Grand Union
Housing Group

Grand Union Housing Group

Annual report and financial statements
for the year ended 31 March 2019

Contents

Chair

Harry Walker
Independent, Chair

Board members

Gillian Walton
Independent, Vice Chair

James Macmillan
Independent

Kami Nuttall
Independent

John Edwards
Independent

Richard Broomfield
Independent

Vanessa Connolly
Independent

Nicola Ewen
(Appointed 1 October 2018)

Brent O'Halloran
(Appointed 1 October 2018)

Peter Fielder
(Appointed 1 October 2018)

Dawn Cummins
Rockingham Forest HA nominee
(Resigned 30 September 2018)

Company Secretary

Anne-Marie Huff
(Appointed 4 June 2019)

Anna Simpson
(Resigned 26 October 2018)

Executive Officers

Aileen Evans
Group Chief Executive

Phil Hardy
Executive Director of Operations

Anna Simpson
Group Director of Finance
(Resigned 26 October 2018)

Mona Shah
Executive Director of Finance & Information (Appointed 1 February 2019)

Registered office

Derwent House
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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

Mazars LLP (External)
RSM LLP (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

Grand Union has long been united by the belief that what we do matters – providing homes and services that help people change their lives for the better. This year, that shared belief has been the cornerstone for building our unified organisation. The subsidiaries and group parent have come together to become a simpler, more transparent organisation, with a new governance structure. We're already seeing the benefit as we transform ourselves into a modern, connected business.

Our new structure has also released investment capacity, enabling us to do more to solve the housing crisis. Our confidence in Grand Union's new strength has been recognised by the regulator following an In Depth Assessment in June 2019; the Regulator for Social Housing (RSH) reconfirmed the Group's Governance and Financial Viability Standard status as G1/V1.

2018/19 has been an exciting year of change, with staff, Board members and our involved customers starting to work together in new ways; and we're looking forward to continuing the transformation in the coming year. We'll keep our customers at the centre of what we do, as we make more progress on our journey to develop more homes, stronger communities and better lives.

Our operating environment

As a nation we have not been building enough homes for a considerable number of years. Nationally, the average house now costs eight times the average income. In some places that number rises well into double digits. As a result, a whole generation can no longer afford to get on the housing ladder, and homelessness in all forms is increasing.

We've welcomed the government's recognition of this challenge, and we share their ambition to increase levels of housebuilding. We're really pleased to see that our council colleagues have benefited from loosened monetary restraints to allow more homes to be built. And the current government has also recognised the importance of restoring the certainty of inflation linked rent increases post-2020. This will help housing associations play their part in achieving the target of 300,000 new homes a year.

More needs to be done, but the plans to exit from the European Union have pre-occupied government; influencing our operating environment and contributing to the uncertainty surrounding the future direction of the nation.

Progress at Grand Union

Despite the uncertainty generated by the evolving Brexit debate, our Grand Union team has made significant progress on delivering our strategic objectives.

The most substantial was our unification - in October the three housing associations in the Group amalgamated into a single charitable entity: Grand Union Housing Group. This unification unlocked considerable extra development capacity for the future and ensures more streamlined decision-making.

During the year we also updated our five year Corporate Plan ‘2020 Vision’, launched in 2015, and our business transformation programme, Customer 2020, is central to this new phase.

Customer 2020 will align our people, culture, processes and technology. It’s progressing at pace, but we’ve made sure we take both our staff and customers along on this important journey. The transformation it delivers will make us fit for the future and keep our customers’ needs at the heart of everything we do.

Value for Money (VfM) is an important part of Grand Union’s culture, embedded throughout the organisation. The unification process and Customer 2020 are projected to make true cost savings over time. But it’s important to get things right for our customers. Our programmes are not driven solely by cost savings, and these will not be fully realised until the target operating model is fully established.

As part of our unification and Customer 2020 we will consolidate into a single office location. Commercial arrangements have been completed and Grand Union will occupy new accommodation in Milton Keynes in the autumn.

This office relocation will help us to work in a more modern, agile way, and will achieve cost savings for the business. It also releases existing assets to provide valuable development opportunities in the heart of our operating area.

Helping to solve the housing crisis

Our development programme is aimed at building great, modern homes that people would be proud to call their home, and we're planning to double our programme. During the year we took our first steps to delivering a small number of homes for market sale. The Board was very pleased with progress made by our commercial subsidiary, Grand Union Homes Ltd, with the first of our initial two sites now well underway and plots are already being purchased and reserved.

We are also making good progress in our move to a more land led approach and are pleased that we've been able to secure grant at a level that enables us to build more homes for social rent.

This year we delivered 296 new affordable homes for rent or low cost home ownership. Although delays on site meant this was below initial forecasts, it's an increase on the previous year's completions and a record for us. Strong shared ownership sales have contributed to our operating margin of 35%; a very positive result in light of the continued rent reductions that applied this year.

What we do matters

At Grand Union, our social purpose is clear: to build more truly affordable homes, help create stronger communities and to work in a way that enables people to have better lives.

The government has thrown down the gauntlet to housing associations to build more new homes. But housing associations are about more than bricks and mortar, and this growth agenda needs to be balanced with other objectives. Across the sector, we're reaffirming our social purpose and offering greater transparency and accountability, including opening ourselves up to greater scrutiny by our customers.

We provide truly affordable stable homes and extra services for those that need them. Providing rent at levels that people can afford to pay is a key issue for us. We know that what we do helps people change their lives for the better, which is why we will continue to provide those support services that help maintain tenancies. For example, our Money and Benefits Advice service helped our customers claim £3.28m last year and demand for this service continues to rise in the context of the benefit cap and the roll out of Universal Credit.

Throughout the last few years funding for supported housing has been uncertain. But 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 don't see these services as optional. They're part of our DNA and we will continue to focus on this area of work for years to come.

Looking ahead

At the same time as investing in new homes and important support services, we are determined in our desire to create a simpler, more agile Grand Union. And we're starting to deliver our ambitious plans for service transformation. Customers are already beginning to see the benefits of an approach that will include an innovative digital platform alongside a focus on increased face to face contact for those who need it.

In advance of our office move, significant investment in technology is enabling a truly agile culture. The new office will create a modern, exciting collaboration and work environment; a suitable home for innovation and teamwork.

Board succession planning is a vital component of good governance. At the beginning of the year the Board initiated a market facing recruitment process to appoint a successor when Harry steps down later in the year. We are delighted that the Board selected James Macmillan as Group Chair designate.

At the end of a challenging year, our joint thanks go to all Board colleagues for their support, and all of the Management team and colleagues across the Group for their hard work.

As Harry prepares to leave the Chair, these statements demonstrate Grand Union's financial position is strong, with excellent liquidity and relatively low borrowing per unit. Our new structures will help to deliver good governance, transparency and excellent customer services, and they'll support our journey to improve our operating margin and reduce our unit costs. We're committed to serving our communities for the long term, and we're in good shape to deliver on our promises.

H Walker

Harry Walker
Chair

A Evans.

Aileen Evans
Group Chief Executive

The year at a glance

Who we are

We've been in business for 25 years and provide 12,000 homes for more than 27,000 people across Bedfordshire, Buckinghamshire, Northamptonshire and Hertfordshire. We're a £74 million turnover social business with more than 300 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 1,800 more new homes in the next five years.

New Homes

In 2018/19 we built a record **296** new homes. We built:

209

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

87

shared ownership homes

We received almost **£10.3m** in sales income. We spent **£39m** on building new homes.

Existing Homes

37,510 repairs were carried out. We spent **£27m** on home improvements and repairs. This year we installed:

902

properties with new windows and doors

190

new kitchens and bathrooms

404

new central heating systems and boilers

277

air source heat pumps

Governance

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.

People

We have **328** members of staff;
48 have been here for more than 15 years.

VfM

We achieved VfM savings of **£1.2m** for 2018/19

Total assets worth **£648m**

Turnover **£74m**

Communities and Services

£3.28m

secured for tenants in 2018/19

£981k
Housing Benefit

£428k
Universal Credit

£73k
Discretionary Housing Payment (DHP)

Rent arrears just **1.09%** net (as of 31 March 2019)

2,997

customers have signed up to My GUHG, our customer portal, (as of 31 March 2019)

107,569
phone calls answered by our Customer Services Team

1,657
customers engaged with us via training, guidance and advice sessions, consultation, IT training sessions and youth sessions

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 2019.

The Group is comprised of

Grand Union Housing Group
Registered

- Grand Union Homes Limited
  Not Registered
- Grand Union Group Funding PLC
  Not Registered
- GUHG Development Company Limited
  Not Registered

Objectives, strategy and the future

Combined strength

Grand Union has grown by combining the assets, resources and skills of previously separate, smaller housing providers across Bedfordshire, Buckinghamshire, Northamptonshire and Hertfordshire. We're a grand union of successful businesses with deep roots in the communities we serve.

We're here for the long term and will continue to grow through diverse, ambitious new building and further partnerships.

Future focused

The market and world we work in demands fresh thinking and tough choices about how we build more homes and support households and communities better. We welcome the challenge this brings and embrace the need for digital, financial and business breakthroughs to meet different needs.

PlaceShapers

We're a member of PlaceShapers – the nationwide network of 120 community-focused housing associations that share a common commitment to building affordable homes, supporting enterprise, skills and employment and creating thriving, sustainable neighbourhoods. This helps us to influence national policy and make the case for the unique role and value of independent housing providers.

More homes, stronger communities, better lives

By 2020, we aim to:

- increase 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 1,800 new homes in our patch over the next five years, with at least 75% delivered as affordable homes.

Our values

Our core values are:

- **Integrity** - we deliver our promises and be clear about what we can and cannot do
- **Respect** - we listen to and respect our customers and everyone we work with
- **Quality** - we always aim to provide excellent services and products
- **Innovation** - we look for innovative solutions to resolve problems and deliver outcomes and achieve value for money
- **Teamwork** - we believe we can achieve far more by working together.

Strategy, objectives and performance

The Group's key strategic aim is to transform the way we deliver our services to meet the evolving and changing needs of our current and future customers. We aim to modernise our business by reviewing all aspects of service delivery, introducing new ways of working and a revised and updated business model, which takes advantage of technological developments to provide an improved digital offer to our customers.

The 'customer voice' remains at the heart of what we do and will enable us to build more homes and improve the lives and experience of all our existing and future customers.

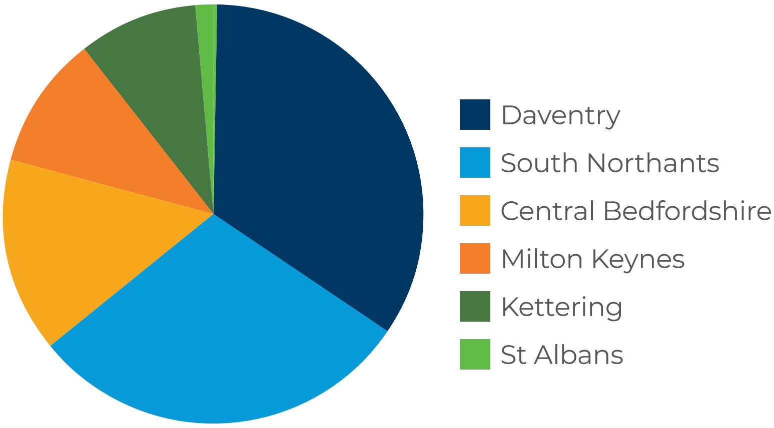
The five key strategic areas we will concentrate on are:

- 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 296 new homes in 2018/19 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.

During 2019/20 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 2018/19 spend and works:

Component	Cost £'000	Volume
Central heating	£1,401	404
Roofing	£971	211
Air source heat pumps	£2,455	277
Electrical upgrades	£477	383
Kitchen and bathrooms	£897	190
Structural works	£2	2
Windows and doors	£2,923	902
Communal works	£75	3

We will continue to ensure our homes are insulated to a high standard to minimise the impact of fuel poverty for our customers and, during 2018/19, have invested in a programme to install air source heat pumps in homes where there is no access to gas.

Health and safety

We consider that the successful management of all health and safety activity as 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 a number of key health and safety performance indicators relating to our core compliance activities, covering work undertaken by both our directly employed staff and external 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 & Risk Committee. We also report to the Group Board annually on all health and safety related activities, the compliance areas are also subject to an independent annual audit.


11

Communities and services

We are in the process of radically changing our business to make sure we are fit for the future and that our customers are central to everything we do.

Through the Customer 2020 business transformation programme, we are examining every aspect of service delivery, testing our processes and systems and making sure we really understand the customer experience.

Customer 2020 will help us to make the best use of technology, maximise our resources, enable us to deliver exceptional customer experiences and provide the extra help that some of our customers need. The project has already produced a new, more streamlined and customer friendly complaints process, launched on 1 March 2019, and work has begun on redesigning the voids and allocations processes, which we expect to go live sometime in 2019/20.

We have done a lot of work in the last year to strengthen customer engagement, make sure we hear our customers' voices more clearly and provide greater transparency. This includes a new customer engagement framework that provides a wider range of ways for our customers to get involved in how we run the business, as well as a newly constituted Residents' Voice scrutiny group. We have also invested in new software, which will provide real time feedback on how well we are doing for our customers, enable us to act quickly to put things right when they go wrong and help us to demonstrate transparency and accountability.

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.

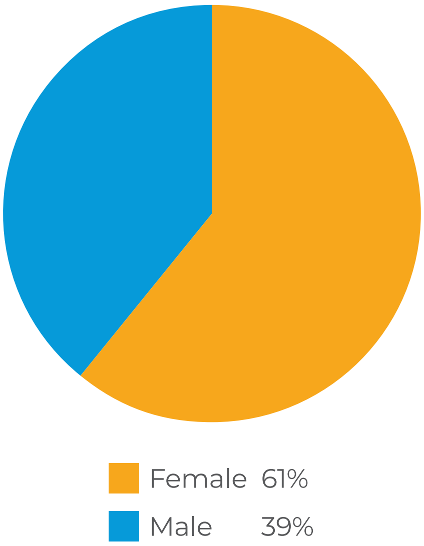
	2018/19	2017/18
Welfare Benefits – opened cases	1,036	971
Money Advice – opened cases	52	210
	£'000	**£'000**
Benefits gains for customers	£3,278	£3,647

People

We believe colleagues are proud to work for Grand Union and we want our customers to feel this passion. Customer 2020 aims to support the development of a culture which enables greater flexibility around how and where colleagues work, and ensures services are delivered to a consistently high standard.

We will work to ensure Grand Union is the 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 and is pleased to report some progress when compared with last year's results. You can find this on our website at: www.guhg.co.uk/gender-pay-gap-report/



Governance

As part of modernising our services to improve the customer offer and consistency in process, we simplified our structure by unification. We brought together GUHG (2018) Limited (formerly Grand Union Housing Group Limited), Aragon Housing Association Limited, Rockingham Forest Housing Association Limited and South Northants Homes Limited to form a single organisation called Grand Union Housing Group Limited.

The unification took place on 1 October 2018 and the single association is a charitable housing provider regulated by the RSH.

As a group we already work closely together but by creating a single, stronger and more effective organisation we will be in a great position to achieve more now and in the future.

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 RSH for both Financial Viability and Governance G1/V1. The Group continues to be rated A3 stable by Moody's.

In order to achieve unification, the Group negotiated on the existing separate funding arrangements in place to access additional funding and achieve consistent covenants. Over 700 properties which were in excess of covenant requirements for securing borrowings were released. Both these processes unlocked considerable development capacity for the future. This has also strengthened our ongoing resilience, our Business Plan and our borrowing capacity. The new streamlined Group will also ensure more effective decision making with clearer line of sight and from the customer perspective it will bring the benefits of simpler processes, consistent service delivery and a transparent operational model.

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	585,745
Other fixed assets	2,471
Investment properties	16,500
Intangible assets	250
Current assets	42,723
Total	**647,689**

Financed by	£'000
Debt	296,190
Pension liability	15,815
Reserves brought forward	299,579
Creditors (excluding debt)	20,600
Surplus for the year	15,505
Total	**647,689**

Group financial highlights

	2019 £'000	2018 £'000	2017 £'000
Total turnover	74,299	73,832	70,116
Cost of sales	(6,666)	(7,285)	(6,691)
Operating costs	(41,415)	(39,269)	(37,510)
Operating surplus/(deficit)	26,218	27,278	25,915
Total comprehensive income for the year	15,505	16,632	54,239 *
Fixed assets	604,966	574,130	551,248
Net current assets	26,725	57,209	66,062
Creditors – more than one year	300,792	316,946	319,540
Revenue reserve	122,568	105,440	80,123

*Includes £38,292 gain from acquisition of Rockingham Forest Housing Association

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 2018/19

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 governance and operational integration. The following are some of our additional achievements which delivered £1.2m savings.

Customer 2020

Customer 2020 primarily focuses on efficiency and effectiveness. The programme is aimed at modernising and reshaping services to ensure that they continue to meet customers' changing needs. There will be opportunities to reduce costs as service transformation is rolled out, with a net cost saving of over £1m by year five.

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 370 homes for social benefit annually, supported by 50 for market rent or sale.

Accommodation Strategy

In the autumn, we will be moving to a single office, supported by agile working and a small number of satellite hubs providing access to office or meeting space throughout our operating area. We will deliver savings in operating costs of £0.5m.

Asset Management

The Asset Management Strategy is delivering 20% cash savings despite the difficulty of managing multiple budgets. 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.

Procurement

We have amalgamated contracts post unification and are members of several procurement partnerships, and act as contracting authorities on a number of frameworks which achieves additional value.

Insourced recruitment service

We have recruited a Talent Acquisition Specialist who is modernising our application process by making it shorter and CV-driven, and improving the candidate experience. She is also ensuring that Grand Union continues to optimise its use of Apprentice Levy funding whilst providing opportunities for school leavers in our operating area. The new approach has already improved the quality of shortlisted candidates, saving time for recruiting managers and enabling more first time placements.

VfM metrics

Metric	2018/19	2017/18 £'000	*Peer group range 2017/18	Sector scorecard 2017/18
Reinvestment %	7.10%	6.05%	3.2% - 11.3%	5.80%
New supply delivered – social housing %	2.54%	2.34%	0.4% - 3.9%	1.00%
New supply delivered – non social housing %	0.00%	0.00%	0.00% - 0.3%	0.00%
Gearing %	46.32%	44.89%	44.5% - 78.0%	35.4%
EBITDA MRI %	176.01%	188.03%	139.3% - 268.9%	213.61%
Headline social housing cost per unit £	£3,394	£3,240	£2,735 - £4,972	£3,450
Operating margin – social housing lettings only %	34.15%	36.59%	29.3% - 45.2%	30.43%
Operating margin – overall %	35.29%	36.95%	22.8% - 47.2%	27.89%
Return on capital employed (ROCE) %	4.57%	4.70%	3.7% - 8.6%	3.72%

*Our peer group consists of Aldwyck Housing Group, bpha, Futures Housing Group, settle, Cross Keys Homes and Nottingham Community Housing Association.

Reinvestment remains strong at over 7% and includes both new supply and investment in existing stock.

The provision of new supply of social stock was maintained at over 2% and this will grow to in excess of 3% as the increased development programme is delivered. 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 marginally over the past 12 months as cash resources have been utilised through operating activities and no significant debt repayments have been made.

EBITA MRI has reduced year on year partly as a result of additional unification costs and costs relating to supporting our development growth. 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 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 salary costs, which is consistent with an increased headcount as the Group gears up for 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. This dynamic is predicted to continue for the next year, particularly as investment in Customer 2020 gathers pace during 2019/20.

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

Sector scorecard

Metric	2019 £'000	2018 £'000	Sector scorecard 2017/18
Customer satisfaction %	N/A	92.46%*	87.50%
Customer satisfaction	7.7** (Net promoter score)	N/A	N/A
Investment in communities	£0.9m	£0.9m	N/A
Occupancy	99.89%	99.56%	99.40%
Ratio of responsive to planned maintenance spend	0.56	0.54	0.61
Rent collected	99.21%	98.89%	99.90%
Overheads as a % of adjusted turnover	10.11%	11.05%	12.03%

* Customer Satisfaction based on Star Survey undertaken in 2016/17
** Grand Union now monitors customer satisfaction through the Institute of Customer Service

We benchmark customer satisfaction through the Institute of Customer Service's (ICS) business benchmarking service using their annual customer perception survey. This benchmarking service is not sector specific; members of the ICS range from blue chip finance corporations to small charities - at all levels of customer service development. This enables us to benchmark customer satisfaction with a broad spectrum of businesses, as well as the housing sector and other public sector services. We have stopped using the traditional STAR survey which is limited to the housing sector.

Our Net Promoter Score (NPS) is 7.7, benchmarked against other local public services (av. NPS 14.6), which includes local authorities, libraries, ambulance and fire services. This may suggest we have some way to go to improve customer perceptions of our services. Whilst our NPS is significantly less than the average for the local public sector, it is significantly higher than the average for housing association members (av. NPS 1.2).

We are pleased to report consistent year on year performance on the additional sector scorecard metrics, although comparisons can no longer be drawn for the traditional customer satisfaction. The Group continues to invest significantly in its communities to create added social value and a balanced approach to stock investment. At the same time, high occupancy levels and rent collection continue to be achieved as a result of the range of support activities on offer such as money advice, welfare benefit and visiting services.

Our plans for further improvement

The Board has recently approved a new VfM strategy. The strategy focuses on developing our approach to social value and transforming the transparency of our performance data.

We have joined a new performance improvement club and undertaken a detailed peer benchmarking review to establish a new base line for the unified Group and in October 2019, as part of our strategic review, we will identify targets for cost savings that will help shape our budget setting process.

Group Board

The members of the Board are shown on page five. Board members are drawn from a wide background, bringing together professional, commercial and local experience. At 31 March 2019 the Group had issued 10 £1 shares.

The Grand Union Housing Group Board met formally four times during the year; the subsidiaries met twice for regular business, and undertook three strategy workshops, including members from across the Group. 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 plays an important role in monitoring risk and programme delivery on behalf of the Board, and ensuring 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. In addition, this committee was given delegated authority to oversee the preparations for the Group unification, which completed on 1 October 2018. The Committee overseas Board, Committee and Executive recruitment and facilitates the annual Board appraisal and effectiveness reviews.

Funding Committee

This Committee met regularly during the year to oversee the transition of the funding arrangements to centralised group arrangements. The Committee will continue to meet regularly as a key part of the governance structure.

Homes & Services Committee

This new committee was created at the point of unification in October 2018. The purpose of the Committee is to consider services for properties and customers of GUHG. They meet regularly throughout the year and make recommendations to Board on policy, performance, strategy and asset management, from an operational perspective.

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.

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

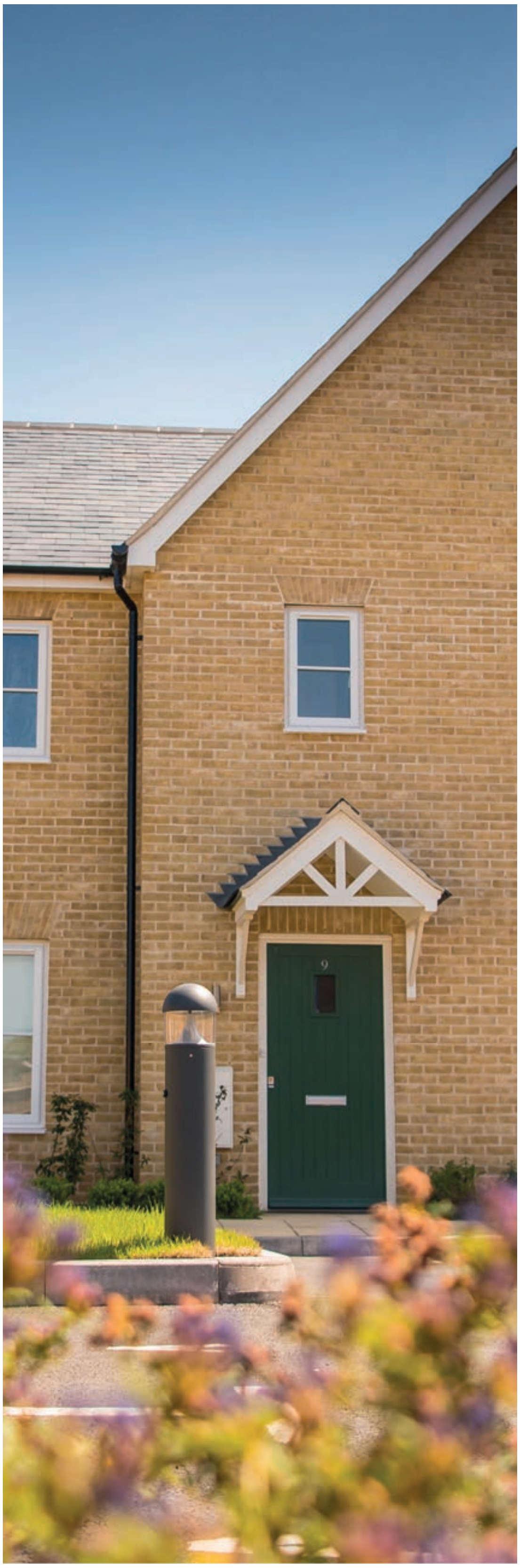
The ability of the Group to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution, commitment and quality of its employees. Grand Union provides training programmes focusing on quality and customer service requirements, and the Group's objectives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

We undertake an annual internal staff survey to ensure the views of staff are shared and understood to promote a culture of high performance.

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 staff 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 training to designated staff.



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 Board has responsibility for control of risk management.

The Board has defined our risk appetite which is part of our risk framework and is used to guide decision making and help manage risk.

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

Risk appetite statement

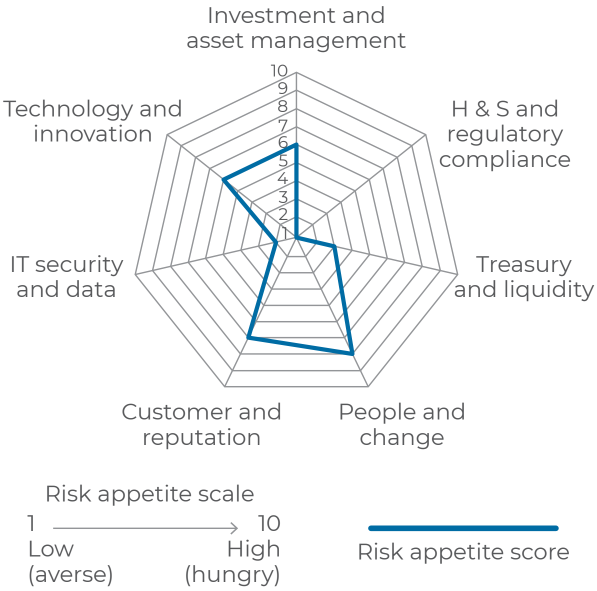
The Board has established a risk appetite framework to filter and support decision making.

The framework defines the extent to which risk is encouraged and tolerated across the Group. It takes the risk appetite statement areas, which are linked to strategic strands, and expresses our overall approach to each one, expressed in words and scored.

The seven risk appetite statement areas are:

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

GUHG Risk Appetite



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 manage the business with the aim of remaining 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 ensure we will keep short term financing to a minimum.

People and change

- We want our staff to be proud to work for us and for our customers to feel this passion, which means we need staff 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 for our staff.
- We are committed to transforming our working practices, embracing new technology and innovating to deliver great customer service and make work rewarding for staff.
- 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

- Our Customer 2020 project will be the vehicle for achieving the strategic aim to modernise our business, reviewing all aspects of service delivery.
- 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 support, encourage and enable our customers as appropriate.
- We will always have customers and partners at the heart of decisions.

IT security and data

- Our data protection policy and IT security policy, including cyber risk approach, will minimise and prevent an IT breach causing data loss and/or system failure as well as ensuring responsible use of data.
- Ensuring accurate data is entered, held within systems and used for business processes is critical for compliance.
- Appropriate business continuity and testing recovery of systems is critical to our business.

Technology and innovation

- Our IT strategy should ensure we are transforming our working practices to embrace new technology and innovation, whilst ensuring we are managing the risks.
- We will use tried and tested solutions, not cutting edge or bespoke options, to modernise our service offer and provide suitable equipment for staff to enable great customer service.

Key Risks

The Board manage risk and overleaf are the top five ranking risks at the end of March 2019; controls are in place to manage all risks.

Strategic risk ranked by residual rating	Controls
Brexit	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, revolving credit facilities (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	Stress testing of BP, simultaneous scenarios including no sales income Resilience plan with golden rules and triggers Agreed new business and development strategy, clear approvals process and decision making framework Standard feasibility assumptions for shared ownership and market tenures. Exit strategies and individual scheme stress tests undertaken Sales activity part of KPI reporting approach to Development Committee and Board Budgetary control and cash flow forecasting systems
Ineffective governance and non compliance	RSH rating - G1/V1 External governance reviews, next review due 2020 Board appraisals, annual effectiveness review, Code of Conduct, skills matrix, Board recruitment and inductions Terms of Reference, Board strategy workshops in addition to formal meetings Consultants, support and challenge the Board at away days
Maintaining assets in line with sector scorecard financial metrics	Business planning process, based on routine stock surveys and external validation Bench marking reviews, localised peer group review, budget setting and control Key performance indicator (KPI) reporting Approved contractors, contractual agreements, financial regulations, financial checks and routine review of contracts.

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 and the Association have 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 and the Association have 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.

Approved by the Board and signed on its behalf by:

H Walker

Harry Walker 30 July 2019
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:

Board members James Macmillan and Kami Nuttall

- **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, business resumption plan 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 auditors who are responsible for providing independent assurance to the Board via its Audit & Risk Committee.

During the year, the Board has reviewed its risk appetite in detail and reset the parameters within a new risk appetite framework. This more clearly articulates the Board's appetite for taking risks in line with the Group's restated strategy. This has reinforced common understanding and agreement of the nature and size of risks to be taken in the pursuit of corporate objectives across the whole organisation and in the wide variety of fields and functions of operation.

The risk management approach has also been refreshed during the year to further enable more focussed identification of risks and ensure sufficient control mechanisms are in place to minimise potential impacts where appropriate.

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 successful frauds were carried out against the Group in 2018/19 but a number of attempts were prevented by existing controls.

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

As unification has now been completed, it is our intention to retender the external audit contract during 2019 with the appointment in the autumn.

Statement of Compliance

The Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Providers 2014. The Group has fully complied with the Accounting Direction for Private Registered Providers of Social Housing 2015.

Approved by the Board and signed on its behalf by:

H Walker

Harry Walker 30 July 2019
Chair

Board member John Edwards

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 2019 which comprise the Group and the parent association's Statements of Comprehensive Income, the Group and the parent association's Statements of Changes in Reserves, the Group and the parent association's Statements of Financial Position, 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 (GAAP)).

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 2019 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 GAAP; 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 2015.

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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors have considered the impact of Brexit and it has been ranked as one of the Group's top strategic risks as disclosed on page 34.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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 page 36, 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.

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT
Date: 31 July 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	3a	74,299	73,832
Cost of sales	3a	(6,666)	(7,285)
Operating expenditure	3a	(41,415)	(39,269)
Operating surplus		26,218	27,278
Surplus on disposal of property, plant and equipment	4	2,649	2,385
Finance income	5	387	465
Interest and financing costs	6	(14,255)	(14,113)
Movement in fair value of investment properties	13	761	-
Surplus before tax		15,760	16,015
Taxation	10	(23)	(10)
Surplus for the year		**15,737**	**16,005**
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	(100)	627
Total comprehensive income for the year		**15,505**	**16,632**

All of the activity above relates to continuing activities.
The notes on pages 52 to 97 form an integral part of these financial statements.

Association Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	3a	74,299	73,832
Cost of sales	3a	(6,666)	(7,285)
Operating expenditure	3a	(41,415)	(39,269)
Operating surplus		26,218	27,278
Surplus on disposal of property, plant and equipment	4	2,649	2,385
Finance income	5	627	465
Interest and financing costs	6	(14,255)	(14,025)
Movement in fair value of investment properties	13	761	-
Surplus before tax		16,000	16,103
Taxation	10	(23)	(10)
Surplus for the year		**15,977**	**16,093**
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	(100)	627
Total comprehensive income for the year		**15,745**	**16,720**

All of the activity above relates to continuing activities.
The notes on pages 52 to 97 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Housing properties	11	585,745	555,745
Other property, plant and equipment	12a	2,471	2,729
Investment properties	13	16,500	15,485
Intangible assets	12b	250	171
		604,966	574,130
Current assets			
Stock	15	7,490	4,806
Debtors	16	7,258	10,734
Cash and cash equivalents	21	27,975	55,542
		42,723	71,082
Creditors: Amounts falling due within one year	17	(15,998)	(13,873)
Net current assets		26,725	57,209
Total assets less current liabilities		**631,691**	**631,339**
Creditors: Amounts falling due after more than one year	18	(300,792)	(316,946)
Defined benefit pension liability	19	(15,815)	(14,814)
Net assets		**315,084**	**299,579**
Capital and reserves			
Share capital	20	-	-
Revenue reserve		122,568	105,440
Revaluation reserve		187,338	189,031
Designated reserve		5,178	5,108
Total reserves		**315,084**	**299,579**

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

Harry Walker
Chair
Date: 30 July 2019

Gillian Walton
Vice Chair

Anne-Marie Huff
Company Secretary

Association Statement of Financial Position

As at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Housing properties	11	585,745	555,745
Other property, plant and equipment	12a	2,471	2,729
Investment properties	13	16,500	15,485
Fixed asset investments	14	50	50
Intangible assets	12b	250	171
		605,016	574,180
Current assets			
Stock	15	1,607	3,164
Debtors	16	13,632	12,529
Cash and cash equivalents	21	27,801	55,466
		43,040	71,159
Creditors: Amounts falling due within one year	17	(16,036)	(13,911)
Net current assets		**27,004**	**57,248**
Total assets less current liabilities		632,020	631,428
Creditors: Amounts falling due after more than one year	18	(300,792)	(316,946)
Defined benefit pension liability	19	(15,815)	(14,814)
Net assets		**315,413**	**299,668**
Capital and reserves			
Share capital	20	-	-
Revenue reserve		122,897	105,529
Revaluation reserve		187,338	189,031
Designated reserve		5,178	5,108
Total reserves		**315,413**	**299,668**

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

Harry Walker
Chair
Date: 30 July 2019

Gillian Walton
Vice Chair

Anne-Marie Huff
Company Secretary

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2019

	Revenue reserve £'000	Revaluation reserve £'000	Designated reserve £'000	Total reserves £'000
At 1 April 2018	105,440	189,031	5,108	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 schemes	(100)	-	-	(100)
Total comprehensive income	15,505	-	-	15,505
Reserve transfers	1,623	(1,693)	70	-
At 31 March 2019	**122,568**	**187,338**	**5,178**	**315,084**

	Revenue reserve £'000	Revaluation reserve £'000	Designated reserve £'000	Total reserves £'000
At 1 April 2017	80,123	197,733	5,091	282,947
Surplus for the year	16,005	-	-	16,005
Other comprehensive income:				
Actuarial surplus in respect of defined benefit pension schemes	627	-	-	627
Total comprehensive income	16,632	-	-	16,632
Reserve transfers	8,685	(8,702)	17	-
At 31 March 2018	**105,440**	**189,031**	**5,108**	**299,579**

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.

Designated reserves

The designated reserve relates to Community Investments projects and for future repairs on Independent & Better Lives properties.

Association Statement of Changes in Reserves

For the year ended 31 March 2019

	Revenue reserve £'000	Revaluation reserve £'000	Designated reserve £'000	Total reserves £'000
At 1 April 2018	105,529	189,031	5,108	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 schemes	(100)	-	-	(100)
Total comprehensive income	15,745	-	-	15,745
Reserve transfers	1,623	(1,693)	70	-
At 31 March 2019	**122,897**	**187,338**	**5,178**	**315,413**

	Revenue reserve £'000	Revaluation reserve £'000	Designated reserve £'000	Total reserves £'000
At 1 April 2017	80,124	197,733	5,091	282,948
Surplus for the year	16,093	-	-	16,093
Other comprehensive income:				
Actuarial surplus in respect of defined benefit pension schemes	627	-	-	627
Total comprehensive income	16,720	-	-	16,720
Reserve transfers	8,685	(8,702)	17	-
At 31 March 2018	**105,529**	**189,031**	**5,108**	**299,668**

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

Designated reserves

The designated reserve relates to Community Investment projects and for future repairs on Independent & Better Lives properties.

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net cash generated from operating activities	21	32,101	38,615
Cash flows from investing activities			
Purchase of property, plant and equipment		(41,883)	(34,329)
Purchase of investment property		(254)	(400)
Proceeds from sale of property, plant and equipment		4,902	4,650
Grants received		719	1,143
Taxation		(23)	(10)
Interest received		387	465
Net cash flows from investing activities		(36,152)	(28,481)
Cash flows from financing activities			
Interest paid		(14,255)	(14,113)
Repayment of loans		(9,261)	(185)
Net cash flows from financing activities		(23,516)	(14,298)
Net decrease in cash and cash equivalents		(27,567)	(4,164)
Cash and cash equivalents at beginning of year		55,542	59,706
Cash and cash equivalents at end of year		**27,975**	**55,542**

Notes to the Financial Statements

For the year ended 31 March 2019

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 Derwent House, Cranfield Technology Park, University Way, Cranfield, MK43 0AZ. The registered number is 7853.

On 1 October 2018, Grand Union Housing Group Limited was formed following the amalgamation of GUHG (2018) Limited (formerly Grand Union Housing Group Limited), Aragon Housing Association Limited, Rockingham Forest Housing Association Limited and South Northants Homes Limited.

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 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The Group is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The financial statements are prepared under the merger accounting rules detailed in Section 29 of FRS 102 for the combination of GUHG (2018) Limited (formerly Grand Union Housing Group Limited), Aragon Housing Association Limited, Rockingham Forest Housing Association Limited and South Northants Homes Limited. Accounting policies were already aligned between the Associations. Further details of the amalgamation are outlined in note 29.

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 exemptions, subject to certain conditions, which have 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.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertakings drawn up to 31 March each year.

Mergers

A combination in which the controlling parties of the combining entities have come together in a partnership for the mutual sharing of risks and benefits and in which no party to the combination in substance obtained control over any other, or has been otherwise seen to be dominant, is accounted for as a merger

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 2018/19. 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, as follows:

Freehold offices	50 years
Office improvements	25 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 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.

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 2014. 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 fund (RCGF) until it is either reinvested in a replacement property or repaid to the Regulator of Social Housing.

Designated reserves

Where reserves are subject to a specific purpose they are separately recognised within reserves as a designated reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the designated reserve.

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. No taxation is payable on such activities relating to charitable purposes.
Any charge for taxation is based on the surplus/deficit for the year and takes into account taxation deferred 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.

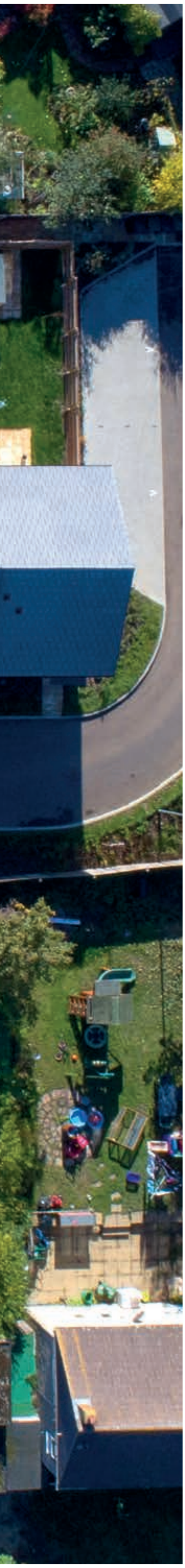
Value Added Tax (VAT)

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 de-recognised 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 de-recognised 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 2014 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.

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 balance sheet. 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.

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

2019	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 3b)	59,699	-	(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
- Group unification costs	-	-	(307)	(307)
Total	**74,299**	**(6,666)**	**(41,415)**	**26,218**

2018	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 3b)	58,998	-	(37,413)	21,585
Other social housing activities				
- First tranche property sales	10,901	(7,285)	-	3,616
- Leasehold properties	88	-	(275)	(187)
- Development	-	-	(116)	(116)
- Community services	-	-	(901)	(901)
- Other assistive technology	510	-	(222)	288
Activities other than social housing activities				
- Garages	1,216	-	(48)	1,168
- Market rent accommodation	854	-	(130)	724
- Solar panel feed-in tariff	455	-	(24)	431
- Other	644	-	-	644
- Management services	166	-	(140)	26
Total	**73,832**	**(7,285)**	**(39,269)**	**27,278**

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

Group and Association Year ended 31 March 2019	Rented social housing £'000	Shared ownership £'000	Supported housing £'000	Total £'000	2018 £'000
Income					
Rents receivable	45,071	2,436	9,901	57,408	56,869
Supporting People	-	-	306	306	107
Service charge income	314	149	1,437	1,900	1,944
Amortised government grant	30	10	45	85	78
Turnover from social housing lettings	45,415	2,595	11,689	59,699	58,998
Expenditure					
Management	(6,141)	(558)	(1,833)	(8,532)	(6,565)
Service charge costs	(406)	(184)	(1,622)	(2,212)	(4,191)
Routine maintenance	(7,580)	-	(2,164)	(9,744)	(8,642)
Planned maintenance	(1,985)	-	(525)	(2,510)	(3,454)
Major repairs expenditure	(4,429)	-	(1,138)	(5,567)	(4,621)
Write out components	(357)	-	(44)	(401)	(461)
Bad debts	(304)	-	(91)	(395)	(207)
Depreciation of housing properties	(8,718)	(337)	(323)	(9,378)	(8,739)
Depreciation - other	(245)	(22)	(73)	(340)	(413)
Amortised intangible assets	(66)	(5)	(20)	(91)	(31)
Pension	(103)	(9)	(30)	(142)	(89)
Operating costs	(30,334)	(1,115)	(7,863)	(39,312)	(37,413)
Operating surplus social housing lettings	15,081	1,480	3,826	20,387	21,585
Void losses	368	1	39	408	309

4. Surplus on disposal of property, plant and equipment

Group and Association	2019 £'000	2018 £'000
Sale of property	4,989	4,363
Sales proceeds from the sale of land	174	78
Costs of sale	(2,573)	(2,056)
Proceeds from other fixed asset disposals	59	-
Surplus on disposal	**2,649**	**2,385**

5. Finance income

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank interest receivable	**387**	**465**	**627**	**465**

6. Interest and financing costs

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Interest payable on loans and overdrafts	(15,114)	(15,361)	(9,795)	(15,273)
Interest payable to Group member	-	-	(5,319)	-
Net interest on defined benefit liability (note 19)	(395)	(388)	(395)	(388)
Borrowing costs capitalised	1,254	1,636	1,254	1,636
	(14,255)	**(14,113)**	**(14,255)**	**(14,025)**

Borrowing costs on properties during construction have been capitalised based on a capitalisation rate of 5.2% (2018: 5.2%).

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging:

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Depreciation of housing properties	9,378	9,200	9,378	9,200
Depreciation of other property, plant and equipment	340	414	340	414
Amortised government grants	(85)	(78)	(85)	(78)
Amortised intangible assets	91	31	91	31
Auditor fees – statutory	63	58	63	58
Auditor fees – other	37	56	37	56
Operating lease rentals - hire of motor vehicles	139	27	139	27
(Surplus) on disposal of fixed assets	(2,649)	(2,385)	(2,649)	(2,385)

8. Staff costs

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	9,814	9,155	9,814	9,155
Social security costs	1,047	977	1,047	977
Other pension costs (see note 19)	1,995	1,914	1,995	1,914
	12,856	**12,046**	**12,856**	**12,046**

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

Salary Band £	Group		Association	
	2019 number	2018 number	2019 number	2018 number
60,000 - 69,999	3	4	3	4
70,000 - 79,999	4	7	4	7
80,000 - 89,999	2	7	2	7
90,000 - 119,999	-	1	-	1
120,000 - 129,999	1	1	1	1
130,000 - 159,999	1	-	1	-

The average full time equivalent number of employees was

Group		Association	
2019 number	2018 number	2019 number	2018 number
305	287	305	287

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 and the number of Committees that they are part of. Board members are also reimbursed for travel expenses totalling £5.6k (2018: £6.4k).

Non-Executive Board member	£'000	GUHG	Until Sept 2018 JOB	Until Sept 2018 RFHA	Development	Remuneration	Audit & Risk	Grand Union Group Funding	GU Homes Ltd	GUHG Dev Co	Until Sept 2018 Encourage	Homes & Services
Harry Walker	13.5	·			·	·			·	·		
Gillian Walton	8.3	·	·			·					·	
Kami Nuttall	7.7	·				·	·					
Dawn Cummins (until Sept 2018)	3.3	·		·		·						
James Macmillan	5.7	·				·	·					
Richard Broomfield	7.7	·	·		·				·	·		
Steven Hird (until July 2018)	1.7								·			
Peter Fielder	7.2	·	·	·				·				·
Nicola Ewen	5.0	·		·			·	·				
John Edwards	7.7	·					·	·				
Timothy Knights (until Sept 2018)	1.8		·								·	
Brent O'Halloran	4.8	·	·	·								·
James Jamieson (until July 2018)	0.9		·									
Vanessa Connolly	6.0	·									·	·
Thomas Mudd (until Feb 2019)	2.7			·	·		·					
Thomas Mason (until July 2018	0.2			·								
Ursula Morris (until Sept 2018)	1.0			·								
Colet Kiss (until Sept 2018)	1.0										·	
Jean Bartlett (until Sept 2018)	1.0										·	
David Willis	3.5		·		·							·
Harpreet Chander (until Jan 2019)	2.9		·									·
David Aaronson (until Sept 2018)	0.0										·	
Emma Killick	2.8										·	·

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.

Total Directors' remuneration	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	378	391	378	391
Social security costs	49	55	49	55
Pension payments	54	49	54	49
	481	**495**	**481**	**495**

Remuneration of the highest paid director (excluding pension contributions)	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Group Chief Executive	155	151	155	151

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 2018/19 financial year, the Group paid tax of £23k (2018: £10k) that related 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	Land and housing properties under construction £'000	Leasehold properties £'000	Shared ownership £'000	Shared ownership under construction £'000	Total £'000
Cost						
At 1 April 2018	557,065	12,025	61	48,806	2,934	620,891
Additions	-	25,450	-	-	6,946	32,396
Transfer to investment property	(203)	-	-	-	-	(203)
Schemes completed	25,582	(25,582)	-	7,530	(7,530)	-
Improvements	9,200	-	-	-	-	9,200
Disposals	(1,380)	-	-	(1,037)	-	(2,417)
At 31 March 2019	**590,264**	**11,893**	**61**	**55,299**	**2,350**	**659,867**
Depreciation						
At 1 April 2018	(63,615)	-	(15)	(1,516)	-	(65,146)
Charge for the year	(9,038)	-	(3)	(337)	-	(9,378)
Transfer to investment property	26	-	-	-	-	26
Disposals	338	-	-	38	-	376
At 31 March 2019	**(72,289)**	**-**	**(18)**	**(1,815)**	**-**	**(74,122)**
Net book value						
At 31 March 2019	**517,975**	**11,893**	**43**	**53,484**	**2,350**	**585,745**
At 31 March 2018	493,450	12,025	46	47,290	2,934	555,745

Freehold land and buildings with an Existing Use Value-Social Housing of £423.2 million (2018: £483.9 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 existing properties	2019 £'000	2018 £'000
Capitalised: replacement of components	8,367	7,240
Capitalised: improvements	833	611
Charged to Statement of Comprehensive Income	5,567	4,621

12a. Property, plant and equipment – other

	Freehold offices £'000	Fixtures and fittings £'000	Vehicles £'000	Computer equipment £'000	Assistive technology £'000	Total £'000
Cost						
At 1 April 2018	3,141	745	860	2,251	-	6,997
Additions	-	-	6	65	46	117
Disposals	-	-	(396)	(457)	-	(853)
At 31 March 2019	**3,141**	**745**	**470**	**1,859**	**46**	**6,261**
Depreciation						
At 1 April 2018	(864)	(728)	(728)	(1,948)	-	(4,268)
Charge for the year	(61)	(9)	(84)	(184)	(2)	(340)
Disposals	-	-	394	424	-	818
At 31 March 2019	**(925)**	**(737)**	**(418)**	**(1,708)**	**(2)**	**(3,790)**
Net book value						
At 31 March 2019	**2,216**	**8**	**52**	**151**	**44**	**2,471**
At 31 March 2018	2,277	17	132	303	-	2,729

12b. Intangible assets

Group and Association	IT Software £'000
Cost	
At 1 April 2018	201
Additions	170
Disposals	-
At 31 March 2019	**371**
Amortisation	
At 1 April 2018	(30)
Charge for the year	(91)
At 31 March 2019	**(121)**
Net book value	
At 31 March 2019	**250**
At 31 March 2018	171

13. Investment properties

Group and Association	2019 £'000	2018 £'000
Cost		
At 1 April	15,485	15,085
Transfer from housing properties	177	400
Additions	77	-
Fair value surplus	761	-
Carrying value at 31 March	**16,500**	**15,485**

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.

14. Fixed asset investments

Association	2019 £'000	2018 £'000
Cost		
At 1 April 2018	50	50
At 31 March 2019	**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.

On 1 October 2018 Grand Union Housing Group Limited was formed following the amalgamation of GUHG (2018) Limited (formerly Grand Union Housing Group Limited), Aragon Housing Association Limited, Rockingham Forest Housing Association Limited and South Northants Homes Limited. Grand Union Housing Group Limited is a Registered Housing Provider as defined by the Housing and Regeneration Act 2008 and is the ultimate parent.

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Properties in construction	7,109	3,247	1,226	1,605
Completed properties	207	1,437	207	1,437
Consumable stock	174	122	174	122
	7,490	**4,806**	**1,607**	**3,164**

An amount of interest of £1,564k (2018: £1,067k) is included in work in progress and the amount of inventories recognised as an expense in the year was £6,666k (2018: £7,285k).

16. Debtors

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts falling due within one year				
Rent arrears	2,223	1,917	2,223	1,917
Provision for bad debts	(1,381)	(1,085)	(1,381)	(1,085)
Cash due from collecting agencies	186	187	186	187
	1,028	1,019	1,028	1,019
Other debtors	847	571	847	571
Amounts owed by Group undertakings	-	-	-	90
Prepayments and accrued income	940	781	940	781
	2,815	2,371	2,815	2,461
Amounts falling due after more than one year				
South Northants Council	-	3,849	-	3,849
Bedford Citizens Housing Association	4,443	4,514	4,443	4,514
Amounts owed by Group undertakings	-	-	6,374	1,705
	4,443	8,363	10,817	10,068
Total debtors	**7,258**	**10,734**	**13,632**	**12,529**

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, have no fixed date of repayments and are repayable on demand.

17. Creditors – amounts falling due within one year

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Rents received in advance	2,276	1,801	2,276	1,801
Housing loans	3,056	220	3,056	220
Amounts owed to group members	-	-	38	38
Other creditors	1,819	1,620	1,819	1,620
Government grants - received in advance	85	78	85	78
Accruals and deferred income	8,762	10,154	8,762	10,154
	15,998	**13,873**	**16,036**	**13,911**

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Housing loans	178,765	191,666	178,765	191,666
Bond	113,267	113,110	113,267	113,110
Government grants	8,135	7,508	8,135	7,508
Disposal proceeds fund	625	613	625	613
Development agreement (SNC)	-	3,849	-	3,849
SHPS pension deficit liability	-	200	-	200
	300,792	**316,946**	**300,792**	**316,946**

Housing loans

At 31 March 2019, £298 million (of the total facility of £353 million) had been drawn down, of which £268 million was fixed at interest rates between 2.84% and 7.13%. £30 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	2019 £'000	2018 £'000
Between one and two years	3,204	3,500
Between two and five years	32,309	13,876
After five years	144,292	174,745
On demand or within one year	3,118	220
	182,923	**192,341**

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	2019 £'000	2018 £'000
Original capital grant value		
At 1 April	7,833	6,690
Grants receivable	719	1,143
At 31 March	8,552	7,833
Amortisation		
At 1 April	247	161
Amortisation to Statement of Comprehensive Income	85	78
To recycled capital grant	-	8
At 31 March	332	247
At 31 March	**8,220**	**7,586**
Due within one year (note 17)	85	78
Due after one year (note 18)	8,135	7,508

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 and disposal proceeds fund	2019 £'000	2018 £'000
Opening balance	613	680
Grant recycled	119	166
Interest accrued	-	-
New build (grant utilised)	(107)	(233)
Carried forward	625	613
Grants to be recycled less than one year (note 17)	-	-
At end of the year	**625**	**613**

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 2018/19 the Group paid £331,258 (2018: £257,257) on behalf of employees who have joined the scheme. £46,573 was outstanding as at 31 March 2019.

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	
	2019	2018	2019	2018
Key assumptions used:				
Discount rate	2.40	2.70	2.40	2.70
Future pension increases	2.50	2.40	2.40	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	
	2019	2018	2019	2018
Retiring today:				
Men	22.1	22.1	20.7	22.4
Women	24.2	24.2	23.2	24.5
Retiring in 20 years:				
Men	23.9	23.9	21.7	24.0
Women	26.1	26.1	24.7	26.2

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

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Current service cost	1,808	1,827	1,808	1,827
Net interest cost	386	388	386	388
Recognised in other comprehensive income	(4)	(627)	(4)	(627)
Total cost relating to defined benefit scheme	2,190	1,588	2,190	1,588

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:

	2019 £'000	2018 £'000
Present value of defined benefit obligations	64,456	59,792
Fair value of scheme assets	(49,088)	(44,978)
Net liability recognised in the Statement of Financial Position	**15,368**	**14,814**

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

	2019 £'000	2018 £'000
At 1 April	59,792	58,374
Service cost	1,760	1,824
Interest cost	1,612	1,531
Actuarial gains and losses	2,056	(1,208)
Contributions from scheme participants	320	337
Benefits paid	(1,070)	(1,053)
Unfunded benefits paid	(14)	(13)
At 31 March	**64,456**	**59,792**

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

	2019 £'000	2018 £'000
At 1 April	44,978	43,551
Actuarial gains and losses	2,060	(584)
Return on plan assets (excluding amounts included in net interest cost)	1,226	1,143
Contributions from the employer	1,636	1,597
Administration expenses	(48)	-
Contributions from scheme participants	320	337
Benefits paid	(1,084)	(1,066)
At 31 March	49,088	44,978

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

	Fair value of assets	
	2019 £'000	2018 £'000
Equity instruments	34,634	27,862
Debt instruments	7,854	6,920
Property	4,527	4,151
Cash	2,073	6,045
	49,088	44,978

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

In the calculation of the defined benefit pension scheme liability for the Local Government Pension Schemes, no allowance has been made in respect of potential liabilities arising from the McCloud court judgement, given some uncertainty around this judgement with the government awaiting news of its right to appeal. No provision has been made because (a) it is not considered probable that an outflow of resources will be required to settle the obligation and (b) the amount of the obligation cannot be measured with sufficient reliability.

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 last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

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.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

	2019
Key assumptions used:	
Discount rate	2.59
Future pension increases	2.16

Mortality assumption

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:

	2019
Retiring today:	
Men	21.8
Women	23.5
Retiring in 20 years:	
Men	23.2
Women	24.7

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

	Group 2019 £'000	Association 2018 £'000
Current service cost	42	42
Net interest cost	9	9
Recognised in other comprehensive income	104	104
Total cost relating to defined benefit scheme	**155**	**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:

	2019 £'000
Present value of defined benefit obligations	1,858
Fair value of scheme assets	(1,411)
Total cost relating to defined benefit scheme	**447**

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

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

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

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

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

	Fair Value of Assets 2019 £'000
Equity instruments	237
Debt instruments	1,044
Property	127
Cash	3
	1,411

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

20. Share capital - Association

	2019 £'000	2018 £'000
At beginning of year	11	8
Issued during the year	3	3
Cancelled during the year	(4)	-
At end of year	**10**	**11**

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	2019 £'000	2018 £'000
Cash flow from operating activities		
Operating surplus for the year	26,218	27,278
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	9,810	9,183
Decrease in debtors	3,476	4,646
Increase in stock	(2,684)	(1,201)
Decrease in creditors	(5,256)	(2,536)
Pension costs less contributions payable	537	1,245
Cash generated by operations	**32,101**	**38,615**
Cash and cash equivalents		
Cash at bank and in hand	27,975	55,542
Cash and cash equivalents	27,975	55,542

22. Financial commitments

Capital commitments are as follows:

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Contracted for but not provided for	18,351	32,127	17,842	32,127
Approved by the directors but not contracted for	11,205	28,815	7,038	28,815
	29,556	**60,942**	**24,880**	**60,942**

The total amount contracted for at 31 March 2019 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. Operating lease commitments

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

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Payments due:				
- within one year	333	164	333	164
- between one and five years	801	769	801	769
- in five years or more	40	84	40	84
	1,174	**1,017**	**1,174**	**1,017**

24. Number of units in management

Group and Association	2019 units	2018 units
Owned and managed		
General needs	8,193	8,021
Supported housing and housing for older people	2,465	2,493
Shared ownership accommodation	751	677
Market rent	114	109
Intermediate market rent	73	73
Housing accommodation owned at the end of year	**11,596**	**11,373**
Managed not owned		
General needs	44	46
Supported housing and housing for older people	174	131
Shared ownership accommodation	45	45
Market rent	8	9
Intermediate market rent	54	54
	11,921	**11,658**

25. Related party transactions

There were no Customer or Leaseholder Members of the Group Board as at 31 March 2019.

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:

	2019 £'000	2018 £'000
Payments made to subsidiaries		
Grand Union Group Funding Plc – loan interest	5,319	5,319
Grand Union Homes Limited – development cash flows	4,669	(2,432)
Receipts from subsidiaries		
Grand Union Homes Limited – intercompany loan interest	240	90
Amounts owed by subsidiaries at 31 March		
Due within one year: Grand Union Homes Limited	-	90
Due after more than one year: Grand Union Homes Limited	6,374	1,705
Amounts owed to subsidiaries at 31 March		
Grand Union Group Funding Plc – unpaid share capital	38	38

There were no transactions made with GUHG Development Company Limited during 2019 or 2018.

26. 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.

27. Financial instruments

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

Group	2019 £'000	2018 £'000
Financial assets that are measured at amortised cost		
Debtors	1,886	2,675
Debtors falling due after one year	10,718	4,514
Cash	27,975	55,542
	40,579	**62,371**
Financial liabilities that are measured at amortised cost		
Trade and other payables	4,038	3,420
Public bonds	113,268	113,110
Loans and borrowings	182,923	192,342
Accruals and deferred income	8,762	10,154
	308,991	**319,026**

28. Legislative provisions

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

29. Grand Union Housing Group – amalgamation

On 1 October 2018 GUHG (2018) Limited (formerly Grand Union Housing Group Limited), Aragon Housing Association Limited, Rockingham Forest Housing Association Limited and South Northants Homes Limited merged to form a single organisation called Grand Union Housing Group Limited.

The main driver for merging these above entities was to modernise our services, improve the customer offer and consistency in process. As a group we were already working closely together but by creating a single, stronger and more effective organisation we will be in a great position to achieve more now and in the future.

The Association and the Group financial statements presented here incorporate the results of all organisations prior to unification and the new entity from unification date to 31 March 2019.

A review of the accounting policies of GUHG (2018) Limited, Aragon Housing Association Limited, Rockingham Forest Housing Association Limited and South Northants Homes Limited was undertaken during the year. The accounting policies of all entities had been aligned previously and hence there was no requirement for any accounting adjustments.

The following tables compare the financial position of Grand Union Housing Group Limited (as an individual entity) at 31 March 2018 before and after unification.

29. Grand Union Housing Group – amalgamation (continued)

Statement of Comprehensive Income - 31 March 2018

	GUHG (2018) £'000	Aragon Housing Association £'000	South Northants Homes £'000	Rockingham Forest Housing Association £'000	Inter-Group Adjustments	GUHG Limited £'000
Turnover	5,226	52,752	16,473	4,607	(5,226)	73,832
Operating expenditure	(5,282)	(32,441)	(11,588)	(2,469)	5,226	(46,554)
Operating (deficit)/surplus	**(56)**	**20,311**	**4,885**	**2,138**	**-**	**27,278**
Surplus on disposal of property, plant and equipment	-	2,075	300	10	-	2,385
Finance income	-	457	5	3	-	465
Interest and financing costs	(118)	(12,267)	(1,388)	(252)	-	(14,025)
Movement in fair value of investment properties	-	-	-	-	-	-
Surplus before tax	**(174)**	**10,576**	**3,802**	**1,899**	**-**	**16,103**
Taxation	(10)	-	-	-	-	(10)
Surplus for the year	(184)	10,576	3,802	1,899	-	16,093
Actuarial surplus (deficit) in respect of definted benefit pension schemes	148	226	253	-	-	627
Total comprehensive income for the year	**(36)**	**10,802**	**4,055**	**1,899**	**-**	**16,720**

Statement of changes in reserves

	GUHG (2018) £'000	Aragon Housing Association £'000	South Northants Homes £'000	Rockingham Forest Housing Association £'000	Inter-Group Adjustments	GUHG Limited £'000
Surplus/deficit for year	(184)	10,576	3,802	1,899	-	16,093
Other Comprehensive income: Actuarial surplus in respect of defined benefit pension schemes	148	226	253	-	-	627
Total comprehensive income	**(36)**	**10,802**	**4,055**	**1,899**	**-**	**16,720**
Transfers	-	-	-	-	-	-
	(36)	10,802	4,055	1,899	-	16,720

Statement of Comprehensive Income - 31 March 2018

	GUHG (2018) £'000	Aragon Housing Association £'000	South Northants Homes £'000	Rockingham Forest Housing Association £'000	Inter-Group Adjustments	GUHG Limited £'000
Fixed Assets						
Housing properties	-	438,933	76,955	39,857	-	555,745
Other property, plant and equipment	66	897	1,698	68	-	2,729
Investment properties	-	8,800	1,880	4,805	-	15,485
Fixed asset investments	50	-	-	-	-	50
Intangible assets	32	78	52	9	-	171
	148	**448,708**	**80,585**	**44,739**	**-**	**574,180**
Current Assets						
Inventory	-	2,798	147	219	-	3,164
Debtors	1,847	7,650	16,668	85	(13,722)	12,528
Cash and cash equivalents	215	45,119	5,483	4,649	-	55,466
Creditors: amounts falling due within one year	(1,837)	(19,708)	(5,355)	(732)	13,722	(13,910)
Net current assets	**225**	**35,859**	**16,943**	**4,221**	**-**	**57,248**
Total assets less current liabilities	373	484,567	97,528	48,960	-	631,428
Creditors: amounts falling due after more than one year	-	(263,900)	(44,799)	(8,247)	-	(316,946)
Defined benefit pension liability	(4,503)	(10,803)	492	-	-	(14,814)
Net assets	**(4,130)**	**209,864**	**53,221**	**40,713**	**-**	**299,668**
Capital and reserves						
Share capital						
Revenue reserve	(4,130)	49,829	19,117	40,713	-	105,529
Revaluation reserve	-	158,092	30,939	-	-	189,031
Restricted reserve	-	1,943	3,165	-	-	5,108
	(4,130)	**209,864**	**53,221**	**40,713**	**-**	**299,668**

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