5. Board members are drawn from a wide background, bringing together professional, commercial and local experience. At 31 March 2020 the Group had issued 10 £1 shares.

The Grand Union Housing Group Board met formally four times during the year and undertook one strategy workshop and a Board stress testing workshop. In addition, the Group Board was supported during the year by the following group wide committees.

Audit & Risk Committee
The Group's Board has delegated the monitoring of the risk management framework and internal controls to the Group Audit & Risk Committee. The Audit & Risk Committee met quarterly and reports to the Board on its activity throughout the year. The Committee is responsible for recommending the appointment of both internal and external auditors and considers the scope of their work each year. It also receives regular reports from both sets of auditors. The Committee reviews in detail the annual financial statements and recommends them to the Board.

Development Committee
The Group's Development Committee met quarterly to review the development and asset management strategies and new business opportunities and assumptions. The Committee played an important role in monitoring risk, programme delivery and sales on behalf of the Board, and ensured detailed scrutiny and oversight of the appraisal methodology.

Remuneration & Nominations Committee
The Group's Remuneration & Nominations Committee, which met regularly during the year, has responsibility for remuneration policies and reviews Chief Executive performance and pay. The Committee overseas Board, Committee and Executive recruitment and facilitates the annual Board appraisal and effectiveness reviews. In addition, the Committee has delegated responsibility for governance and works with the Head of Governance over matters such as Board and Committee appraisal, training and initiatives such as the recent governance review.

Homes & Services Committee
The purpose of the Committee is to consider services for properties and customers of Grand Union. They meet regularly throughout the year and make recommendations to Board on policy, performance, strategy and asset management, from an operational perspective.

New Governance Arrangements for 2020/21
An external governance review took place in the latter part of 2019, the outcome of which will be further streamlining of the Group's governance structure, resulting in improved Board oversight.

Regulator of Social Housing Regulatory Framework
The Board has reviewed its compliance with the Regulatory Framework and confirms that it complies fully with its requirements.

National Housing Federation Code of Governance 2015
The Board has adopted the National Housing Federation's "Code of Governance: Promoting board excellence for housing associations (2015 edition)". The Board has reviewed the code and confirms it complies fully. The Board is aware that a revised Code is due out in the summer.

Funding Committee
This Committee met regularly during the year to oversee the funding arrangements, Treasury Management Strategy, and quarterly covenant compliance.

Executive Directors

The Executive Officers of the Group have no interest in the Group's share capital, and although they do not have the legal status of Directors, they act as an Executive within the authority delegated by the Board and are termed Director. The Board has delegated the day to day management and the implementation of its strategy and policies to the Group Chief Executive and other senior officers. The Executive Management team meets regularly, and its members attend Boards, Committees and stakeholder panels.

Directors' and Officers' Liability Insurance

The Group has purchased Directors' and Officers' Liability Insurance for the Board, Executive Officers and staff of the Group.

Employees

The ability of the Group to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution, commitment and quality of its colleagues. Grand Union provides training programmes focusing on quality and customer service requirements, and the Group's objectives and progress are discussed at regular management and departmental meetings. Managers throughout Grand Union attend training to improve their leadership and management skills.

Grand Union is committed to equal opportunities for all its employees and effective employment policies are in place and reviewed on a regular basis. All existing colleagues have been provided with diversity and inclusion training, whilst new members of staff are trained during the induction process.

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has detailed health and safety policies and provides job specific training to colleagues.

The Governance and Viability Standard

Following an in-depth assessment, the RSH reconfirmed the status of the Group as G1/V1 in June 2019, indicating that the highest standards of governance and financial viability are being met. The Board and I confirm compliance with this standard subject to the chair succession outlined above.

Risk Management

The Grand Union Housing Group Risk Management Framework (RMF) explains the underlying approach to risk management. It gives key aspects of the risk management process and identifies the key roles and responsibilities of the Board, the Audit & Risk Committee and the Executive Team.

The RMF is reviewed and amended, if appropriate, on an annual basis by the Audit & Risk Committee for consideration and approval by the Board. During this year's annual review process a new Resilience plan was written and appended to the RMF, the plan documents the Group's Golden Rules and action trigger points on key metrics.

The Board has overall responsibility for the management of risk. The Audit & Risk Committee has delegated authority, on behalf of the Board, to assess the degree to which Grand Union operates an effective risk management process and subsequently advise the Board on the same. The Executive Team has overall operational responsibility for risk management.

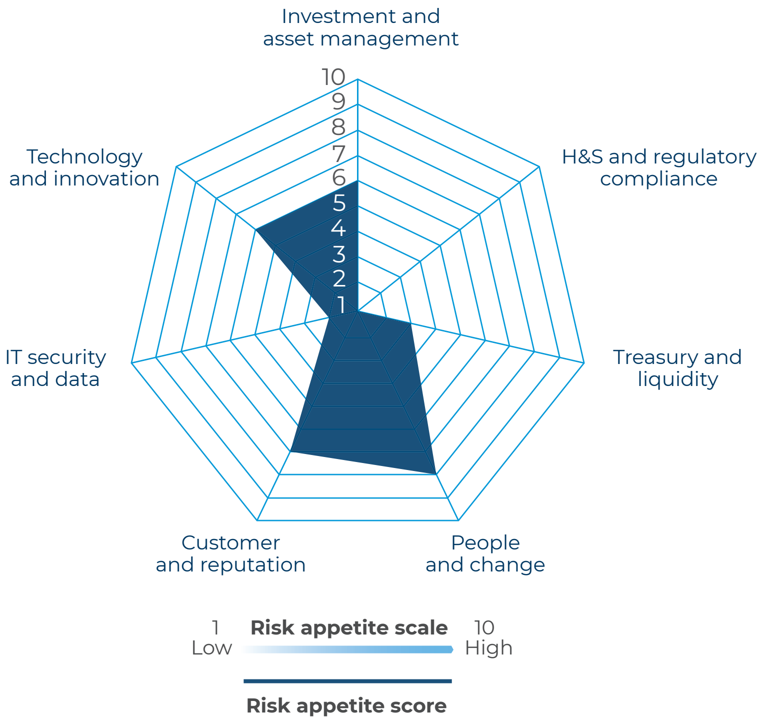
Risk management and mitigation underpin the development of the business plan, with stress testing being undertaken to assess the plan against various scenarios.

The Internal Audit programme is based upon our key risks, new areas of business and key controls and changes to provide additional assurance to the Audit & Risk Committee.

Risk appetite

'Risk appetite' sets out the degree of exposure to risk that the Grand Union Housing Group will tolerate.

The Board is responsible for setting the direction of risk management by 'determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives' and to guide effective decision making. Internal audit programmes and stress tests for business plans are based on the top risks. This direction is encapsulated in the RMF, focussed by risk appetite statements.



The seven risk appetite statement areas are:

Risk appetite statement area	Risk appetite score
Investment and asset management	6
H&S and regulatory compliance	1
Treasury and liquidity	3
People and change	8
Customer and reputation	7
IT security and data	2
Technology and innovation	6

Investment and asset management

- We will continue to deliver the maximum number of new homes within the bounds of a prudent financial approach, with the majority being affordable homes.
- We will undertake controlled market sales schemes as part of a balanced development portfolio making a positive contribution to sustainable communities. We are clear about the purpose of this market sale activity, which is to enable land led delivery or provide cross subsidy into affordable housing.
- We will grow our portfolio of homes, while maintaining the long term standard, value and viability of our existing homes.
- If an opportunity comes along for non-development growth, we will consider it and assess if it helps us achieve our strategy.
- We believe partnerships could help us deliver our ambition.

Health and safety and regulatory compliance

- We will continue to manage the business to ensure that customers and colleagues are safe and that we remain compliant at all times.
- If or when issues occur, we will always be open and transparent with the Regulator and commit to immediate action.

Treasury and liquidity

- We will not breach our golden rules, including putting in place appropriate financial arrangements to maintain a minimum of 21 months' funding.
- Business planning and stress testing will test our capacity and resilience to achieve our business objectives.
- Through regular monitoring we will ensure we have sufficient headroom on our covenants.
- We will manage our cash to optimum levels whilst ensuring effective levels of short term funding are in place.

People and change

- We want our colleagues to be proud to work for us and for our customers to feel this passion, which means we need colleagues to be trained, motivated, recognised and rewarded with competitive pay and benefits.
- We want to be an employer of choice, with the right skills and size of workforce. We will have a consistent approach to managing sickness and a commitment to promoting health and wellbeing.
- We are committed to transforming our working practices, including agile working, embracing new technology and innovating to deliver great customer service and make work rewarding for colleagues.
- We are committed to apprenticeships and will invest in and manage talent to deliver our strategies. We will have a robust approach to succession planning.

Customer and reputation

- We will aim to deliver 80% of our services through digital by default or self-service options.
- We are committed that services will be more accessible, but more efficient to generate capacity which enables us to provide appropriate customer support services.
- We will deliver on our promises and be transparent, earning our customers' trust.
- We will make sure we get the basics right.
- We will support, encourage and enable our customers as appropriate.
- We will always have customers at the heart of decisions.

IT security and data

- The successful implementation of our Data Strategy will enable us to manage our data effectively in systems which are integrated. Giving the regulator, staff and customers easy access to high quality data and adopt "a single version of the truth" approach.
- Our data protection policy and IT security policy, including cyber risk approach define how we will protect the data and information that is processed by us from threats that may put it at risk whether these are internal, external, deliberate or accidental.
- We will have an IT infrastructure and systems that are resilient and are made available with appropriate security at all times from any location.

Technology and innovation

- Our innovation strategy will ensure we are transforming our working practices to embrace new technology and innovation, whilst ensuring we are managing the risks.
- Our digital strategy will see automation, self-service and paperless technology introduced to make sure staff can focus on and have the time to deliver the things that matter most to our customers and partners.
- We will use a mixture of tried and tested solutions, and innovative software, to modernise our service offer and provide the best customer experience possible.

Key risks

The Board manage risk and the following page shows the top four ranking risks at the end of March 2020; (all other strategic risks are ranked medium residual and inherent or below). Controls are in place to manage all risks.

Strategic risk ranked by residual rating	Controls
Brexit – proposed withdrawal agreement impacts negatively	Stress testing of business plan (BP), various simultaneous scenarios External consultants, review plans and stress testing, Grand Union has retained treasury advisors Liquidity in place, RCF available for planned development activity and additional capacity supported through existing asset security available within the business
Government policy changes and external environment	BP stress testing New business and development strategy Development feasibility assumptions and rent setting approach Specialist team to maximise rent income Lobbying via NHF, as well as internal resource
Sales income risk	Agreed New Business & Development Strategy Stress testing of BP various simultaneous scenarios including no sales income stresses Resilience plan with Golden rules and triggers, which are monitored Scheme approvals process, clear delegated decision-making framework, dependent on sales exposure Standard feasibility assumptions for shared ownership and market tenures Marketing reports as a standard section within stage 3 reports for approval Exit strategies and individual scheme stress tests undertaken All sales activity is managed feeding into monthly KPI reporting, to Leadership team, and quarterly reporting EMT, Development Committee and Board Budgetary control and cash flow forecasting systems Formal price setting mechanism, before units are released to the market All sales activity is managed through the Sequel system Due to COVID-19 we have enhanced some existing controls, we have reviewed standard pricing of new opportunities and agreed stress tests for individual schemes where contracting decisions are being taken through the approvals process

Strategic risk ranked by residual rating	Controls
COVID-19 (Coronavirus) Customer and Staff Safety Threat	Closely follow guidance issued from the UK Government Advice on hand washing and use of tissues issued to staff Gold Command as part of our Incident Management process Guidance issued for visiting staff Office cleaning regime extended Suspension of all external social events at older person schemes Grand Union website, social media and scheme notice boards updated Guidance issued for managers

Disclosure of information to the auditor
The Board members at the date of approval of this report have confirmed that:

- as far as the Board members are aware, there is no relevant audit information of which the Group's auditor is unaware
- the Board members have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Going concern
The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described above and in the Board Report.

The Group has considerable financial resources and, as a consequence, the Board believes that the Group is well placed to manage its business risks successfully, despite current uncertainties in the social housing sector.

After making enquiries, the Board expects that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements.

As a result of COVID-19, we have enhanced our regular liquidity monitoring, which is reported to the Board on a monthly basis and shows a strong liquidity position.

Approved by the Board and signed on its behalf by:

James Macmillan
28 July 2020

Chair

Board Report

Details of Grand Union Housing Group Limited's principal activities, its financial performance, VfM and factors likely to affect its future are given in the Strategic Report, which preceded this report.

Statement of Board members' responsibilities

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness within the Group.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It can also give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within normal management and governance processes.

This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed. The process adopted by the Board in reviewing the effectiveness of the system of internal control together with some of the key elements of the control framework includes:

- **Identification and evaluation of key risks** – Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The Executive Management team regularly considers reports on significant risks facing the Group and is responsible for reporting to the Board any significant changes affecting key risks.

- **Monitoring and corrective action** – A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- **Control environment and control procedures** – The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted the NHF Code of Governance 2015. In addition, the Group has policies with regard to the quality, integrity and ethics of its employees and these are supported by a framework of policies and procedures with which employees must comply.

  These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

- **Information and financial reporting systems** – Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievements of key business objectives, targets and outcomes.

- **Fraud** – The Group has in place policies in respect of preventing, detecting and investigating fraud and the Board is satisfied that these effectively manage the risk of fraud. The Group has a Whistleblowing policy that covers Board members, employees and customers.

The internal control framework and the risk management process are subject to regular review by Internal Audit who are responsible for providing independent assurance to the Board via its Audit & Risk Committee.

The Board has received the Group Chief Executive's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. No attempts or successful frauds were carried out against the Group in 2019/20.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Auditor

KPMG were appointed as Internal Auditors in May 2019 and Beever and Struthers were appointed as External Auditors in January 2020.

Statement of Compliance

The Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Providers 2018. The Group has fully complied with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Approved by the Board and signed on its behalf by:

James Macmillan
28 July 2020

Chair

Independent auditor's report to the members of Grand Union Housing Group Limited

Opinion

We have audited the financial statements of Grand Union Housing Group Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group and the parent association's Statement of Comprehensive Income, the Group and the parent association's Statement of Financial Position, the Group and the parent association's Statement of Changes in Reserves, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2020 and of the group's and the parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the parent association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the 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 the Board's responsibilities set out on pages 42-43, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of the audit report

This report is made solely to the association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008.

Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever & Struthers, Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

6 August 2020

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	3a	71,166	74,299
Cost of sales	3a	(4,165)	(6,666)
Operating expenditure	3a	(45,942)	(41,415)
Gain on disposal of housing properties, plant and equipment	4	3,455	2,649
Operating surplus		24,514	28,867
Interest receivable	5	405	387
Interest and financing costs	6	(14,453)	(14,255)
Movement in fair value of financial Instruments	13	–	761
Surplus before tax		10,466	15,760
Taxation	10	–	(23)
Surplus for the year		**10,466**	**15,737**
Other comprehensive income			
Initial recognition of multi-employer defined benefit pension scheme	19	–	(132)
Actuarial (deficit)/surplus in respect of defined benefit pension schemes	19	2,954	(100)
Total comprehensive income for the year		**13,420**	**15,505**

All of the activity above relates to continuing activities.

The notes on pages 55 to 95 form an integral part of these financial statements.

Association Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	3a	69,445	74,299
Cost of sales	3a	(2,707)	(6,666)
Operating expenditure	3a	(45,942)	(41,415)
Gain on disposal of housing properties, plant and equipment	4	3,455	2,649
Operating surplus		24,514	28,867
Interest receivable	5	746	627
Interest and financing costs	6	(14,453)	(14,255)
Movement in fair value of financial Instruments	13	–	761
Surplus before tax		10,544	16,000
Taxation	10	–	(23)
Surplus for the year		**10,544**	**15,977**
Other comprehensive income			
Initial recognition of multi-employer defined benefit pension scheme	19	-	(132)
Actuarial (deficit)/surplus in respect of defined benefit pension schemes	19	2,954	(100)
Total comprehensive income for the year		**13,498**	**15,745**

All of the activity above relates to continuing activities.

The notes on pages 55 to 95 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Housing properties	11	609,959	585,745
Other property, plant and equipment	12a	4,856	2,471
Investment properties	13	17,896	16,500
Intangible assets	12b	314	250
		633,025	**604,966**
Current assets			
Stock	15	12,063	7,490
Debtors	16	7,750	7,258
Cash and cash equivalents	21	18,185	27,975
		37,998	**42,723**
Creditors: Amounts falling due within one year	17	(16,018)	(15,998)
Net current assets		21,980	26,725
Total assets less current liabilities		655,005	631,691
Creditors: Amounts falling due after more than one year	18	(312,922)	(300,792)
Defined benefit pension liability	19	(13,579)	(15,815)
Net assets		**328,504**	**315,084**
Capital and reserves			
Share capital	20	–	–
Revenue reserve		143,139	127,746
Revaluation reserve		185,365	187,338
Total reserves		**328,504**	**315,084**

The financial statements of Grand Union Housing Group were approved by the Board and signed on its behalf by:

James Macmillan
Chair

Gillian Walton
Vice Chair

Anne-Marie Huff
Company Secretary

28 July 2020

Association Statement of Financial Position

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Housing properties	11	609,959	585,745
Other property, plant and equipment	12a	4,856	2,471
Investment properties	13	17,896	16,500
Fixed asset investments	14	50	50
Intangible assets	12b	314	250
		633,075	**605,016**
Current assets			
Stock	15	6,168	1,607
Debtors	16	14,064	13,632
Cash and cash equivalents	21	18,078	27,801
		38,310	**43,040**
Creditors: Amounts falling due within one year	17	(15,973)	(16,036)
Net current assets		22,337	27,004
Total assets less current liabilities		655,412	632,020
Creditors: Amounts falling due after more than one year	18	(312,922)	(300,792)
Defined benefit pension liability	19	(13,579)	(15,815)
Net assets		**328,911**	**315,413**
Capital and reserves			
Share capital	20	–	–
Revenue reserve		143,546	128,075
Revaluation reserve		185,365	187,338
Total reserves		**328,911**	**315,413**

The financial statements of Grand Union Housing Group, registered number 7853, were approved by the Board and signed on its behalf by:

James Macmillan
Chair

Gillian Walton
Vice Chair

Anne-Marie Huff
Company Secretary

28 July 2020

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2020

	Revenue reserve £'000	Revaluation reserve £'000	Total reserves £'000
At 1 April 2019	127,746	187,338	315,084
Surplus for the year	10,466	–	10,466
Other comprehensive income:			
Initial recognition of multi-employer defined benefit pension scheme	–	–	–
Actuarial surplus in respect of defined benefit pension scheme	2,594	–	2,954
Total comprehensive income	13,420	–	13,420
Reserve transfers	1,973	(1,973)	–
At 31 March 2020	**143,139**	**185,365**	**328,504**

At 1 April 2018	110,548	189,031	299,579
Surplus for the year	15,737	–	15,737
Other comprehensive income:			
Initial recognition of multi-employer defined benefit pension scheme	(132)	–	(132)
Actuarial surplus in respect of defined benefit pension scheme	(100)	–	(100)
Total comprehensive income	15,505	–	15,505
Reserve transfers	1,693	(1,693)	–
At 31 March 2019	**127,746**	**187,338**	**315,084**

Reserves

Revenue reserve
The revenue reserve represents cumulative surpluses and deficits of the Group.

Revaluation reserve
The revaluation reserve relates to cumulative historic valuation uplifts arising before 1 April 2014.

Association Statement of Changes in Reserves

For the year ended 31 March 2020

	Revenue reserve £'000	Revaluation reserve £'000	Total reserves £'000
At 1 April 2019	128,075	187,338	315,413
Surplus for the year	10,544	–	10,544
Other comprehensive income:			
Initial recognition of multi-employer defined benefit pension scheme	–	–	–
Actuarial surplus in respect of defined benefit pension scheme	2,954	–	2,954
Total comprehensive income	13,498	–	13,498
Reserve transfers	1,973	(1,973)	–
At 31 March 2020	**143,546**	**185,365**	**328,911**

	Revenue reserve £'000	Revaluation reserve £'000	Total reserves £'000
At 1 April 2018	110,637	189,031	299,668
Surplus for the year	15,977	–	15,977
Other comprehensive income:			
Initial recognition of multi-employer defined benefit pension scheme	(132)	–	(132)
Actuarial surplus in respect of defined benefit pension scheme	(100)	–	(100)
Total comprehensive income	15,745	–	15,745
Reserve transfers	1,693	(1,693)	–
At 31 March 2019	**128,075**	**187,338**	**315,413**

Reserves

Revenue reserve
The Revenue reserve represents cumulative surpluses and deficits of the Association.

Revaluation reserve
The revaluation reserve relates to cumulative historic valuation uplifts arising before 1 April 2014.

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	**21**	**26,600**	**32,101**
Cash flows from investing activities			
Purchase of property, plant and equipment		(39,114)	(41,883)
Purchase of investment property		(1,396)	(254)
Proceeds from sale of property, plant and equipment		5,441	4,902
Grants received		9,775	719
Taxation		–	(23)
Interest received		405	387
Net cash flows from investing activities		**(24,889)**	**(36,152)**
Cash flows from financing activities			
Interest paid		(14,453)	(14,255)
Receipt/(Repayment) of loans		2,952	(9,261)
Net cash flows from financing activities		**(11,501)**	**(23,516)**
Net decrease in cash and cash equivalents		**(9,790)**	**(27,567)**
Cash and cash equivalents at beginning of year		27,975	55,542
Cash and cash equivalents at end of year		**18,185**	**27,975**

Notes to the Financial Statements

For the year ended 31 March 2020

1. Accounting policies

Grand Union Housing Group Limited (the 'Association') is a private limited company incorporated and domiciled in England. The address of the registered office is K2, Timbold Drive, Kents Hill, Milton Keynes, Bucks, MK7 6BZ. The registered number is 7853.

The main activities of the Group are the provision of affordable homes for people in housing need. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Grand Union Housing Group meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the following:

- A Statement of Cash Flows has not been presented for the parent company

FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions, which has been complied with. In preparing the Association's individual financial statements, the Association has taken advantage of the exemption not to provide certain disclosures as required by Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instrument Issues" and "Related Party Transactions" on the basis that equivalent disclosures are given in the consolidated financial statements.

Property, plant and equipment - housing properties at cost
Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development calculated at the weighted average cost of capital during 2019/20. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete.

Property, plant and equipment - housing properties at deemed cost
Where housing properties were measured at fair value at the date of transition to FRS 102 and this valuation was used as deemed cost, taking advantage of the exemption available on transition to FRS 102 from previous UK GAAP, this was considered to be a valuation and a revaluation reserve established to account for the movement.

A release of the revaluation reserve is calculated to reflect the additional depreciation that has been charged on the uplift to the structure cost upon moving to deemed cost.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated.

Major components
Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	
Standard	100 years
– Properties built by pre-reinforced concrete method with certificate	50 years
– Properties built by pre-reinforced concrete method without certificate	10 years
Roofs	50 years
Heating systems	40 years
Doors, windows, bathrooms, lifts, wiring, insulation and high-level works	30 years
Solar panels	25 years
Kitchens and heat pumps	20 years
Heating boilers	15 years

If the component is replaced before the end of its economic life, the resulting charge will be reflected in the overall depreciation charge rather than a loss on its replacement.

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements
Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Sales of housing property
Sales of housing property are taken into account on completion of contracts. The surplus or deficit arising from the sale is shown net after deducting the carrying value of the property and any sale related expense.

Non-housing property, plant and equipment
Non-housing property, plant and equipment are stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life.

Expected useful lives	
Freehold offices	50 years
Office improvements	25 years
Leasehold improvements	10 years
Office fixtures	10 years
Office heating and mechanical	5 years
Furniture and fittings	5 years
Vehicles	4 years
Computer equipment	3 years

Intangible assets
Intangible assets are stated at historic cost, less accumulated amortisation. Amortisation is provided on all intangible assets at rates calculated to write-off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	3 years

Investment properties
The classification of properties as investment property or property, plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property, plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Impairment of social housing properties
Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential. The Group has identified a cash generating unit for impairment assessment purposes at a property scheme level.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and is included in surplus or deficit in the Statement of Comprehensive Income.

Social Housing Grant and other Government grants
Grants received in relation to assets that have been treated as deemed cost at the date of transition to FRS 102 have been accounted for using the performance model. In applying this model such grant has been presented as if it were originally recognised as income within the statement of comprehensive income in the year it was receivable and is therefore included within brought-forward general reserves.

Grants received since transition in relation to newly acquired or existing housing properties are accounted for using the accrual model. Grant is carried as deferred income in the balance sheet and is amortised on a systematic basis over the useful life of the housing property structure, even if the fair value of the grant exceeds the carrying value of the structure in line with SORP 2018. No grant is recognised against other components.

When a housing property is sold which was partly funded by social housing grant (SHG) the grant becomes repayable and is transferred to a Recycled Capital Grant (RCGF) fund until it is either reinvested in a replacement property or repaid to the Regulator of Social Housing.

Leased assets
At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Interest payable
Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition.

Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Taxation
The majority of the Group's activities are charitable and are conducted through the Registered Provider which has charitable status. No taxation is payable on activities relating to charitable purposes. Any charge for taxation is based on the surplus/deficit for the year and recognises deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on a full provision basis.

Value Added Tax (VAT)
The Group is registered for VAT but a large proportion of its income, including rents, is exempt for VAT purposes. The majority of the Group's expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT where appropriate. For those areas where VAT is recoverable, a group partial exemption formula has been agreed with HM Revenue and Customs (HMRC). The recoverable amount is credited against the relevant expenditure.

Pensions

Local Government Pension Scheme
The Group participates in a local government pension scheme which is a multi-employer scheme where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each reporting date. This scheme was closed to new members from 1 April 2013.

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

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

Defined contribution scheme
The Group participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Investments
Investments are measured at cost less impairment.

Turnover
Turnover represents rental and service charge income, fees and revenue-based grants receivable from local authorities and from Homes England, the proceeds of first tranche sales of shared ownership properties and open market property sales, housing management services, feed in tariff income and assistive technology services income.

Revenue for the main income streams is recognised as follows:

Rent	Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for the services rendered net of empty properties.
Service charge income	Fixed service charge income is recognised in the year to which it relates. Variable service charge income is recognised in the year the related cost is recognised.
First tranche shared ownership property sales and properties developed for outright sale	Property sales income is recognised when the risks and rewards of ownership have passed to the buyer upon legal completion of the sales, except in circumstances where specific legal contractual terms dictate that risks and rewards of ownership pass at different times.
Revenue grants	Revenue grants are recognised when the performance-related conditions are met or when the grant proceeds are received or become receivable if no conditions are imposed.
Amortisation of Government grant	Grants provided to construct social housing assets are recognised on a systematic basis over the useful economic life of the asset for which the grant is intended to compensate.
Interest receivable	Interest income is recognised on a receivable basis.
Gift Aid	Gift Aid is recognised on a received or receivable basis.
Other income	Other income relates to housing management services, feed in tariff income and assistive technology services which are recognised on a receivable basis.

Supported housing and other managing agents
Where the Group has ownership of a supported housing or other scheme but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of the risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

Shared ownership property sales
Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Inventories/WIP
Inventories and work in progress (WIP) relate to the percentage of shared ownership properties to be sold under the first tranche disposal which is shown on initial recognition as a current asset under Inventories/WIP. These properties held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell.
Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost
Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at transaction value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost
These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

A financial liability is initially recognised at transaction value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Loan issue costs relating to the housing loans and bond issue are amortised to the Statement of Comprehensive Income over the repayment period of the loans. Interest payable on the loans and bond is charged to the Statement of Comprehensive Income in the year it is due.

On long-term lending, the interest rate to be charged is calculated by reference to the interest rates, margins and banking charges within the loan agreements, with the funders, on the day the loan is made.

Public benefit entity concessionary loans
Where loans are made or received between a public benefit entity within the Group or an entity within the public benefit entity group and other party at below the prevailing market rate of interest that are not repayable on demand and are for the purposes to further the objectives of the public benefit entity or public benefit entity parent, these loans are treated as concessionary loans and are recognised in the Statement of Financial Position at the amount paid or received and the carrying amount adjusted to reflect any accrued interest payable or receivable.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, and on demand deposits, together with other short term, highly liquid investments (with original maturities of three months or less) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements
The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties
The Housing SORP 2018 requires the Group to assess if there are any triggers for impairment. Management have considered the triggers and confirmed no impairment is required.

Categorisation of investment properties
Property assets are classified as investment property or property, plant and equipment depending on the intended use of the property. In determining the intended use of each property, management considers various factors in making this judgement such as whether the asset is held for social benefit at below a market rent for the wider benefit of the community and whether the properties are subsidised and operated at a loss in order to continue providing a service. The accounting treatment will be different depending upon the categorisation.

Loan issue costs
Where loan issues costs are deemed to be immaterial, they will be amortised on an accruals basis instead of applying an effective rate of interest basis.

Classification of financial instruments between basic and other
Financial instruments are classified as either basic or other, with differing accounting treatments depending on the classification. Section 11 of FRS 102, 'Basic Financial Instruments', sets out the requirements for the recognition, measurement and de-recognition of basic financial instruments and the conditions that must be satisfied in order to classify a financial instrument as basic and therefore account for it in accordance with Section 11.

Modification of financial liabilities
Where the Group has modified a loan agreement, an assessment is carried out as to whether the modification results in substantially different terms. If it does, the loan is de-recognised, and a new financial liability recognised. If the new terms are not considered substantially different, there is a re-measurement of the financial liability using the original effective interest rate. In making this assessment, judgement is applied in considering a combination of quantitative and qualitative factors.

Capitalisation of property development costs
The Group capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

Mixed tenure developments
Where the Group develops mixed tenure development schemes including more than one element, the costs incurred in acquiring and developing the land are attributed to each element of the scheme depending on the intended usage to reflect the different tenure types.

Estimation uncertainty
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement
Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Provisions
Provisions are only recognised where the Group has an obligation to incur future expenditure as a result of a past event. The provision is recognised as a liability in the Statement of Financial Position. These would include Service Charge Sinking Funds, provision for an outstanding insurance claim.

Valuation of investment properties
The Group carries its investment property at fair value and engages independent valuers to determine fair value using a valuation technique based on a discounted cash flow model. The calculated fair value of the investment property therefore uses assumptions, of which the most sensitive relate to the estimated yield and the long term vacancy rate.

The future economic environment is uncertain due to the pandemic and although the full impact and long term implications are yet to be fully understood, the Group has confidence in the values disclosed in the financial statements. The Group has undertaken internal reviews of the most recent investment property valuations and assessed the financial performance of the portfolio and are confident that when taking into consideration the financial strength of the Group, any potential downturn in the value or financial returns from its investment properties would not have an impact on the Group's long term financial viability.

Defined benefit pension scheme
The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability.

Inventory
Inventory includes properties for sale under market sale and shared ownership programmes. In addition, the Group holds work in progress on schemes where properties are being developed for sale. The value of each asset is assessed for impairment by review against its selling price less costs to complete and sell and each scheme in progress against expected proceeds less costs to be incurred.

Whilst the long term economic environment is uncertain due to the pandemic, the Group's immediate exposure to a downturn in the property market is fairly limited as its market sales and shared ownership programmes over the next 12 months are on a relatively small scale. In a situation where there was a significant shock to the market, the Group would consider short term conversion to rented products for which there is a strong demand in the areas the Group operates in.

The Group effectively monitors sales risk by monitoring the market and stress testing the business plan including scenarios of a 25% reduction in house prices, no sales in the next year, a six month delay to development and an increase in build costs. The Group is able to withstand all these scenarios and can ensure that suitable mitigation strategies are in place to protect its long term financial viability.

Components of housing properties and useful lives
Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

3a. Particulars of turnover, cost of sales, operating costs and operating surplus – Group and Association

2020	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus* £'000
Social housing lettings (note 3b)	**61,315**	**–**	**(43,592)**	**17,723**
Other social housing activities				
- First tranche property sales	3,630	(2,707)	–	923
- Leasehold properties	70	–	–	70
- Development	–	–	(76)	(76)
- Community Services	–	–	(1,025)	(1,025)
- Other assistive technology	835	–	(305)	530
Non social housing activities				
- Garages	1,138	–	(109)	1,029
- Market rent accommodation	887	–	(135)	752
- Solar panel feed-in tariff	836	–	(144)	692
- Other	296	–	–	296
- Management services	438	–	(145)	293
- One off costs	–	–	(411)	(411)
Total Association	**69,445**	**(2,707)**	**(45,942)**	**(20,796)**
Open Market Property Sales	1,721	(1,458)	–	263
Total Group	**71,166**	**(4,165)**	**(45,942)**	**21,059**

2019	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus* £'000
Social housing lettings (note 3b)	**59,669**	**–**	**(39,312)**	**20,387**
Other social housing activities				
- First tranche property sales	10,295	(6,666)	–	3,629
- Leasehold properties	83	–	(1)	82
- Development	–	–	(100)	(100)
- Community Services	–	–	(895)	(895)
- Other assistive technology	900	–	(342)	558
Non social housing activities				
- Garages	1,157	–	(95)	1,062
- Market rent accommodation	926	–	(130)	796
- Solar panel feed-in tariff	416	–	(88)	328
- Other	557	–	–	557
- Management services	266	–	(145)	121
- One off costs	–	–	(307)	(307)
Total	**74,299**	**(6,666)**	**(41,415)**	**26,218**

* Operating surplus excluding gain or loss on disposal of housing properties, plant and equipment

3b. Particulars of income and expenditure from social housing lettings

Group and Association Year ended 31 March 2020	Rented social housing £'000	Shared ownership £'000	Supported housing £'000	Total £'000	2019 £'000
Income					
Rents receivable	45,062	2,699	10,985	58,746	57,408
Supporting People	–	–	336	336	306
Service charge income	337	134	1,579	2,050	1,900
Amortised government grant	68	46	69	183	85
Turnover from social housing lettings	**45,467**	**2,879**	**12,969**	**61,315**	**59,699**
Expenditure					
Management	(6,803)	(655)	(2,112)	(9,570)	(8,532)
Service charge costs	(386)	(126)	(1,653)	(2,165)	(2,212)
Routine maintenance	(8,810)	–	(2,471)	(11,281)	(9,744)
Planned maintenance	(1,814)	–	(839)	(2,653)	(2,510)
Major repairs expenditure	(5,257)	–	(1,165)	(6,422)	(5,567)
Write out components	(477)	–	(20)	(497)	(401)
Bad debts	(347)	–	(108)	(455)	(395)
Depreciation of housing properties	(8,838)	(382)	(327)	(9,547)	(9,378)
Depreciation - other	(348)	(34)	(109)	(491)	(340)
Amortised intangible assets	(113)	(11)	(35)	(159)	(91)
Pension	(250)	(24)	(78)	(352)	(142)
Operating costs	(33,443)	(1,232)	(8,917)	(43,592)	(39,312)
Operating surplus social housing lettings	**12,024**	**1,647**	**4,052**	**17,723**	**20,387**
Void losses	361	3	47	411	408

4. Surplus on disposal of property, plant and equipment

Group and Association	2020 £'000	2019 £'000
Sale of property	5,797	4,989
Sales proceeds from the sale of land	37	174
Costs of sale	(2,303)	(2,573)
(Loss)/Profit from other fixed asset disposals	(76)	59
Surplus of disposal	**3,455**	**2,649**

5. Finance income

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank interest receivable	405	387	404	387
Interest receivable from a Group member	–	–	342	240
	405	**387**	**746**	**627**

6. Interest and financing costs

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Interest payable on loans and overdrafts	(15,061)	(15,114)	(9,742)	(9,795)
Interest payable to Group member	–	–	(5,319)	(5,319)
Net interest on defined benefit liability (note 19)	(366)	(395)	(366)	(395)
Borrowing costs capitalised	974	1,254	974	1,254
	(14,453)	**(14,255)**	**(14,453)**	**(14,255)**

Borrowing costs on properties during construction have been capitalised based on a capitalisation rate of 4.95% (2019: 5.2%).

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Depreciation of housing properties	9,547	9,378	9,547	9,378
Depreciation of other property, plant equipment	491	340	491	340
Amortised government grant	(183)	(85)	(183)	(85)
Amortised intangible assets	159	91	159	91
Auditor fees - statutory	57	63	39	63
Internal audit fees	55	37	54	37
Operating lease rentals - hire of motor vehicles	224	139	224	139
(Surplus) on disposal of fixed assets	(3,455)	(2,649)	(3,455)	(2,649)

8. Staff costs

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Wages and salaries	10,489	9,814	10,489	9,814
Social security costs	1,119	1,047	1,119	1,047
Other pension costs (see note 19)	2,207	1,995	2,207	1,995
	13,815	**12,856**	**13,815**	**12,856**

The full-time equivalent number of staff who received emoluments, excluding pension contribution, in excess of £60,000 are as shown below.

	Group		Association	
Salary band £	2020 number	2019 number	2020 number	2019 number
60,000 - 69,000	2	3	2	3
70,000 - 79,000	–	4	–	4
80,000 - 89,000	7	2	7	2
120,000 - 129,000	–	1	–	1
130,000 - 139,000	1	–	1	–
140,000 - 149,000	1	–	1	–
150,000 - 159,000	–	1	–	1
160,000 - 169,000	1	–	1	–

The average full-time equivalent number of employees was:

Group		Association	
2020 number	2019 number	2020 number	2019 number
309	**305**	**309**	**305**

The basis of the calculation of the full-time equivalents was the total number of working hours per week from all employees at the reporting date, divided by a standard working week.

9. Board and Executive Directors’ remuneration

Directors are defined as Board Members and the Executive Management Team, who are key management personnel. Board members are remunerated at different levels dependent upon their role. Board members are also reimbursed for travel expenses totalling £7.4k (2019: £5.6k).

Non-Executive Board Member	£'000	Grand Union Housing Group	Development	Remuneration & Nomination	Audit & Risk	Grand Union Group Funding PLC	Grand Union Homes Ltd	GUHG Development Company Ltd	Homes & Services
Harry Walker (resigned 20 September 2019)	7.5	◆	◆	◆			◆	◆	
Gillian Walton	8.5	◆		◆					
Kami Nuttall	8.5	◆		◆	◆				
James Macmillan (Chair designate from 1 April 2019)	15.0	◆		◆	◆		◆		
Richard Broomfield	8.5	◆	◆				◆	◆	
Peter Fielder	8.5	◆				◆			◆
Nicola Ewen	6.0	◆			◆	◆			
John Edwards	8.5	◆	◆		◆	◆			
Brent O'Halloran	6.0	◆							◆
Vanessa Connolly	6.0	◆							◆
David Willis	4.8		◆				◆		
Emma Killick	3.5								◆
Michael Pattinson (appointed 17 September 2019)	3.5	◆			◆				
Ian Bovingdon (appointed 1 June 2019)	5.0		◆				◆		
Raj Shah (appointed 10 June 2019)	4.9		◆				◆		
Kevin Gould (appointed 1 October 2019)	3.0				◆				

9. Board and Executive Directors' remuneration (continued)

The Executive Management team are ordinary members of either the defined benefits or defined contribution pension schemes and have no enhancements or special terms. No further contributions are made to an individual pension arrangement for the Directors.

	Group		Association	
Total Directors' remuneration	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Wages and salaries	444	378	444	378
Social security costs	58	49	58	49
Pension payments	63	54	63	54
	565	**481**	**565**	**481**

	Group		Association	
Remuneration of the highest paid Director (excluding pension contributions)	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Group Chief Executive	**166**	**155**	**166**	**155**

The Chief Executive is a preserved member of the local authority pension schemes run by Bedfordshire County Council (BCC). No special or enhanced terms apply to her membership of the scheme.

10. Taxation

The Group has charitable status for tax purposes and no liability to Corporation Tax arises on its charitable activities. In 2019/20 financial year, the Group paid no tax (2019: £23k) relating to its non-charitable activities.

In the opinion of the directors, the tax payable by the Group is not material and therefore full disclosures have not been provided for.

11. Tangible fixed assets – Housing Properties

Group and Association	Housing properties £'000	Lands and housing properties under construction £'000	Leasehold properties £'000	Shared ownership £'000	Shared ownership under construction £'000	Total £'000
Cost						
At 1 April 2019	590,264	11,893	61	55,299	2,350	659,867
Additions	–	16,519	–	–	12,660	29,179
Transfer to investment property	–	–	–	–	–	–
Schemes completed	13,171	(13,171)	–	7,343	(7,343)	–
Improvements	6,809	–	–	2	–	6,811
Disposals	(1,696)	–	–	(682)	–	(2,378)
At 31 March 2020	**608,548**	**15,241**	**61**	**61,962**	**7,667**	**693,479**
Depreciation						
At 1 April 2019	(72,289)	–	(18)	(1,815)	–	(74,122)
Charge for the year	(9,162)	–	(3)	(382)	–	(9,547)
Transfer to investment property	–	–	–	–	–	–
Disposals	121	–	–	28	–	149
At 31 March 2020	**(81,330)**	**–**	**(21)**	**(2,169)**	**–**	**(83,520)**
Net book value						
At 31 March 2020	**527,218**	**15,241**	**40**	**59,793**	**7,667**	**609,959**
At 31 March 2019	517,975	11,893	43	53,484	2,350	585,745

Freehold land and buildings with an Existing Use Value-Social Housing of £434.8 million (2019: £423.2 million) have been pledged to secure borrowings of the Group, which is surplus to the covenant requirement. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Analysis of works to exisiting properties	2020 £'000	2019 £'000
Capitalised: replacement of components	4,915	8,367
Capitalised: improvements	1,896	833
Charged to Statement of Comprehensive Income	6,422	5,567

12a. Property, plant and equipment – Other

Group and Association	Freehold offices £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Vehicles £'000	Computer equipment £'000	Assistive tech £'000	Total £'000
Cost							
At 1 April 2019	3,085	56	745	470	1,859	46	6,261
Additions	–	1,790	228	–	880	–	2,898
Disposals	–	–	(488)	(78)	(230)	–	(796)
At 31 March 2020	**3,085**	**1,846**	**485**	**392**	**2,509**	**46**	**8,363**
Depreciation							
At 1 April 2019	(903)	(22)	(737)	(418)	(1,708)	(2)	(3,790)
Charge during year	(52)	(96)	(20)	(33)	(281)	(9)	(491)
Disposals	–	–	479	73	222	–	774
At 31 March 2020	**(955)**	**(118)**	**(278)**	**(378)**	**(1,767)**	**(11)**	**(3,507)**
Net book value							
At 31 March 2020	**2,130**	**1,728**	**207**	**14**	**742**	**35**	**4,856**
At 31 March 2019	2,182	34	8	52	151	44	2,471

12b. Intangible Assets

Group and Association	IT Software £'000
Cost	
At 1 April 2019	371
Additions	223
Disposals	–
At 31 March 2020	**594**
Amortisation	
At 1 April 2019	(121)
Charge during year	(159)
At 31 March 2020	**(280)**
Net book value	
At 31 March 2020	**314**
At 31 March 2019	250

13. Investment properties

Group and Association	2020 £'000	2019 £'000
Valuation		
At 1 April	16,500	15,485
Transfer from housing properties	–	177
Addititions	1,396	77
Fair value surplus	–	761
Carrying value at 31 March	**17,896**	**16,500**

Investment properties were valued by Bruton Knowles at fair value at 31 March 2019. These are independent valuers with recent experience in the location and class of the investment property being valued. The method of determining fair value was in accordance with the RICS Valuation – Professional Standards (January 2014 Edition) (the "Red Book") and significant assumptions were as follows:

a. that the properties are in a good condition and well managed and maintained to institutionally acceptable standards.

b. that the properties comply with legal or statutory consents. There are no restrictions on the realisation of investment property.

c. that the valuation was based on the accommodation being tenanted.

Having reviewed current market conditions and the performance of the investment property portfolio over the past 12 months the directors are of the opinion that there has been no significant movement in the carrying value from those values supplied in 2019 by Bruton Knowles. The directors will consider a valuation before the next financial year end which is in advance of the standard valuation cycle, depending on market movements.

14. Fixed asset investments

Association	2020 £'000	2019 £'000
At 1 April	50	50
At 31 March	**50**	**50**

Grand Union Housing Group is incorporated in England under the Co-operative and Community Benefit Society Act 2014 and is required by statute to prepare Group financial statements.

All shares held as investments are held as ordinary shares. Grand Union Housing Group Limited is the ultimate controlling party of:

Subsidiary Undertakings	Principal activity	Holding %
Grand Union Group Funding Plc	Access funding	100
Grand Union Homes Limited	Market sales of properties	100
GUHG Development Company Limited	Design and build activities	100

15. Stock

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Properties in construction	7,307	7,109	3,459	1,226
Completed properties	4,521	207	2,474	207
Consumable stock	235	174	235	174
	12,063	**7,490**	**6,168**	**1,607**

An amount of interest of £1,007k (2019: £1,564k) is included in work in progress and the number of inventories recognised as an expense in the year was £4,164k (2019: £6,666k).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16. Debtors

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts falling due within one year				
Rent arrears	2,774	2,223	2,774	2,223
Provision for bad debts	(1,592)	(1,381)	(1,592)	(1,381)
Cash due from collecting agencies	208	186	208	186
	1,390	**1,028**	**1,390**	**1,028**
Other debtors	737	847	737	847
Amounts owed by Group undertakings	–	–	–	–
Prepayments and accrued income	1,278	940	1,278	940
	3,405	**2,815**	**3,405**	**2,815**
Bedford Citizens Housing Association	4,345	4,443	4,345	4,443
Amounts owed by Group undertakings	–	–	6,314	6,374
	4,345	**4,443**	**10,659**	**10,817**
Total debtors	**7,750**	**7,258**	**14,064**	**13,632**

No disclosure has been made of the net present value of rental arrears subject to repayment plans as the amount is considered to be insignificant.

The Group has a long-term loan owing from Bedford Citizens Housing Association for the provision of an older persons' scheme to support the delivery of housing for vulnerable residents in the Bedford area.

The amounts owed by the group members are unsecured, interest free, have no fixed date of repayments and are repayable on demand.

17. Creditors – amounts falling due within one year

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Rents received in advance	2,335	2,276	2,335	2,276
Housing loans	3,085	3,056	3,085	3,056
Amounts owed to Group members	–	–	38	38
Other creditors	1,712	1,819	1,712	1,819
Government grants - received in advance	183	85	183	85
Recycled capital grant fund	103	–	103	–
Accruals and deferred income	8,600	8,762	8,518	8,762
	16,018	**15,998**	**15,973**	**16,036**

The amounts owed to Group members are unsecured, interest free, have no fixed date of repayments and are repayable on demand.

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

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Housing loans	181,326	178,765	181,326	178,765
Bond (due to Group undertakings)	113,337	113,267	113,337	113,267
Government grants	17,612	8,135	17,612	8,135
Recycled capital grant fund	647	625	647	625
Voluntary Right to Buy	–	–	–	–
	312,922	**300,792**	**312,922**	**300,792**

18. Creditors – amounts falling due after more than one year (continued)

Housing loans

At 31 March 2020, £300.8 million (of the total facility of £379.4 million) had been drawn down, of which £264.9 million was fixed at interest rates between 2.83% and 7.13%. £35.9 million was at variable rates. These housing loans are secured by a fixed charge on a proportion of the assets of the Group.

Housing loans are repayable as follows:

Bank loans	2020 £'000	2019 £'000
Between one and two years	9,083	3,204
Between two and five years	36,325	32,309
After five years	137,192	144,292
On demand or within one year	**3,204**	**3,118**
	185,804	**182,923**

Bond

On 4 December 2013, Grand Union Group Funding Plc successfully issued a £115m bond at a coupon of 4.625% with repayment after 30 years in 2043. The bond was issued at a discount of 0.578% so that funds of £114.3m were received.

The bond discount and costs of issue are amortised over the term of the bond, 30 years, with Grand Union Housing Group Limited being liable to Grand Union Group Funding Plc for both.

The cost of issuing the bond was £1.4m leaving a net balance of £112.9m. This was on-lent to Grand Union Housing Group Limited to enable the repayment of some of its existing loans and to fund future development. The effective interest rate and actual interest rate associated with the listed bond and on-lent funds is 4.7948% and 4.625% respectively. The underlying assets of the issuance belong to Grand Union Housing Group Limited through a security trust arrangement with the Prudential Trustee Company Ltd.

Government grants - deferred income	2020 £'000	2019 £'000
Original capital grant value		
At 1 April	8,552	7,833
Grants receivable	9,775	719
At 31 March	**18,327**	**8,552**
Amortisation		
At 1 April	(322)	(247)
Amortisation to Statement of Comprehensive Income	(183)	(85)
To recycled capital grant	(17)	(–)
At 31 March	**(532)**	**(332)**
At 31 March	**17,795**	**8,220**
Due within one year (note 17)	183	85
Due after one year (note 18)	17,612	8,135

Capital grants received are recorded as deferred income and amortised to turnover within the Statement of Comprehensive Income. The period of amortisation is the remaining years of useful economic life for the building structure from its date of construction, or at the time of its acquisition, if this is later.

Recycled capital grant	2020 £'000	2019 £'000
Opening balance	625	613
Grant recycled	125	119
Interest accrued	–	–
New build (grant utilised)	–	(107)
Carried forward	**750**	**625**
Grants to be recycled less than one year (note 17)	(103)	–
At end of the year	**647**	**625**

19. Retirement benefit schemes

Since April 2013, Grand Union Housing Group has offered to all new employees a defined contribution pension scheme, the Grand Union Housing Aviva Pension Plan. During 2019/20 the Group paid £413,934 (2019: £331,258) on behalf of employees who have joined the scheme. £57,923 was outstanding as at 31 March 2020.

The Group participates in two pension schemes as an "Admitted Body", the local authority pension schemes run by Bedfordshire (BCC) and Northamptonshire (NCC) County Councils. These schemes provide benefits based on final pensionable pay for employees of all participating organisations. Both pension schemes are multi-employer defined benefit schemes and are funded and contracted out of the state scheme. Contributions are determined by a qualified actuary (Hymans Robertson) on the basis of triennial valuations using the "projected unit credit" method.

The latest available valuations were as at 31 March 2017 and these showed the overall actuarial value of the scheme's assets at that date of £37,647k (market value). The actuarial value was sufficient to cover 75% of the benefits that had accrued to members and past members of the pension schemes.

	Northamptonshire scheme valuation at		Bedfordshire scheme valuation at	
	2020	2019	2020	2019
Key assumptions used:				
Discount rate	2.30	2.40	2.35	2.40
Future pension increases	1.90	2.50	1.70	2.40

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Northamptonshire scheme valuation at		Bedfordshire scheme valuation at	
	2020	2019	2020	2019
Retiring today:				
Men	21.5	22.1	22.2	20.7
Women	23.7	24.2	24.3	23.2
Retiring in 20 years:				
Men	22.3	23.9	23.4	21.7
Women	25.1	26.1	26.1	24.7

Amounts recognised in the Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current service cost	1,709	1,808	1,709	1,808
Net interest cost	356	386	356	386
Recognised in other comprehensive income	(2,711)	(4)	(2,711)	(4)
Total cost relating to defined benefit scheme	**(646)**	**2,190**	**(646)**	**2,190**

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2020 £'000	2019 £'000
Present value of defined benefit obligations	57,959	64,456
Fair value of scheme assets	(44,574)	(49,088)
Net liability recognised in the Statement of Financial Position	**13,385**	**15,368**

Movements in the present value of defined benefit obligations were as follows:

	2020 £'000	2019 £'000
At 1 April	64,456	59,792
Service cost	1,680	1,760
Interest cost	1,542	1,612
Actuarial gains and losses	(8,983)	2,056
Contributions from scheme participants	301	320
Benefits paid	(1,325)	(1,070)
Past Service costs	302	–
Unfunded benefits paid	(14)	(14)
At 31 March	**57,959**	**64,456**

19. Retirement benefit schemes (continued)

Movements in the fair value of scheme assets were as follows:

	2020 £'000	2019 £'000
At 1 April	49,088	44,978
Actuarial gains and losses	(6,272)	2,060
Return on plan assets (excluding amounts included in net interest cost)	1,186	1,226
Contributions from the employer	1,639	1,636
Administration expenses	(29)	(48)
Contributions from scheme participants	301	320
Benefits paid	(1,339)	(1,084)
At 31 March	**44,574**	**49,088**

The analysis of the scheme assets at the Statement of Financial Position date was as follows:

	Fair value of assets	
	2020 £'000	2019 £'000
Equity instruments	29,965	34,634
Debt instruments	7,750	7,854
Property	5,421	4,527
Cash	1,438	2,073
	44,574	**49,088**

The Pension Schemes have not invested in any of the Group's own financial instruments or assets.

	2020	2019
Key assumptions made:		
Discount rate	2.36	2.59
Future pension increases	1.58	2.16

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes.

These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement at age 65 are:

	2020	2019
Retiring today:		
Men	21.5	21.8
Women	23.3	23.5
Retiring in 20 years:		
Men	22.9	23.2
Women	24.5	24.7

19. Retirement benefit schemes (continued)

Amounts recognised in the Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	Group 2020 £'000	Association 2019 £'000
Current service cost	55	42
Net interest cost	10	9
Recognised in other comprehensive income	(243)	104
Total cost relating to defined benefit scheme	**(178)**	**155**

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2020 £'000	2019 £'000
Present value of defined benefit obligations	1,768	1,858
Fair value of scheme assets	(1,574)	(1,411)
Net liability recognised in the Statement of Financial Position	**194**	**447**

Movements in the present value of defined benefit obligations were as follows:

	2020 £'000	2019 £'000
At 1 April	1,858	1,649
Service cost	55	42
Interest cost	44	43
Actuarial gains and losses	(175)	140
Contributions from scheme participants	14	12
Benefits paid	(28)	(28)
Unfunded benefits paid	–	–
At 31 March	**1,768**	**1,858**

Movements in the fair value of scheme assets were as follows:

	2020 £'000	2019 £'000
At 1 April	1,411	1,285
Actuarial gains and losses	68	36
Return on plan assets (excluding amounts included in net interest cost)	34	34
Contributions from the employer	75	72
Contributions from scheme participants	14	12
Benefits paid	(28)	(28)
At 31 March	**1,574**	**1,411**

The analysis of the scheme assets at the Statement of Financial Position date was as follows:

	Fair value of assets	
	2020 £'000	2019 £'000
Equity instruments	264	237
Debt instruments	1,165	1,044
Property	142	127
Cash	3	3
	1,574	**1,411**

The Pension Schemes have not invested in any of the Group's own financial instruments or assets.

20. Share capital - Association

	2020 £	2019 £
At beginning of year	10	11
Issued during the year	1	3
Cancelled during the year	(1)	(4)
At end of year	**10**	**10**

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When the shareholder ceases to be a member that person's share is cancelled, and the amount paid up thereon becomes the property of the Association.

No shareholders have any rights in the residual interest in the assets of the Association after deducting all liabilities.

21. Statement of cash flows

Group	2020 £'000	2019 £'000
Cash flow from operating activities		
Operating surplus for the year	24,514	28,867
Adjustment for non-cash items		
Depreciation of property, plant and equipment	10,464	9,810
(Decrease)/Increase in debtors	(492)	3,476
Increase in stock	(4,573)	(2,684)
Increase in creditors	(576)	(5,256)
Pension costs less contributions payable	718	537
Adjustment for investing or financing activities		
Less Gain on disposal of tangible fixed assets	(3,455)	(2,649)
Cash generated by operations	**26,600**	**32,101**

22. Financial commitments

Capital commitments are as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Contracted for but not provided for	56,718	18,351	53,226	17,842
Approved by the directors but not contracted for	–	11,205	–	7,038
	56,718	**29,556**	**53,226**	**24,880**

The total amount contracted for at 31 March 2020 in respect of new dwellings relates to approved schemes for which grant approval has been received and is covered by cash balances and undrawn revolving credit facilities.

23. Analysis of changes in net debt

	Group			
	At start of year £'000	Cash flows £'000	Non-cash movements £'000	At year end £'000
Cash and cash equivalents	27,975	(9,790)	–	18,185
Housing loans due in one year	(3,118)	(86)	–	(3,204)
Housing loans due after one year	(293,072)	(2,866)	–	(295,938)
	(268,215)	**(12,742)**	**–**	**(280,957)**

	Association			
	At start of year £'000	Cash flows £'000	Non-cash movements £'000	At year end £'000
Cash and cash equivalents	27,801	(9,723)	–	18,078
Housing loans due in one year	(3,118)	(86)	–	(3,204)
Housing loans due after one year	(293,072)	(2,866)	–	(295,938)
	(268,389)	**(12,675)**	**–**	**(281,064)**

24. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Payments due				
within one year	741	333	741	333
between one and five years	3,253	801	3,253	801
in five years or more	2,322	40	2,322	40
	6,316	**1,174**	**6,316**	**1,174**

25. Number of units in management

Group and Association	2020 units	2019 units
Owned and managed		
General needs	8,271	8,193
Supported housing and housing for older people	2,591	2,465
Shared ownership accommodation	803	751
Market rent	110	114
Intermediate market rent	73	73
Housing accommodation owned at the end of the year	**11,848**	**11,596**
Managed not owned		
General needs	42	44
Supported housing and housing for older people	189	174
Shared ownership accommodation	44	45
Market rent	7	8
Intermediate market rent	54	54
	12,184	**11,921**

26. Related party transactions

There were no Customer or Leaseholder Members of the Group Board as at 31 March 2020.

There were no Board members nominated by local authorities.

Grand Union Housing Group and its subsidiaries have throughout the year held balances with each other, these balances relate to normal trading transactions between each of the entities and are covered in more detail below:

	2020 £'000	2019 £'000
Payments made to subsidiaries		
Grand Union Group Funding Plc – loan interest	5,319	5,319
Grand Union Homes Limited – development cash flows	281	4,669
Receipts from subsidiaries		
Grand Union Homes Limited – intercompany loan interest	342	240
Amounts owed by subsidiaries at 31 March		
Due within one year:		
Grand Union Homes Limited	–	–
Due after more than one year:		
Grand Union Homes Limited	6,314	6,374
Amounts owed to subsidiaries at 31 March		
Due within one year:		
Grand Union Group Funding Plc – unpaid share capital	38	38
Due after more than one year:		
Grand Union Group Funding Plc – Bond	115,000	115,000

There were no transactions made with GUHG Development Company Limited during 2020 or 2019.

27. Ultimate Controlling Party

The ultimate controlling party of the Grand Union Housing Group Limited is the Board of Grand Union Housing Group Limited. The Annual Financial Statements of the Group and Association are publicly available, and copies are available upon request from the registered office and website.

Grand Union Housing Group is the ultimate controlling party of:

- Grand Union Homes Limited - a non-regulated private company, registered in England and Wales, limited by shares set up to undertake sales of homes on the open market for the Group.
- GUHG Development Company Limited - a non-regulated private company, limited by shares registered in England and Wales, set up to provide design and build services on behalf of the Group. This company did not trade during the year.
- Grand Union Group Funding Plc - a non-regulated public limited company, registered in England and Wales, formed to on-lend all proceeds of a bond issue to members of the Group.

28. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	Group	
	2020 £'000	2019 £'000
Financial assets that are measured at amortised cost		
Debtors	2,016	1,886
Debtors falling due after one year	10,659	10,718
Cash	18,185	27,975
	30,860	**40,579**
Financial liabilities that are measured at amortised cost		
Trade and other payables	4,043	4,038
Public bonds	113,337	113,268
Loans and borrowings	185,804	182,923
Accruals and deferred income	8,518	8,762
	311,702	**308,991**

29. Legislative provisions

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Registered Provider as defined by the Housing and Regeneration Act 2008.

2019

Grand Union
Housing Group

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Grand Union Housing Group Limited Registered office: K2, Timbold Drive, Kents Hill, Milton Keynes, Buckinghamshire MK7 6BZ. Grand Union Housing Group Limited is a Charitable Community Benefit Society registered in England & Wales No. 7853, regulated by the Regulator of Social Housing No. 5060, and is a member of the National Housing Federation.