Building a truly modern housing association
2019/2020

Financial Statements for the Year Ended 31 March 2020

Board of Management	Appointed	
Dennis Sleath	Retires 28 July 2020	Chair
John Weguelin	1 January 2020	Chair Designate
Philip Dearing	Retires 28 July 2020	Chair Group Audit and Risk Committee
Sebastian Bull	27 May 2020	Chair Group Audit and Risk Committee Designate
David Clark	1 October 2018	Chair, Platform Property Care
Paula Smith	27 May 2020	Board Member
Elizabeth Froude	17 September 2019	Board Member
Steve Dyson	1 October 2018	Board Member
Helen Southwell	1 October 2018	Board Member
Jennifer Wood	1 October 2018	Board Member
Jeff Sharnock	Retires 28 July 2020	Board Member
Chris Huntbatch	Retired 21 November 2019	Board Member
Denis Thompson	Retired 17 September 2019	Vice Chair
Mark Davies	Retired 17 September 2019	Board Member

Auditors and Bankers

Registered Office

1700 Solihull Parkway
Birmingham Business Park
Solihull
B37 7YD

External Auditors

Beever and Struthers
Chartered Accountants
St George's House
215-219 Chester Road
Manchester
M15 4JE

Principal Bankers

Barclays Bank PLC
PO Box 3333
1 Snow Hill
Snow Hill Queensway
Birmingham
B3 2WN

Registered under the Co-operative and Community Benefit Societies Act 2014
Charitable Registered Society Registration Number: 32239R
Regulator of Social Housing Registration Number: 4789

Executive Directors

Elizabeth Froude	8 July 2019	Group Chief Executive
Rosemary Farrar	17 March 2020	Chief Financial Officer
Jon Cocker	1 October 2018	Chief Information Officer
Marion Duffy	1 October 2018	Chief Operating Officer
Clare Durnin	1 October 2018	Executive Director (Corporate Resources)
Dennis Evans	1 October 2018	Executive Director (Property Management)
Gerraint Oakley	15 June 2020	Executive Director (Growth and Development)
David Pickering	Retired 30 September 2019	Group Chief Executive
Richard Grounds	Left 31 March 2020	Commercial Director
Andrew Howarth	Retired 31 March 2020	Group Finance Director
Catherine Dass	Left 6 April 2020	Business Improvement Director
Clare Jackson	Leaving 7 August 2020	Regional Operations Director (West)

Company Secretary

Andrew Bush	11 December 2018

One of our many new family homes at Gregory's Bank, Worcester.

Contents

Chair's Report

I am pleased to introduce the 2019/20 annual report and financial statements. In this year of challenge and change we have made good progress towards achieving our five year merger plan, laying down the foundations for change and building the new team though there is much work still to be done.

Our Operating Margin for the year remained extremely healthy at just below 42% despite being the final year of government rent cuts; and the challenging market conditions reflected in the 30% decline of our first tranche shared ownership sales and in reduced activity in the purchases of further shares by leaseholders. In addition, while at the end of the year the Association was locked down as a result of COVID-19, this has not had a negative impact on our 2019/20 performance but has significantly enhanced the way we manage our risk going forward into 2020/21.

During the year we invested £196.3m in the development of new homes with the support of £39.5m grant and in addition to our new build programme we invested a further £13.3m into our existing homes.

We completed 1,449 homes during the year and finished the year with a further 1,323 homes on site. We were left at the end of March 2020 with £17.7m invested in unsold homes, an increase of over £10m on March 2019. However despite the difficult conditions during April, May and June 2020 sales activity has continued during this period.

We do not distribute any dividends and our strong net surplus of £57.9m for the year will all be reinvested in improving our services to our customers and building new homes for lower income households across our operating area.

Our liquidity position at the end of March 2020 was deliberately large and was increased to cover possible risks arising from COVID-19. At the end of March 2020 we held £478m in undrawn bank facilities and cash – reflecting the scale of uncertainty in which we operate but also to enable us to move quickly when needed and the operating environment improves.

During the year we said goodbye to David Pickering and welcomed Elizabeth Froude as our new Chief Executive Officer. David played a key role in achieving the merger of two strong and ambitious organisations and led the newly formed organisation during the year. I would like to recognise his tireless contribution and wish him all the best in retirement.

Elizabeth joins us with considerable experience of business change both in various FTSE companies and latterly in large housing providers.

We also said goodbye to members of the Executive team Catherine Dass, Clare Jackson, Richard Grounds and Andy Howarth. Richard has recently been replaced by Gerraint Oakley as Executive Director of Growth & Development and Andy has been replaced by Rosemary Farrar as Chief Finance Officer.

Elizabeth and her new team are focused on delivering the benefits of scale achieved through the merger for our customers and for financing a growing development programme.

I would like to take this opportunity to thank the chair of the Group Audit & Risk Committee, Philip Dearing and Jeff Sharnock who will both be retiring from the Board at the AGM in July. In addition my thanks are extended to Chris Huntbach, Denis Thompson and Mark Davis who left the Board during the year. All five made significant contributions during their time with us, giving me great support, and were instrumental in the establishment of Platform Housing Group. At the same time I am pleased to welcome Sebastian Bull and Paula Smith who will join the Board at the AGM in July.

Finally I'd like to welcome to John Weguelin who joined the Board in January and who takes over from me as the new chair in July 2020.

Dennis Sleath
Chair

Report of Chair Elect

Firstly I would like to thank Dennis Sleath for piloting the merger and for laying the foundations for such an ambitious organisation which is already one of the largest providers of housing in the Midlands. He has been an outstanding visionary and leader for Platform and its customers.

I would also like to thank our departing colleagues who have made such a valuable contribution to Platform and have been most welcoming.
I am extraordinarily fortunate to be joining Platform at this time. Despite everything that has been happening in the last few months I believe there may never be a more exciting time to be involved in housing and I believe Platform is ideally positioned not just to deliver on the promises of the merger but to transform how we deliver services in the future and build more homes and communities.

Over the next five years we will be investing over £200m a year in new housing and over £10m a year in our existing housing stock while improving services to our customers. We will be building new homes that are modern and green and aim to provide up to date digital services and technology recognising the changing needs of our customers

As Dennis has already said we have had a highly successful first year but this has also been a year of consolidation. With our new team in place and with our strong credit, rated G1, V1 by the Housing Regulator and A+ by Standard & Poor's we will be utilising our financial strength to achieve our growth and improvement ambitions.

Finally I cannot praise enough our employees and Board members who have continued to work tirelessly through the difficult past few months in order to ensure that services to our residents, tenants, customers and partners have continued and that their homes remained safe and secure. Employees have engaged in numerous initiatives to support our customers affected during this period.

I am particularly proud of two initiatives that Platform has undertaken recently. The first is the establishment of a Hardship Fund which has distributed over £150k to food banks and individual customers across the Midlands.

The second is the establishment of our Customer Experience Panel led by Ella Corbett. This is an important step in our engagement with our customers and their involvement in shaping our services in the future. Both these initiatives reflect the Values and Culture of Platform.

We face 2020/21 in a strong financial position to enable us to execute on our merger plans and our ambitions for building new homes and communities and transforming our services. I very much look forward to meeting many of you in the coming months when hopefully we are able to move around more freely.

John Weguelin
Chair Elect


New homes get underway at Chesterfield Road, Matlock.

Report of the Chief Executive

As we close this financial year we find ourselves in a strange new world, having dealt with one of the biggest crises of our generation and never has the role of the social landlord been more critical or visible. It has seen us respond quickly to the needs of not just our own customers, but also our wider communities, providing a variety of support, to ensure people's wellbeing and survival through this difficult period.

In the past year I joined Platform and am delighted to join at such an exciting time and to be able to help build an organisation with the capacity and capability to truly be a great and contemporary social landlord. We have continued to move forward with the integration of the two legacy organisations and their synergies have given us a strong financial and geographical base as well as an ambitious customer focused agenda.

The Chair has outlined our strong financial performance during 2019/20 but we aim to do more in the next four years as we deliver on our merger plan and continue to drive efficiencies.

As the largest social housing landlord in the Midlands we remain conscious of our social purpose, but want to extend our well established ability to deliver consistently a significant number of new affordable and social rent homes across our area of operation.

We want to increase gradually the number of homes we build, in a way which will leverage our status as a Strategic Partner with Homes England, allow us to have better control of delivery, enable our ambition to improve the quality of our homes and move forward on our carbon reduction journey.

During the year we established a new Customer Experience Panel who represent residents across our footprint and will help to retain the customer focus as we build our new business and services. They have a dedicated Board member in their numbers and their reports are submitted directly to our Board to ensure the link from customer to Board is as short and transparent as possible.

We have enhanced our knowledge of the condition of our collective housing stock and have put together a planned programme to ensure that we continue to maintain and improve our homes. We have addressed all the fire safety work highlighted over the past two years both in our taller and our timber framed buildings and contained the cost within our annual budget.

Key to our overarching maintenance and investment activity is the ongoing roll out of our in-house maintenance business, across all areas of operation and delivering both day to day and investment works to our properties, bringing financial efficiency and great customer satisfaction. We have built a single technology platform for all employees, to move forward the identity of working as a new single organisation and have already established a path to our new values and behaviours framework to start the culture shift to us all seeing ourselves as Platform people.

In parallel we kicked off our Platform One initiative which will build a single digital environment joining up front end services and customers, with our teams and core functions, creating a more streamlined and agile business. We started the programme from the customer interface with the objective of enabling more choice for our customers about how and when they interact with us, eventually widening the range of our services accessible electronically.

The first test of this environment has been the COVID-19 crisis. Our technology enabled us to continue seamlessly to provide a service to our customers and to keep them and our employees safe. We are continuing to explore with our employees what we have learned from this that will enable us to create new and more agile ways of working as we come out of the lockdown period.

Finally we continue to invest in our employees as we implement the new shape of the post-merger business including extending our award winning apprentice scheme across the organisation. We have many fantastic and experienced employees and our objective is to support their growth as a core to building our powerful future organisation. As we move forward in to the new year I have concluded the structure of my Executive team and have a group of very capable and experienced people to assist me as we continue on with the integration.

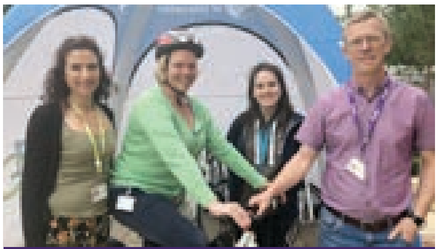
Elizabeth Froude
Group Chief Executive

Strategic Report

The Group Board presents its report and the audited financial statements of Platform Housing Group Limited ('the Association') and its subsidiary undertakings, together forming the Platform Housing Group ('the Group'), for the year ended 31 March 2020.

New homes at Pickersleigh Grove, Malvern.

Our year at-a-glance



April 2019

Launch of the **travel smart lift share** initiative. It's all about helping save money and the planet by sharing travel, cutting CO_2, avoiding bus and rail strikes and making new friends on the road.

May 2019

Housing Apprentice Megan Wilkinson rounded off her Level 2 apprenticeship with a nomination for the Federation of Awarding Bodies Learner of the Year Award - only one of six in the country. We continue to mentor **32 apprentices** across the Group.

June 2019

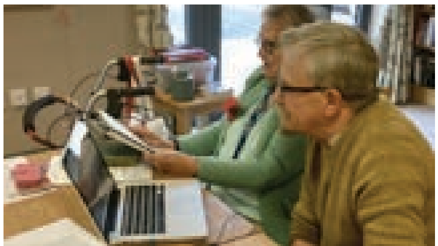
Publication of **Delivering through Diversity** – our new group approach to diversity and inclusion. It sets out our firm belief that diversity is essential in all we do and that it makes us more effective as a social housing provider.

July 2019

Named as **5th biggest developer** of affordable homes in the annual Inside Housing Top 50 Biggest Builders Survey after delivering 1,598 new homes in 2018-2019. Look out for the 2019-2020 results!

August 2019

Platform Property Care launched their **'Ambition to Deliver'** a 3 year expansion programme that recognises the knowledge, skills and drive of our in-house maintenance teams and puts them at the forefront of our move away from outsourced work.



September 2019

Our team of digital champions clocked up 129 hours of volunteering to help **245 customers get online safely**. Our youngest learner was 19 and the oldest 96!

Our year at-a-glance (continued)

October 2019

Our first ever **Communities Week** took place giving all our teams the chance to get out into our neighbourhoods, schemes and villages to work with our communities to help bring about positive change.

November 2019

Our **Customer Experience Panel** met for the first time. Made up of customers from across our regions they work to scrutinise and drive quality services. November also saw us launch our Customer Experience Strategy.

December 2019

We held our **Annual Awards** to recognise the support and involvement of our customers and local groups whose actions have had a positive impact on their local community.

January 2020

Platform Housing Group Board agreed the move to **scrap fixed term tenancies** in favour of lifetime tenancies, giving our customers the security of a home for life.

February 2020

National UK Housing Awards recognised some of the great work we are doing with nominations for the DLO of the Year for Platform Property Care and Homebuilder of the Year.

March 2020

Our colleague developed and endorsed **People Values** were shared across the business. The Values are the first step in our work to create a positive culture that attracts and retains the best talent and to establish ourselves as an employer of choice.

Our vision, mission and values

A key driver for the formation of Platform was a similarity in vision and culture. Both legacy businesses had a similar vision, mission and supporting values underpinning their ambition to invest in affordable housing delivery in the Midlands in order to meet the regional and national housing crisis.

We are currently reviewing our strategic plan to put in place our ambitions for 2021 onwards but we continue to build on the strategy that brought the two merger partners together:

Deliver More Homes

- We will build 2,000 new homes each year by 2023.
- We will deliver over 18,000 new homes in our first 10 years.
- We will provide a mixed programme of new homes across a range of tenures for people in housing need.

A Strong, Efficient and Influential Organisation

- We will exert a strong presence in our areas of operation.
- We will have a commercial approach to generate £12m of efficiencies by 2023 which will be re-invested in more new homes and improved customer services.
- We will have an investment programme of £50m over the first 5 years to make our existing homes great places to live in.

Great Customer Service

- We will create digital services that enable customers to access services at a time and in a way that best suits them.
- We will improve customer engagement and insight to get closer to our customers and better understand and meet their needs.
- We will provide high quality services that support local communities and improve life chances.
- We will have a sustained local focus and locally accountable service delivery.

Excellent Maintenance Services

- We will deliver the majority of our maintenance programmes through the Property Care business.
- We will grow annual Property Care turnover to £50m by 2023.
- We will achieve £2m of VAT and efficiency savings by 2023.
- We will have a more commercial approach to delivering the Property Care business plan.

A Great Place to Work and an Employer of Choice

- We will build a culture that retains our best people, attracts the best talent and has high levels of engagement.
- We will provide a comprehensive training and development programme that enables our agile workforce to fulfil potential.
- We will increase the number of apprenticeships through the business.
- We will have a diverse workforce that reflects our communities.

Our Values

Our values underpin our strategic objectives and describe our style of leadership and the way our people behave. They set ideal standards, which we apply directly to the way we run our business, recruit our colleagues, manage our performance, and recognise and reward good work.

We pride ourselves on being **open** and **transparent** in how we do business.

We are **responsible** and **reliable** business partners, and will do what we say we will do.

Customers are the very heart of what we are about, and the customer voice is central to this.

Integrity is fundamental to how we work at all times.

We will adopt a **commercial** approach within the context of our broader charitable status and ethos.

We are passionate about our work and want to **inspire** our people to make a difference.

We will at all times show **respect** for our customers, partners and employees.

Our financial highlights

£57.9m
Net surplus after tax

41.8%
Operating margin

£2.5bn
Value of properties

43.5%
Gearing ratio

£478m
Available liquidity

1,449
Homes completed

1,178
Colleagues FTE

G1/V1
Regulatory Rating

A+(stable)
Standard & Poors Rating

Performance against objectives

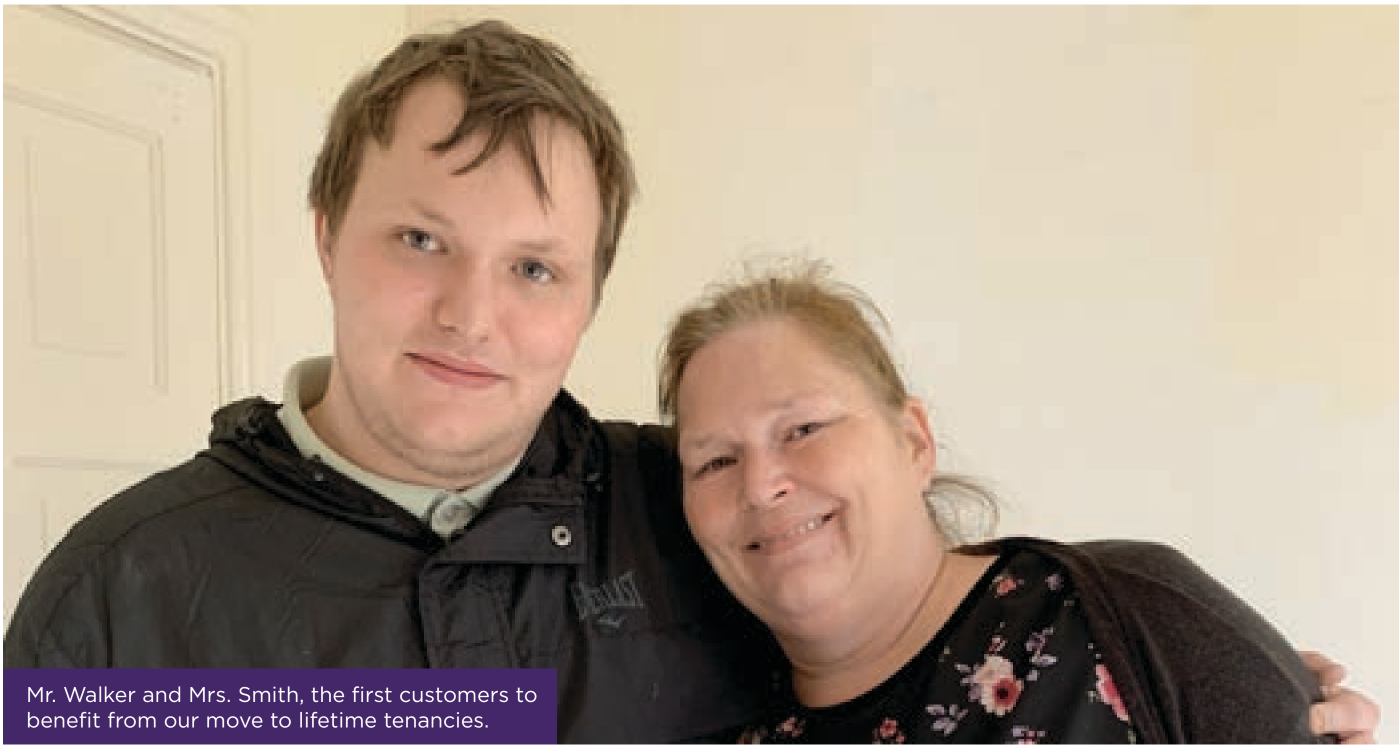
The Platform Housing Group (the Association), is a Community Benefit Society, a charitable registered provider of social housing and is the parent undertaking of the Group which consists of the parent and four subsidiaries:

- Platform Housing Limited is an asset-holding charitable registered provider and is a Community Benefit Society;
- Platform Property Care Limited (PPC) is a company limited by shares and provides a full range of maintenance services to the Group as well as operating in a Cost Sharing Vehicle (CSV) with local partner Rooftop Housing Group Limited;
- ESHA (Developments) Limited is a company limited by shares and provides construction and development services to the Group; and
- Waterloo Homes Limited is a dormant company

Our social purpose is important to us and we keep this at the heart of our corporate strategy. Platform is a strategic partner to Homes England and has a capital grant allocation under the Affordable Homes Programme (AHP). We continue to supplement the limited grant received with surpluses generated by our activities in order to provide as many new homes, in the right mix, as we can to continue to address the housing crisis. We also use our surpluses to support our people and communities to assist our residents and leaseholders to live in strong, supportive and resilient communities.

The Group is registered with, and regulated by, the Regulator of Social Housing (RSH) and works within the regulatory framework for social housing. The latest Regulatory Judgement, received in 2018, again confirmed that the organisation is properly governed and managed (G1), and continues to be financially viable (V1).

The Group provides a varied range of housing including general needs, housing for older people and retirement living schemes, as well as supported housing schemes for young people, people with disabilities and homeless families. Complementing this core activity, a limited number of intermediate, and market rent properties are also provided.



Mr. Walker and Mrs. Smith, the first customers to benefit from our move to lifetime tenancies.

Performance against objectives (continued)

Group Key Performance Indicators

The key performance indicators are set at Group level and are used to assist the Board in monitoring progress against delivery of the corporate strategy. The results as at the end of March 2020 are shown below. The table shows performance against target, and also against appropriate benchmarking data widely available in the sector.

Measure	Benchmark	Sample*	Source	Target	Actual
Performance against Affordable Homes Programme				100.00%	108.30%
Sales against monthly target				100.00%	90.00%
Number of new home completions	Ranked 4th	25	Global Accounts	1,634	1,449
Operating margin	Ranked 1st	25	Global Accounts	38.20%	41.80%
Current tenant arrears	Q4	149	Housemark	2.95%	2.87%
Former tenant arrears	Q2	147	Housemark	1.30%	1.28%
% Shared Ownership arrears				0.50%	0.91%
Average re-let time	Q4	147	Housemark	33.3	39.9
Number of available voids at year end	Q3	145	Housemark	200	308
Overall satisfaction with the service provided (STAR)	Q4	14	Housemark	85.00%	60.20%
Complaints responded to within targets	Q1	104	Housemark	85.00%	93.50%
% of properties with a valid gas safety certificate	Q4	146	Housemark	100.00%	99.60%
Employee satisfaction	Q4	33	Housemark	76.00%	82.20%
Employee turnover rate (Voluntary only)	Q3	90	Housemark	14.00%	12.35%
Average number of days lost to sickness	Q3	130	Housemark	8.0	9.04

* Sample size is the number of organisations either included, or who supplied data for the KPI.

Financial

Platform reported an underlying surplus for the year 2019/20 of £57.9m. All of this will be re-invested into the provision of new homes and in improving our services. Our operating margin of 41.8% remains amongst the highest in the sector. Operating margin without sales is also high for the sector at 37.6% which puts us in a strong position to face the next period of economic uncertainty. Welfare reform continues to have an impact on our work and remains an important focus for us. Across the year, we saw a 95% increase in households affected by Universal Credit with one third of new claimants making applications in the last quarter of the year. However, current arrears in this customer group are continuing to show a downward trend indicating that our range of incentives, advice and practical assistance to help customers cope with the changes are having an impact.

Arrears management performed well during the year with both former tenant arrears and current tenant arrears being ahead of target at the year-end. We have made recent changes to our customer contact strategies and continue to solidify relationships with DWP Partnership Managers for local arrears escalation routes across all key regions within our operating area.

Housing operations

Our long term voids reduced during the year but the successful letting of longer term voids pushed up the average let time for general needs and housing for older people which did not meet the target at year-end. The voids figure itself met a challenging target at year-end with only 308 void properties in management across the Group. Average let time for new builds achieved 1.9 days against a target of 3 days.

Complaints and compliments

In December 2019, the new Platform Complaints policy and procedure was introduced. During the year we investigated 269 formal complaints and 26 of these went to the Final Review stage. We also received 601 compliments from customers, 62% were relating to our repairs service.

Our key target for the year was to respond to 85% of all complaints within the policy timescale, this was comfortably exceeded achieving 93.5% at the year end.

Customers

In November 2019 Platform held its first Customer Service Week and as part of it officially launched our Customer Experience Strategy and our Customer and Community Engagement Strategy, along with accompanying two year roadmaps for each. Customer Service Week also saw the formal launch of our Customer Commitments, outlining the standards that we aim to deliver across all our services.

In November, Platform launched a brand new Customer Experience Panel, with membership comprising of existing involved customers and Board members. The Panel is designed to encourage an open exchange of views and discussions to help Platform further improve operational performance and to ensure that the Customer Voice is effectively heard by our Board so that services developed reflect the customers' views and experiences as much as possible. The Panel has delegated authority to scrutinise service delivery and to monitor implementation of Customer Strategies and policies to enable Platform to provide a high quality customer experience.

Overall satisfaction with services ended the year at 60.2% which is well below where we would like to be. This is a critical area of attention for the organisation during 2020/21 and the Customer Experience Steering Group and the Customer Experience Panel will be focusing on key areas of dissatisfaction over the next 12 months to ensure we deliver improvements to our customers' experience.

Satisfaction with completed repairs remained consistently high throughout the year, averaging 94% for the year excluding the month of March when the repairs service was reduced at the onset of the COVID-19 pandemic.

This was our first full year in delivering a single point of contact for our customers. Our Platform Hub, answered 255,235 customer calls, and responded to 78,806 digital contacts throughout the year.

During the year customers have been able to get involved in a range of activities from local events and consultations, to influencing our operational processes through survey feedback and from digital engagement and focus groups to providing strategic direction on our Scrutiny and Customer Experience Panels. This year we have engaged with customers on over 6,000 occasions which has given us valuable insight and feedback to shape our organisation. Across Platform we have five scrutiny panels that have conducted a series of in-depth investigations into our processes, making recommendations on services including how we allocate new homes, repairs timescales, customer service standards and support services for customers who experience difficulty in paying their rent. Following the launch of our Platform Customer and Community Engagement Strategy we are now harmonising our menu of involvement and developing new and exciting ways for our customers to get involved and be central in helping us to design our services for the future.

Performance against objectives (continued)

Property compliance

The Group operates a '3-star' service contract for all gas and fuel burning appliances. The number of properties with a valid landlord's gas safety certificate failed to reach the target of 100% at year-end predominantly caused by 124 properties for which access could not be gained to service gas components. In these cases legal action is under way to access these properties. The effect of COVID-19 has resulted in a large number of our residents self-isolating or shielding for long periods. In such cases servicing appointments have been deferred to accommodate the shielding period with risk assessments being carried out to ensure the customers safety during the extension period.

Across the Group 1,487 Fire Risk Assessments are in place and up to date. Fire Risk Assessments at our sheltered schemes have been temporarily suspended in order to protect the residents during the COVID-19 pandemic. Desk top reviews are being undertaken on these schemes which are being reviewed on a risk based approach by the Group's Fire Risk Assessor. The rolling programme of risk assessments on our other stock was temporarily suspended but has now re-commenced.

Culture and employees

Employee satisfaction has increased over the last year. We changed our approach at the beginning of the year and engaged with employees on a quarterly basis rather than annually. Workshops, focus groups, surveys, conversations and meetings have been held with our employee group, People Platform and with a wide range of additional colleagues to develop the culture, values and behaviours model for the group. Employee turnover rate was within target at the year-end point but average number of days lost to sickness was slightly over target.

Community

As part of our commitment to making a positive difference in our local communities, we provide welfare benefits, home energy, employment and debt/budgeting advice to customers. We have expanded this service during the year to cover a wider geographical area and created a Welfare and Tenancy Sustainment Team.

One of our new Property Care fleet vehicles.

Performance against objectives (continued)

Providing new homes

During 2019/20 Platform has continued to concentrate on delivering a programme of predominantly affordable homes in areas where they are needed the most. We completed 1,448 during the year which places us once again as one of the largest developers of affordable housing in the country and the largest in the Midlands. We purchased 1 additional ESD unit it the year, making 1,449 additions to unit numbers this year.

	Affordable Rent	Social Rent	Shared Ownership	Total
Developed	439	503	486	1,428
Properties purchased	2	19	-	21
Total properties	441	522	486	1,449

The 1,448 completions fell slightly short of our target of 1,634 due to a delay in the handover of schemes in March caused by the effects of COVID-19.

Despite the pandemic, the Group's aspiration for growth remains strong and we have focused on acquiring good quality sites with the necessary risk mitigations in place. These sites are backed by Homes England funding of over £80m (Strategic Partnership and SOAHP programmes) and are being developed together with our key local authorities.

Looking ahead, by utilising new sources of private finance we will not only will increase our output to 2,000 completions by 2023/4 but also expand the geographical reach of the Group.

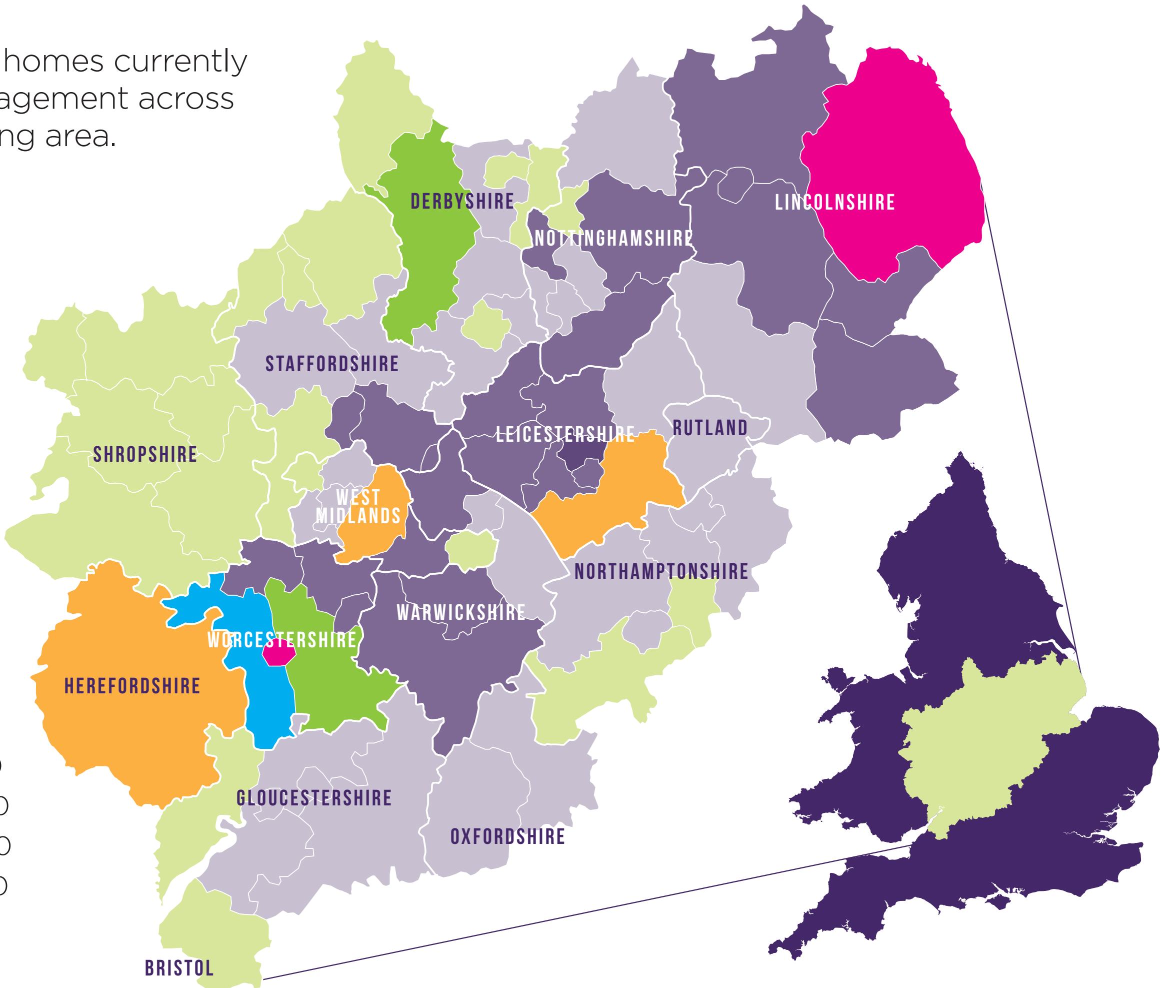
This strategy will be delivered in a measured and incremental way by developing in areas where demand is strong and where our management and in-house maintenance service can provide the best possible landlord service.

We will continue to develop a programme of affordable rented and shared ownership housing and will only exceptionally incorporate market sale into our plans which are focusing on land led schemes rather than schemes led by other developers.

Westlands Estate, Droitwich Family Fun Day.

Our operating area

Number of homes currently under management across our operating area.



No stock
1-200
201-1000
1001–2000
2001–3000
3001–4000
4001-5000
5000+

Total properties owned **45,510**

28,062 General needs housing

6,645 Affordable rent

5,321 Shared Ownership

1,100 Leasehold in management

418 Non social leased

3,326 Supported housing and housing for older people

525 Intermediate rent

113 Non Social rented

Chief Finance Officer’s report

I am pleased to present the financial report for Platform Housing Group Limited. During 2019/20 we generated a healthy overall surplus before tax of £57.9m with an operating margin of 41.8%.

Results

Group turnover decreased from £273.6m in 2018-19 to £257.1m in 2019-20 due to a fall in sales receipts. Social housing rental increased by 3% to £215.1m (2018-19 £209.3). A further £27.8m was generated by Shared Ownership first tranche sales, and £7m from the delivery of external maintenance contracts by Platform Property Care.

The underlying operating performance continues to be strong with an Operating Surplus of £107.4m and an operating surplus before all sales activities of £90.6m. Most of this surplus will be reinvested in new and existing housing stock and the balance retained to secure an increase of loan finance for future growth.

Chief Finance Officer's report (continued)

The movement in surplus between 2018/19 and 2019/20 is shown by the chart below.

The change between the years principally arose for the following reasons:

- The year 2019-20 is the last year of the 1% rent reduction imposed on the sector. Despite this, rent from new housing has resulted in a net improvement in turnover in social housing lettings.
- In 2018-19, 149 properties were developed and sold to local authority partners. There were no similar sales in 2019-20 which reduced turnover and cost of sales.
- Operating costs were higher primarily due to growth with additional expenditure on management costs to keep our properties safe and estates in good condition. In addition spend increased on services due to safety and fire risk works and costs increased on arrears collection with the move to Universal Credit for some of our residents.
- Repairs costs increased due to growth, an enhanced void standard and additional activity from safety and fire risk works.
- The carrying value of investment properties is reviewed annually. The review was undertaken during late March 2020 as the lockdown from COVID-19 began. This resulted in a valuation reduction.
- The group continues to assess property assets and has a disposal program for those that no longer meet retention criteria. These sales generated additional surplus this year. Shared Ownership staircasing sales was in line with expectations.
- Net funding costs increased in the year due to additional debt raised to support our expanding development programme. In addition a one-off break cost of £6.8m was incurred on settlement of one of our legacy loans.

Estate litter pick, part of Communities Week 2019.

During the year Fortis Living Limited and Waterloo Housing Group Limited undertook a statutory amalgamation to form Platform Housing Limited.

Platform Property Care Limited (formerly Fortis Property Care Limited), whose results are consolidated within the Group, made a gift aid contribution of £0.3m to Platform Housing Limited.

Treasury Management

Treasury Management Policy and Treasury Strategy are reviewed on an on-going basis by the Finance Committee and Board. Treasury activities are also supported by independent professional advice from Centrus Treasury Advisors. The Group maintains a risk-aware approach to its loan portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs, whilst minimising interest on borrowings.

Covenants are calculated at subsidiary level (Platform Housing Limited) and continue to maintain significant headroom. There are two corporate based covenants, interest cover and gearing. In addition minimum asset cover is required on each individual facility. The Group monitors compliance against the most stringent covenants. The business plan is very resilient to these covenants, with a significant degree of headroom forecast throughout the life of the plan.

Year-end corporate covenant performance	Covenant	Actual	Met
1. **Interest Cover:** To demonstrate by how much net interest costs are covered by operating surplus net of capitalised repairs	1.1	2.6	Yes
2. **Gearing:** To show the ratio of debt to the value of housing properties	60%	39%	Yes

Interest cover of 2.6 and gearing of 39% in comparison to covenants of 1.1 and 60% demonstrate that the Group has the borrowing capacity to fulfil its ambitious development objectives. In addition to covenant headroom the Group had uncharged housing assets with an estimated value of £480m at the year end. The business plan models the utilisation of this uncharged asset base going forwards as more units are charged to raise debt in support of further development and this new housing adds to the asset base. The plan shows that the Group maintains sufficient uncharged assets to support its strategic development objectives and at the same time maintains headroom to provide further security to existing borrowing should there be any unforeseen deterioration in the asset values.

The Group maintains parameters in which it operates to ensure its activities remain within the risk appetite of the Board. These 'Golden Rules' act as a buffer over and above financial loan covenant thresholds.

The Group has a policy to maintain liquidity that covers at least 18 months of projected cash flows. At March 2020 facilities of £1,556m existed, providing £394m headroom over the year end debt position of £1,162m. When added to unrestricted cash balances of £81m and an overdraft of £3m, this provided total liquidity of £478m.

Loan Facilities	Facility	Drawn	Available	Fixed	Variable
	£m	£m	£m	£m	£m
Bond Finance	357	357	-	357	-
Bank Finance	1,199	805	394	551	648
Total Facilities	**1,556**	**1,162**	**394**	**908**	**648**
Funding Mix				**58.4%**	**41.6%**

Chief Finance Officer's report (continued)

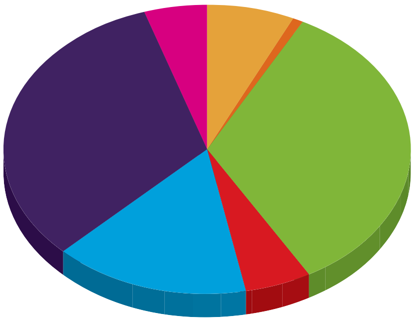
The Group is financed through a mixture of bank and bond finance. During the year revolving credit facilities of £300m were arranged with Santander UK Plc, National Australia Bank and MUFG Bank Limited. The latter of these two facilities contain £50m of unsecured borrowing.

An external credit rating of A+ (stable) from Standard and Poors was achieved during the year, making the Group one of the most highly rated credits in the sector. The rating will help the Group to access debt capital markets directly, enabling it to raise funding at the most competitive cost. The possibility of obtaining further ratings will be reviewed in the forthcoming year.

Refinancing risk is managed through the Group's Treasury Management Policy, which ensures maturities are not concentrated:

Facility

£1,556m



Interest rate risk is managed by limiting exposure to floating rate, inflation linked and callable debt facilities as detailed within the Group's Treasury Management Policy.

0-1 years **£112m** | 1-2 years **£13m** | 2-5 years **£527m** | 5-10 years **£81m** | 10-20 years **£241m** | 20-30 years **£507m** | 30+ years **£75m**

Business Health: Trend Analysis

The Group's results over the last five years is shown in the table below. Figures for years 2016 to 2018 have been derived from the sum of the results from Waterloo Housing Group Limited and Fortis Living Group.

	2020	2019	2018	2017	2016
	£m	£m	£m	£m	£m
Turnover	257.1	273.6	243.5	230.8	199.4
Operating Surplus	107.4	109.2	112.4	103.1	87.9
Net Surplus	57.9	66.9	73.5	79.9	55.9
Operating Margin	41.8%	39.9%	46.2%	44.7%	44.1%
Net margin	22.5%	24.4%	30.2%	34.6%	28.1%
Housing & other net assets	2,507.6	2,493.8	2,240.2	2,127.3	1,808.2
Creditors after more than one year	(1,534.9)	(1,579.8)	(1,398.9)	(1,360.3)	(1,125.2)
Pension Provision	(47.9)	(65.9)	(45.3)	(53.4)	(41.4)
Other Provisions	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Net Assets	924.7	848.0	795.8	713.5	641.5
Income & Expenditure Reserve	703.8	626.6	574.1	491.2	423.2
Revaluation Reserve	220.9	221.4	221.8	222.3	218.3
Total Reserves	924.7	848.0	795.8	713.5	641.5
Return on Net Assets	11.6%	12.9%	14.1%	14.5%	13.7%

Chief Finance Officer's report (continued)

Business Health: Trend Analysis (continued)

The Group's turnover and operating surplus by social housing activity is shown below.

	2020	2019	2020	2019	2020
	Turnover £m		Surplus £m		Margin
General Needs Housing	177.9	172.6	77.5	79.8	43.6%
Supported Housing	19.3	21.1	3.6	4.5	18.7%
Shared Ownership	17.9	15.6	9.5	10.4	53.1%
Social Housing	**215.1**	**209.3**	**90.6**	**94.7**	**42.1%**
Other Activities	14.2	34.1	(0.0)	(0.6)	(0.0%)
Shared Ownership Sales	27.8	30.2	6.1	8.8	21.9%
Total	**257.1**	**273.6**	**96.7**	**102.9**	**37.6%**
Gain on disposals			10.7	6.3	
Total	**257.1**	**273.6**	**107.4**	**109.2**	**41.8%**

The overall social housing margin was **42.1%** for the year, operating margin net of disposal of property, plant and equipment was **37.6%** and including sales was **41.8%**, which is an excellent result for the Group and demonstrates that the core financial performance is complemented by, but not dependent on, property sales.

The following table compares the Group's performance using a number of financial indicators, benchmarked against the 2019 Global Accounts for the sector with a sample of associations with stock holding of over 30,000 homes. The total sample size for comparison is 24 organisations including both LSVTs and traditional HAs. The sample was chosen in order to benchmark with larger organisations and to ensure that the sample was sufficiently large to enable a balanced comparison. Figures for years 2016/17 and 2017/18 have been derived from the sum of the results from Waterloo Housing Group Limited and Fortis Living Group.

New homes at Fountain Crescent, Wotton-Under-Edge.

Key Financial Ratios:	Benchmark	2019/20	2018/19	2017/18	2016/17
Operating Margin*	24.4%	37.6%	37.6%	42.9%	42.8%
EBITDA Interest Cover	1.9	2.3	2.8	3.1	3.1
EBITDA (MRI) Interest Cover*	1.4	2.0	2.4	2.7	2.8
Cost of funds	4.0%	3.8%	4.0%	4.1%	4.1%
Gearing Ratio*	47.5%	43.5%	43.5%	42.6%	43.3%
Return on Capital Employed*	3.4%	4.3%	4.4%	5.0%	4.8%
Void Rent Loss/Turnover	1.3%	1.2%	1.3%	1.1%	1.2%
Bad Debts/Turnover	0.7%	1.1%	0.8%	0.8%	0.4%

* Calculated in accordance with Sector Scorecard/VFM metrics methodology.

Business Health: Ratio Analysis

Operating margin overall has increased to **41.8%**, but after excluding the surplus made on the sale of housing fixed assets and the disposal of investment properties to benchmark with our peers, this reduces to **37.6%**. This is considerably better than the benchmark and shows that the organisation withstood the compounding effect of four years of 1% cuts to social housing rental income imposed on the sector by the Government.

Core operating margin on social housing activities remains strong at **42.1%**, but shared ownership first tranche sales generate a margin of **21.9%**. Margins on property sales are expected to be lower than margins on other areas of the organisation. A small number of first tranche sales failed to complete by the year end due to COVID-19 lockdown. These sales have now completed.

The interest cover ratio has deteriorated since last year due to the increase in total debt, but the average cost of funds, which is calculated on drawn funds, has improved. All are favourable in comparison to benchmark. The Group has taken advantage of the current low interest rate environment to secure facilities at attractive rates and the cost of funds will further improve as variable rate facilities are drawn.

The Group has invested in the development of new social housing in the year, developing 1,448 new properties for rent and sale and has purchased 1 additional home taking total new units to 1,449.

Return on capital employed (ROCE) of 4.3% has reduced against the prior year figure of 4.4% but is over the benchmark figure of 3.4%. ROCE is calculated as operating surplus divided by net assets at the end of the year. A full year of income is not generated by properties completed during the year on which the full capital cost has been added to assets.

Void levels have improved slightly on the prior years’ performance and are in line with the benchmark. Resources have been deployed to improve void performance and the number of empty properties at the year-end was 308. This number was higher than we anticipated as we were unable complete lettings in progress towards the end of March due to the lockdown strategy for COVID-19.

A greater value of customer debt has been written off during the year mainly relating to former residents. The year-end current tenant rent arrears at 2.87% compares well against the target of 2.95%. Considerable resources have been redirected to help support the Group’s customers manage the impact of COVID-19.

Home Sweet Home at Meadow Court Retirement Scheme.

Effective Asset Management

The following table sets out the level of investment in existing and new stock. Figures for years 2016/17 and 2017/18 have been derived from the sum of the results from Waterloo Housing Group Limited and Fortis Living Group Limited.

	Benchmark	2019/20	2018/19	2017/18	2016/17
Major Works Revenue £m	7.7	11.9	12.4	8.8	9.3
Major Works Capitalised £m	37.9	12.7	14.9	13.8	9.6
Total Investment £m	45.6	24.6	27.3	22.6	18.9
New Homes completed	1,039	1,449	1,598	1,354	1,554
New Homes Investment £m	146	208	201	182	182
Reinvestment*	5.9%	9.2%	9.4%	9.0%	9.4%

* Sector Scorecard measure

The investment in existing homes shown above represents larger items of expenditure on replacing key structural components such as kitchens and bathrooms. When added to the routine and planned expenditure of £36.1m a total of £60.8m was spent on maintaining properties (£59.4m in 2018/19).

The Group is committed to investing in both existing stock and in the provision of new homes. This is demonstrated by the reinvestment rate of 9.2% (a Sector Scorecard measure), which is higher than the benchmark sample (as a percentage of total housing properties at cost, shown in Note 11) but has decreased marginally on the prior year. The Group is regularly reviewing and updating stock condition data and component costs and these planning future work programmes inform the long term business plan. This work assists in the Group's objective of internalising maintenance activity where it can be demonstrated that efficiencies can be made. The reviews completed in the next year will also consider the impact of COVID-19 on the investment plan.

The number of new units completed as a percentage of total units (a Sector Scorecard measure) was 3.2%, which matches the global benchmark and is greater than the benchmark group values shown in the VFM metrics table below. It is lower than the previous year of 3.6%. The COVID-19 lockdown reduced the number of new properties that were planned to complete during March 2020.

Welcome to two of our new higher level apprentices, Oliver Jones and Phoebe Andrews.

Efficiency: Social Housing Cost per Unit (SHCPU)

These benchmarks are taken from the sector global accounts 2018/19 with a sample comprising associations with more than 30,000 homes, using the average values for comparison.

	Benchmark	Platform Housing Group				
	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Benchmark					
	Actual	Actual	Actual	Budget	Plan	Plan
	£	£	£	£	£	£
Total social	4,369	2,351	2,458	2,431	3,072	3,097
Management	1,049	503	595	583	737	743
Service charge	750	369	371	365	461	465
Maintenance	1,163	751	821	778	983	991
Major repairs	932	638	561	583	737	743
Other social	475	90	110	122	154	155
Specialist units:						
Supported Housing	3.5%	0.6%	0.6%	0.6%	0.6%	0.7%
Housing for Older People	10.3%	6.9%	6.6%	6.5%	6.3%	6.1%
Total Social Units	48,889	42,759	43,898	44,946	45,909	47,073

The group outperforms the benchmark in each category of spend delivering a total SHCPU of £2,458 for the year. In comparison to the prior year, SHCPU has increased by only £107 and the budget and business plan outputs show that SHCPU is forecast to decrease slightly next year and then increase more significantly in the following two years.

The RSH has identified that one of the drivers for lower CPUs across the sector is the percentage of supported and housing for older people stock. Only 7.2% of the Group's total units are of this type which is considerably lower than the benchmark of 13.8% and could partly explain why the Group outperforms the benchmark average.

The Group also owns and manages 5,327 shared ownership homes (12.1% of the total social units) where management costs are less than General Needs rented homes and where maintenance costs are the responsibility of the shared owner.

The Group regularly reviews and updates the stock condition data across all of its homes and will be reviewing its asset investment assumptions during 2020/21 particularly in relation to any impact from COVID-19. Any increase in requirement will factor into future business plan reviews and could impact on the cost forecasts shown above.

Value for Money (VFM)

The Group regularly reviews the Value for Money strategy to ensure that it remains fit for purpose and continues to underpin the current Strategic Plan. Achieving VFM in all that we do is an essential part of achieving our charitable objective of providing affordable housing and ensures we make the best use of our resources.

The Group Board recognises its responsibility for meeting the requirements of the RSH's Value for Money standard and in particular, to take a strategic approach in managing the performance of the Group's assets and the utilisation of the Group's resources.

Costs and performance continue to be benchmarked against relevant external sources making use of tools provided by Housemark and the Housing Quality Network (HQN) and by referencing data published by the RSH such as the global accounts and cost per unit reports. Benchmarks have been selected to compare data with a sample of similar organisations in terms of size and activity.

Targets are set for improved financial and operational performance through the annual budget and business plan and a standard set of performance indicators. Board members review performance on a quarterly basis and revise the targets on an annual basis or following a significant change in the operating environment.


An Upskilling Day for our Property Care Team.

VFM Metrics

The Regulator has defined seven VFM metrics which enable us to compare us against the whole global accounts sample and also against the benchmark group of organisations with more than 30,000 homes. Both samples are taken from the sector global accounts 2018/19 published by the RSH.

		Metric	2018/19	2018/19	2018/19	2019/20
			Global	Benchmark	Actual	Actual
			UQ	UQ		
1		**Reinvestment**	11.4%	5.9%	9.4%	9.2%
2	a	**New Supply SH**	3.2%	1.6%	3.6%	3.2%
	b	**New Supply Non SH**	0.6%	0.5%	0.0%	0.0%
3		**Gearing**	23.6%	47.6%	43.5%	43.5%
4		**EBITDA MRI**	281%	136%	239%	203%
5		**Headline Social Housing Cost per Unit**	£2,910	£4,369	£2,351	£2,458
6	a	**Operating Margin – SH**	39.5%	31.7%	45.2%	42.1%
	b	**Operating Margin - Overall**	35.6%	24.4%	37.6%	37.6%
7		**Return on Capital Employed (ROCE)**	5.6%	3.4%	4.4%	4.3%

Chief Finance Officer's report (continued)

Value for Money Achievements 2019/20

Group performance when compared to the benchmark is significantly better as measured by most metrics. Gearing is higher than the global measure due to the Group having a long history of design and build developments. EBITDA MRI has been impacted this year by the one off loan break costs incurred but still outperforms the sample benchmark. The Group is firmly committed to the development of affordable homes and has a sector leading record on the supply of new homes at social rents. The Group is not currently developing non-social units as the focus has been on the supply of social housing however this may change in future years.

The Group has a clear idea of the capacity available for its future investment, as demonstrated by gearing, interest cover and operating margins and has an excellent track record of investing in both new supply and in the improvement of existing assets.

As well as showing a commitment to new investment, the Group's efficiency is clearly demonstrated by its strong margins and low unit costs.

VFM highlights for the year are listed below:

- Achieving an operating margin of 37.6% which was boosted to 41.8% by £10.7m surplus on disposals of non-core stock.
- Achieving a social housing operating margin of 42.1%.
- Achieving a net surplus after tax of £57.9 million, achieved through business growth, effective asset management and tight cost control, and despite a reduction of 1% in ongoing rental income.
- Reinvesting free cash surpluses to deliver 1,449 new homes across a range of types and tenures, representing growth of 3.2%.
- Increasing employee satisfaction to 82.2%.
- Invested £24.6 million in major works to our existing housing stock.
- Maintaining a realistic level of reinvesting surpluses in both development and existing assets.
- Managed void losses at 1.2%.
- Achieved a year end position on current tenant rent arrears of 2.87%.
- Achieved a social housing cost per unit of £2,458 for the year (Sector Scorecard measure).

The launch of our Travel Smart initiative for colleagues.

Chief Finance Officer’s report (continued)

Future VFM Priorities

In this year of transition, the Board has agreed a set of high level performance indicators and set targets for each indicator. Performance against these indicators is closely monitored and achievement of these targets represents a contribution to value added by the business.

The Board is also monitoring the delivery of the merger business case which will achieve savings of £12m a year by 2023/24. 80% of this saving will be invested in the new homes programme which will provide completions of 2,000 homes per year by 2023/24.

Key VFM projects are supported by a central project management team.

VFM initiatives over the next 12 months include:

- Completion of the process to transfer all external maintenance contracts to the in house Property Care business.
- Extension of the mobile working solution for all business areas across the Group.
- Sourcing low cost funding to reduce the weighted average cost of borrowing.
- Delivering 1% minimum per annum efficiency savings target on all operating budgets.
- Integration of employee teams from two legacy organisations.
- Harmonisation of working practices across the Group.
- Integration and harmonisation of key ICT applications across the Group through the delivery our PlatformONE project.
- Apply the HACT wellbeing valuation methodology to assign a social value to customer services for the whole group supported by our PlatformONE project.
- Further strengthen our performance management by extending the use of Business Intelligence solutions.

Overall VFM assessment

The information provided in this strategic report demonstrates that Platform Housing Group complies with the Regulator’s VFM standard.

We have:

- VFM embedded in our strategic plan.
- Robust decision making on the use of resources.
- An understanding of the costs and outcomes of delivering our services.
- Commentary included within the financial statements against elements of the Value for Money Standard.

The added value that we achieve is used to improve services and support the delivery of more affordable homes for our communities.

Events after Year-End

No event that has taken place after year end will have a material impact on the financial statements. The impact of the COVID-19 pandemic has been further examined on page 32 but it has been concluded that this will not cause a material adverse effect on the financial health of the business.

Going Concern

After making all appropriate enquiries the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the Board continues to adopt the going concern basis in preparing the Group’s financial statements.

New homes in the making at Europa Way, Warwick.

Risk Management

Risks that prevent the Group achieving its objectives are considered and reviewed regularly by the Executive Team, the Board and Group Audit and Risk Committee as part of the corporate planning process. The risks are assessed in terms of their impact and probability. The key strategic risks for the Group are considered below and overleaf:

Business Area	Risk	Mitigation Strategies
Growth	Failure to deliver new homes target or to deliver homes funded by grant as part of Homes England Strategic Partnership.	Effective business planning with an approved envelope of expenditure. Work closely with developers in relation to potential opportunities. Scheme identification, appraisal and monitoring. Retention of key development teams.
Income	Less predictable income, Welfare Reform leads to reduced income. Potential impact of pandemic.	Review of all rent collection processes and teams. Business Plan includes sensitivities to anticipate potential increase in arrears and bad debts. Increased resource deployed to assist customers moving to Universal Credit.
Business Continuity	Risk of failure by accident. Ensuring the Group has appropriate business continuity arrangements in place.	Resilience through business continuity and disaster recovery plans coupled with regular review.
Data loss/ Cybersecurity	Inappropriate use or malicious activity. Ensuring compliance with GDPR and data protection legislation.	Regular training and communication to employees around risks, combined with internal testing exercises.
Health and Safety	Failure to comply with health and safety obligations as a landlord and employer.	Health and Safety policies and procedures are in place, risk assessments are carried out effectively, and employees are trained in H&S risk, backed up by an appropriate asset management strategy. All aspects of landlord compliance and asset management fall within a single directorate.
Legal/ reputational	Failure to maintain compliance with legal and regulatory framework.	Focus on robust property compliance reporting internally which overlaps with customer health and safety compliance. Ongoing review of customer complaints and outcomes.
Economic Uncertainty	Failure to effectively monitor, anticipate and respond to changes in the external environment.	Managers across the Group have well-developed systems in place to keep them abreast of the impact of external changes affecting their areas of responsibility. High level economic risk is modelled in business plan stress tests which inform business planning. These are reviewed to take account of key sector issues such as economic impact of pandemic.
Governance	Board has appropriate skills to meet new Regulatory requirements during Board renewal. Group has robust governance arrangements in place.	Board appraisals and performance reviews are carried out annually. Robust succession, recruitment, induction and training of new Board members. Recruitment of new Board members underway with three having been recruited this year, including Chair Designate. New Board committee structure in place.
Customers	Failure to consider the customer voice, or deliver effective services.	New customer experience strategy Customer Commitments in place supported by a Customer Experience Panel which includes Board involvement.
Integration	Failure to deliver expected benefits from integration.	Close performance monitoring has ensured that 'business as usual' performance has been maintained but the focus will is now delivering merger efficiencies. Significant integration projects such as PlatformONE underway.
Pandemic	Ensuring the Group responds effectively to the current pandemic.	Business continuity arrangements reviewed and ongoing oversight by Board and Executive Team. Regular communication to Board, employees and key stakeholders. Maintenance of core services and additional liquidity.

Risk Management (continued)

A new dedicated Executive Risk Committee has been established which meets monthly and provides a key focus on risk, assurance and corporate compliance which in turn informs the Group Audit and Risk Committee.

Group wide at Leadership Group level there is a second tier Risk and Performance Group consisting of senior managers which also ensures that operational risks are reviewed regularly and monitored. Responsibility for individual risk management is firmly embedded through the roles and responsibilities of the relevant Risk Leads and owners who each take responsibility for the control environment within their functions.

Further assurance of the adequacy of the Group risk register has been provided by Internal Auditors who attend each meeting of the Group Audit & Risk Committee and who provide an annual report on risk and controls assurance. Each Board committee now also reviews at the end of each meeting any risk impact/actions arising from the decisions or recommendations made at the meeting.

There remains a clear focus on ensuring that we deliver on our growth commitments arising out of our partnership with Homes England, and a sustained focus on ensuring that we collect income through having robust processes in place to let homes and collect rental and service charge income. The Group has a number of KPIs which are monitored closely by the Board and Executive Team.

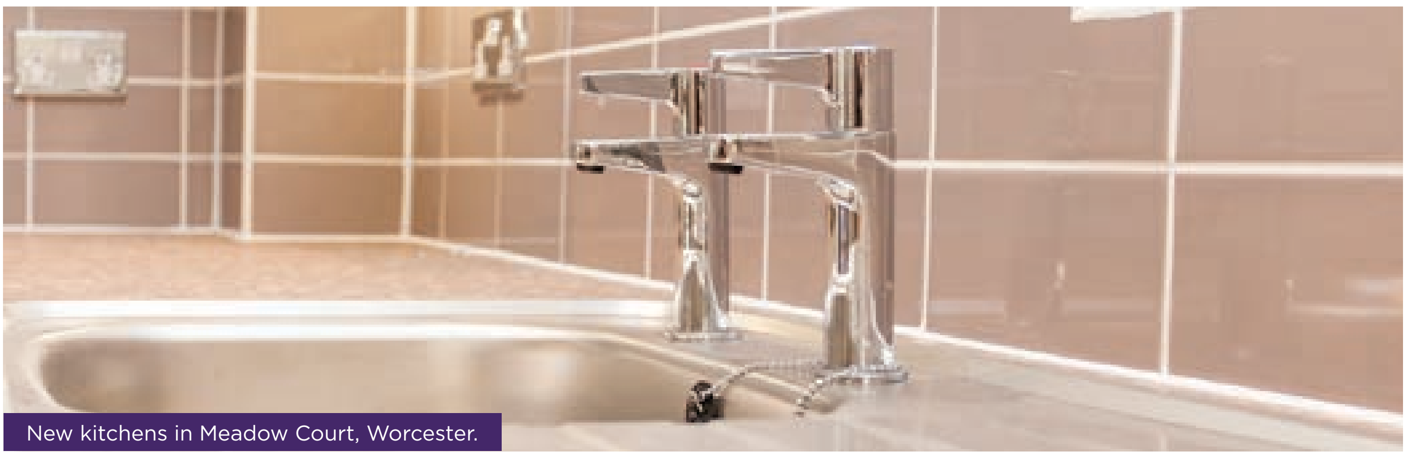
The business plan is subject to a number of stress tests, each of which represents a combination of risks from the risk register, to determine whether they would cause 'significant financial distress' under the Regulator's Governance and Financial Viability Standard. The stresses are chosen to represent a range of extreme variations in the operating environment, and have been reviewed with the Group's Finance Committee and Board to take account of the potential consequences of the current COVID-19 pandemic. A 'Perfect Storm' scenario is also analysed which combines a number of individual tests.

A series of mitigating activities has also been tested for their impact against the stress tests, but the most significant variable remains the Group's development programme. Mitigation actions can include changing the mix within the development programme and/or reducing the number of homes to be delivered.

Emerging Risk

Following a robust process, the legal amalgamation of the operating entities was completed at the end of December 2019 to form Platform Housing Limited as the Group's registered provider landlord.

The Board has noted the continued uncertainty created by Brexit trade talks and discussed extensively the potential economic consequences of the current pandemic, which in turn has informed the business planning process. In accordance with the Group Risk Management Policy approved by Board in March 2019, all reports to Board include a context specific 'risk assessment' with commentary signposted to the relevant section(s) of the Corporate Risk and Assurance Framework. Board, Executive Team and the Leadership Group have also all recently undertaken update briefings from an external provider on risk and assurance.



New kitchens in Meadow Court, Worcester.

COVID-19

Platform Housing Group is continuing to respond to the current COVID-19 pandemic which has had a significant impact on our customers and continues to challenge the delivery of services. During the 2019-20 financial year we have implemented ICT hardware and software technology to allow most of our colleagues to work flexibly and remotely. When the country entered the lockdown phase of the pandemic on 24 March 2020 we responded with the following actions:

- We immediately suspended all repairs and planned works except essential emergency repairs and compliance actions.
- All offices were closed and colleagues were asked to work from home.
- We reviewed our vacant roles and paused most of our recruitment.
- Where possible, ongoing development sites were paused and new development sites were halted.
- All social lettings were paused but some Shared Ownership sales continued to completion due to the installation of key safes at the properties which allowed for non-contact sales completions.

Since the end of March 2020 we have had regular communications with colleagues, local authority partners, home owners and customers and have responded to the ongoing situation as follows:

- Undertaken 61,000 welfare checks and made £120k in hardship payments.
- Supported local food banks and domestic abuse charities, delivered meals, food parcels, provided shopping services to vulnerable residents and delivered over 200 virtual activity sessions.
- Purchased significant amounts of PPE for colleagues and provided some additional office equipment such as chairs to help colleagues whilst at home.
- Let properties to the most vulnerable.
- Brought some essential repairs services back on line and also some services such as grounds maintenance.
- Continued to sell Shared Ownership homes to home owners achieving 74% of the sales volume achieved in May 2019 by the end of May 2020 demonstrating continued demand supported by the ability to sell homes remotely.
- Re-commenced property viewings where safe to do so and launched virtual property tours.
- Worked with developers to re-start paused sites where safe to do so and continued with new developments.
- Completed multiple stress testing of the business plan and revised the 2020/21 budget to incorporate harder assumptions on areas such as rent collection, bad debt provision and property sales whilst removing non-essential operating expenditure and capital works.
- Increased available liquidity and continued with our financing plan to access capital markets and further funding.
- Continued with some recruitment for essential roles but implemented a pay freeze with a review later in the year.

The impact of the pandemic restrictions on our customers and home owners has been mixed. April 2020 showed an increase in arrears as customers and home owners cancelled direct debits and were unable to access payment facilities in post offices and shops. Cancelled direct debits were 569 higher in number for the period March 2020 to May 2020 than new direct debits. Volumes of payments have begun to increase in May 2020, with arrears reducing and payments increasing through all channels.

Corporate Governance

The Group is governed by a common Board across Platform Housing Group Limited, Platform Housing Limited, ESHA (Developments) Limited and Waterloo Homes Limited (dormant).

Although not directly part of the Common Board arrangements two Board members are also members of the Board of Platform Property Care Limited. Platform Property Care Limited has some independent members that do not sit on the Platform Housing Group or Platform Housing Limited Boards, as well as a member who represents the cost sharing vehicle partner association.

Board Terms of Reference are reviewed annually for the Board and its Committees.

A number of Board members have retired during the year or will retire at the AGM:

During the year	
Chris Huntbatch	21/11/2019
Denis Thompson	17/09/2019
Mark Davies	17/09/2019

At the AGM	
Dennis Sleath	28/07/2020
Philip Dearing	28/07/2020
Jeff Sharnock	28/07/2020

The Chair designate John Weguelin, was appointed on 1 January 2020 and will take over from the outgoing Chair, Dennis Sleath at the AGM on the 28 July 2020. A Group Audit and Risk Chair designate Sebastian Bull, was appointed on the 27 May 2020 and will take over from the outgoing Group Audit and Risk Chair, Philip Dearing at the AGM on 28 July 2020. An additional Board Member Paula Smith was also appointed from 27 May 2020. All new Board members have financial backgrounds.

Board members are non-executive and are Directors for legal purposes. They are drawn from a wide background, bringing together professional, commercial and local experience, and are remunerated for services performed for the Group. Insurance policies indemnify Board members and Officers against liability when acting for the Group. In addition to the non-executive Board members and shareholders, the Group Chief Executive is an Executive non shareholding member of the Common PHG/PHL Board.

The Executive Directors act as executives within the authority delegated by the Board, and the remuneration of the Executive Directors is reviewed by the People and Governance Committee and Board.

During and at the end of the 2019/20 financial year, none of the Group's directors had an interest in any material transaction in relation to the Group's business and none have an interest in any presently proposed material transactions.

Our Customer Experience Team are here to help improve local services.

Regulatory Compliance

The Regulatory Framework includes a requirement that all RPs remain compliant with the Governance and Financial Viability Standard, assess their compliance with the Standard at least once a year and certify compliance in their Financial Statements.

The Board is fully aware of the principles of co-regulation and of the need to ensure the protection of social housing assets.

The Intra Group Agreement includes detailed information on the respective roles and Terms of Reference of the Group Board, subsidiary committees and individual roles such as that of the Chairs and Group Chief Executive. Clear lines of authority and delegations are included in the Group's Standing Orders, Financial Regulations and respective Committee Terms of Reference. These were reviewed fully prior to the merger to form Platform Housing Group, with all being formally approved upon the formation of the Group in October 2018.

A detailed self-assessment against the Standard was considered by the Platform Board in June 2019 and the Board approved Platform Housing's compliance with all areas of the Standard.

The Assets & Liabilities Register is constantly updated and has been reviewed as part of the Board Assurance Programme to confirm that the Register continues to meet the requirements of the Governance and Financial Viability Standard.

The Group considers that it has taken reasonable measures to assure itself that it meets the Standard.

Following its formation in October 2018, the Group received confirmation from the RSH that it had maintained its Regulatory Judgements, as follows:

Governance G1

The provider meets the requirements on governance as set out in the Governance and Viability Standard.

Viability V1

The provider meets the requirements on viability set out in the Governance and Financial Viability Standard and has the capacity to mitigate its exposures effectively.

New homes under construction in Puriton Way, Boston.

Corporate Governance (continued)

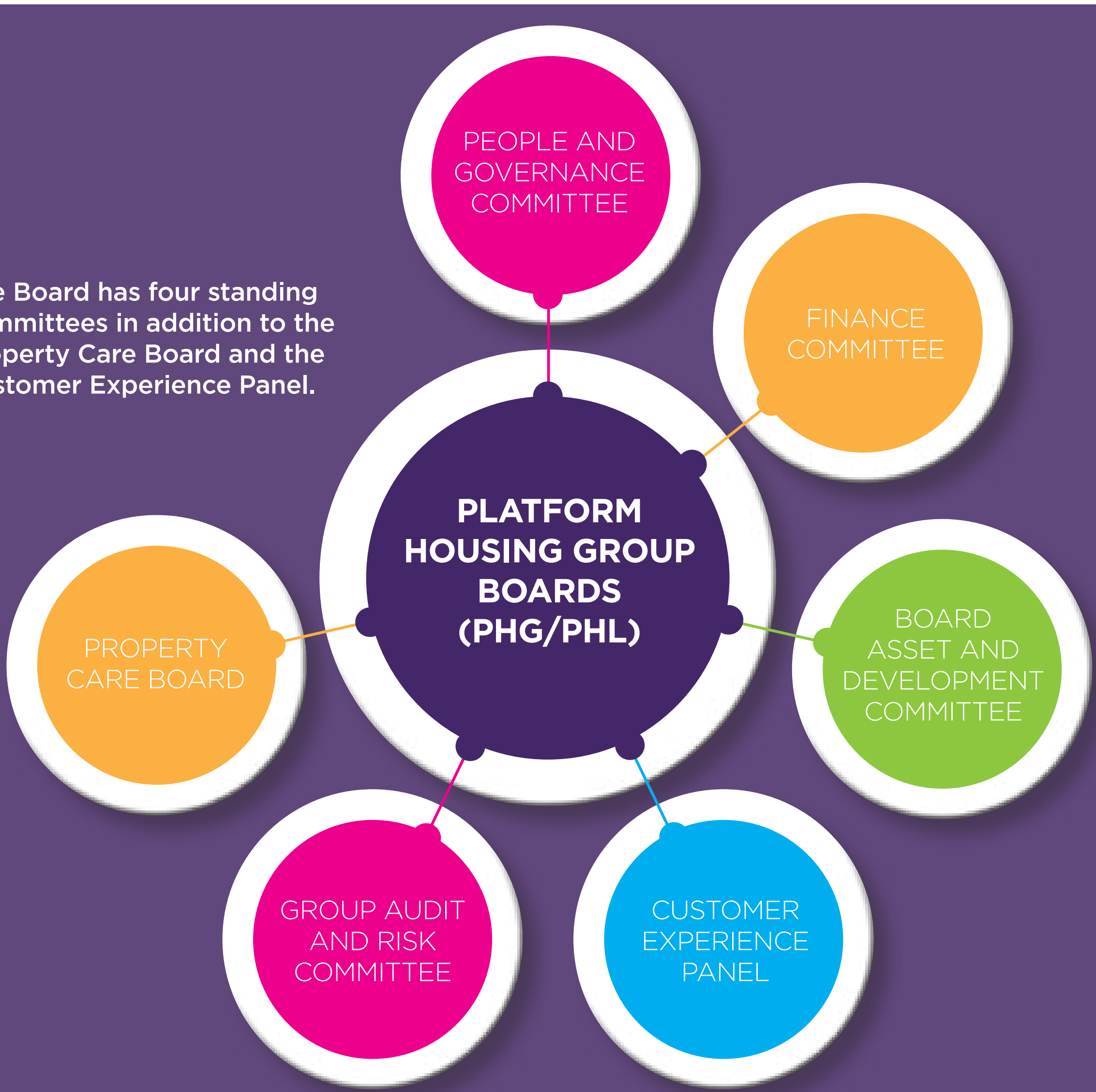
Code of Governance

The Regulatory Framework makes it clear that responsibility for meeting the regulatory standards lies with the Board and that the Board is under an obligation to adopt and comply with a recognised Governance Code.

The Board has adopted and complies with the principal recommendations of both the NHF Code of Governance (2015) and Code of Conduct in all material respects except that the terms of office for a small number of Board members was extended for a short period in order to maintain the continuity of key skills during the initial stages of merger. Recruitment of new Board members is in progress with the aforementioned recruitment of an incoming Chair Designate in January 2020 and the recent recruitment of two additional Board members from May 2020, including a Chair Designate of Group Audit and Risk Committee who will take over the role of Chair fully upon the retirement of the current postholder at the July AGM.

We are also in the process of recruiting up to four additional Board members to fill any gaps in skills, including those gaps as a consequence of those Board members retiring in 2020, as well as two further retirements due in 2021. The Board has also adopted the NHF Voluntary Code for housing association mergers, group structures and partnerships.

The Board has four standing committees in addition to the Property Care Board and the Customer Experience Panel.



Corporate Governance (continued)

The Group Audit & Risk Committee's role is to monitor the Group's arrangements for internal control, risk management and assurance and to oversee the work of internal and external auditors. The Committee meets at least four times per year and is responsible for the review of the annual financial statements for all Group companies prior to consideration and approval by the Board.

The People and Governance Committee's responsibilities include informing and reviewing the development and delivery of the Group's People strategy and associated policies, considering the composition of the Group's Boards and Committees, including succession planning, undertaking an annual review of the effectiveness of the Group's Board and Committees; and making recommendations to the Board on remuneration for Board members and independent Committee members.

The Finance Committee is responsible for key treasury decisions in between Board Meetings, as delegated by the Board, as well as to facilitate good treasury management practice, primarily by enabling prompt decision taking on interest rate risk management transactions, as well as to support and advise the Board in relation to certain treasury activities.

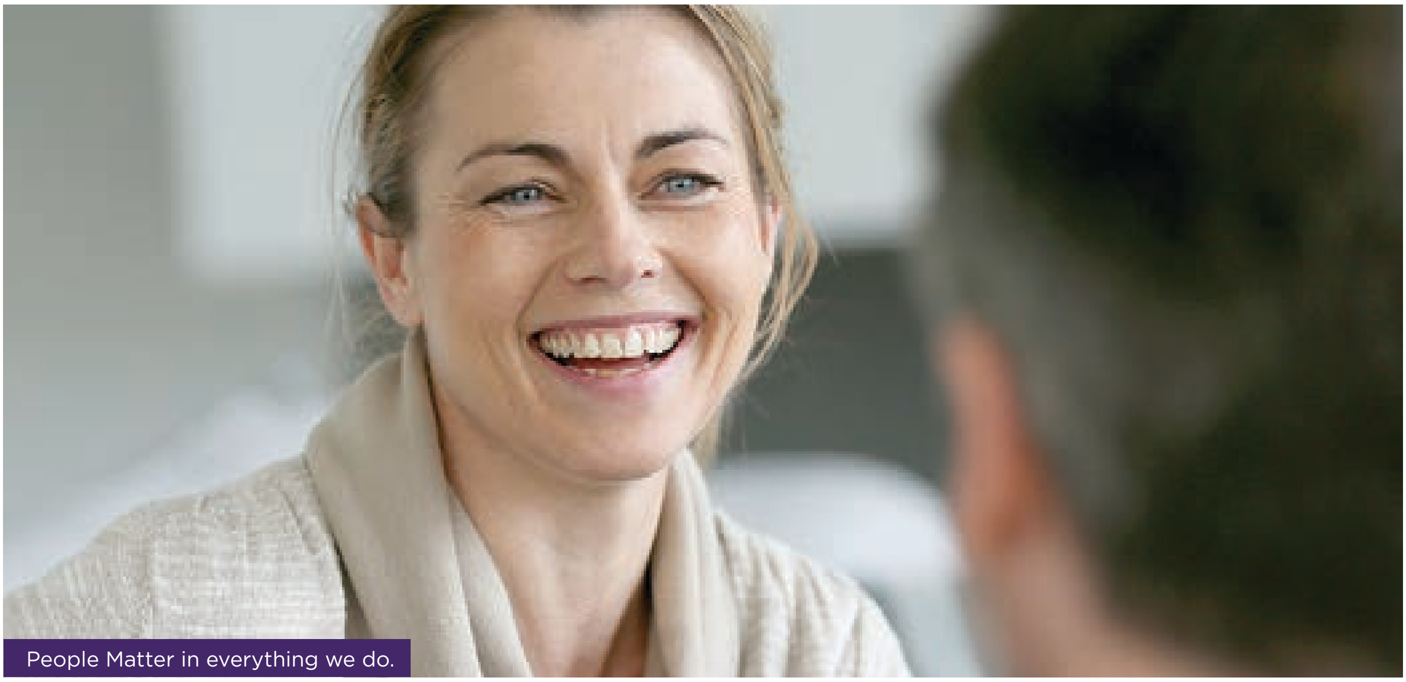
The Board and Asset Development Committee's role is to support and advise the Platform Boards on the growth ambition and development strategy, critically evaluating at a programme level committed and uncommitted development, sales and commercial activity to monitor delivery performance; as well as the asset investment strategy.

We are committed to customer engagement and scrutiny of our services and have recently reviewed our customer engagement model to ensure that there are even more ways for customers to share their views and feedback with us and get involved in ways that suit them. As a consequence the Group has established a **Customer Experience Panel** chaired by a customer member, with input and support from Board members.

Customer feedback is used in policy development and was specifically used for the review of our Complaints, Keeping Pets and Animals, Leasehold, Diversity and Inclusion, Arrears Recovery, Antisocial Behaviour and Hate Crime policies.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety, and detailed policies have been prepared. These are reviewed annually and employee training and education on health and safety matters is regularly provided. The Group seeks to ensure, as far as is reasonably possible, the health, safety and welfare of all employees.



People Matter in everything we do.

Internal Control Statement

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

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable, but not absolute, assurance that planned business objectives and expected outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial 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 are embedded within the normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with good practice.

The Group Audit & Risk Committee is responsible for monitoring the risk management and internal control processes and reports to the Board on the efficacy of the process. The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and Evaluation of Key Risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. Both the Executive Risk Committee and second tier Risk and Performance Group regularly consider reports on significant risks facing the Group and the Board and Group Audit and Risk Committee receive regular reports on changes affecting key risks.

Environment and Control Procedures

The Board retains responsibility for a defined range of issues covering strategic, financial and compliance issues including treasury management and new investment projects. There are governance arrangements in place, including policies and procedures, which cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud prevention and detection.

Information and Financial Reporting Systems

Financial reporting procedures include detailed annual budgets, detailed management accounts including forecasts for the year, and detailed treasury reports. These are reviewed in detail by the Executive Team and considered and approved by the Board each quarter. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Business Planning, Budgeting and Reporting

The Platform Housing Group Strategic Plan for the period 2018-23, which was approved by Board in October 2018, sets out clear targets for the Group. This is supported by a 30- year financial plan which is updated at least twice each year and in response to extraordinary events. Economic assumptions are approved by the Board and are subject to sensitivity testing. The plan is then subjected to comprehensive stress tests that are linked to the Group's risk register. The Board has also considered mitigation strategies to deal with the materialisation of any stress factors.

Monitoring and Corrective Action

The internal control framework and risk management process is subject to regular review and is supported by internal and external auditors who are responsible for providing independent assurance to the Executive Team and Group Audit & Risk Committee and Board members respectively. There is a formal process for the reporting and correction of significant control weaknesses. The Group Audit & Risk Committee considers internal control, risk and fraud at each of its meetings during the year.

The Group Audit & Risk Committee conducts an annual review and produces an annual report for the Board of the effectiveness of the system of internal control and considers any changes needed to maintain the effectiveness of the risk management and control process. The Board has received this report and confirms that there is a robust and on-going 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.

Statement of the Responsibilities of the Board for the Financial Statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Income and Expenditure for the period of account. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Group's accounting records, cash holdings, receipts and remittances.

Disclosure of Information to Auditors

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

External Auditors

A resolution to reappoint Beever and Struthers, Chartered Accountants will be proposed at the annual general meeting.

Public Benefit Entity

As a Public Benefit Entity, The Group has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Statement of Compliance

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

The Strategic Report of the Board was approved by the Board on 21 July 2020 and signed on its behalf by:

D W Sleath

DENNIS SLEATH (Chair)

Independent Auditor's Report to the Members of **Platform Housing Group Limited**

New shared ownership homes at Pickersleigh Grove, Malvern.

Opinion

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

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group and Association’s affairs as at 31 March 2020 and of its surplus for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Cooperative and Community Benefit Societies Act 2014, the Cooperative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- The Board of Management’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate.
- The Board of Management have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Platform Housing Group Limited (continued)

Opinions on other matters prescribed by the Cooperative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Board of Management's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- A satisfactory system of control over transactions has not been maintained; or
- The association has not kept proper accounting records; or
- The 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 of Management

As explained more fully in the Statement of Board's Responsibilities set out on page 41, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 web-site at **http://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with section 87(2) of the Cooperative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers, Statutory Auditor

St George's House
215 /219 Chester Road
Manchester
M15 4JE

Date: 21 July 2020

Statement of Comprehensive Income for the year ended 31 March 2020

	Note	Group		Parent	
		2020	2019	**2020**	2019
		£000	£000	**£000**	£000
Turnover	2&3	**257,117**	273,573	**10**	10
Operating Expenditure	2&3	**(137,569)**	(127,917)	**(7)**	(5)
Cost of Sales	2&3	**(22,846)**	(42,766)	**-**	-
Gain on disposal of property, plant and equipment	5	**10,740**	6,286	**-**	-
Loss on disposal of investment properties	13	**-**	-	**-**	-
Operating Surplus		**107,442**	109,176	**3**	5
Interest receivable	6	**543**	1,098	**-**	-
Interest payable and financing costs	6	**(49,981)**	(43,496)	**-**	-
(Decrease)/Increase in valuation of investment properties	13	**(125)**	95	**-**	-
Gift Aid	30	**-**	-	**-**	-
Movement in fair value of financial instruments	31	**-**	-	**-**	-
Negative goodwill		**-**	-	**-**	-
Surplus before tax		**57,879**	66,873	**3**	5
Taxation	8	**-**	-	**-**	-
Surplus for the year after tax		**57,879**	66,873	**3**	5
Initial recognition of multi-employer pension scheme	23	**-**	(4,372)	**-**	-
Actuarial (loss)/gain in respect of pension schemes	23	**18,354**	(10,412)	**-**	-
Total comprehensive income for the year		**76,233**	52,089	**3**	5

The Group's results all relate to continuing activities.

The financial statements on pages 38 to 93 were approved and authorised for issue by the Board of Management on 21 July 2020 and were signed on its behalf by:

Dennis Sleath
Chair of the Board of Management

Philip Dearing
Chair of the Group Audit and Risk Committee

Andrew Bush
Secretary

The notes of pages 46 to 93 form an integral part of these accounts.

Statement of Financial Position at 31 March 2020

	Note	Group 2020 £000	Group 2019 £000	Parent 2020 £000	Parent 2019 £000
Fixed assets					
Housing properties	11	**2,471,698**	2,318,887	**96**	97
Other tangible fixed assets	12	**20,322**	18,855	**-**	-
Investment properties	13	**15,775**	16,800	**-**	-
Homebuy loans receivable	14	**8,738**	8,940	**-**	-
Fixed asset investments	15	**15,389**	9,498	**-**	-
		2,531,922	2,372,980	**96**	97
Current assets					
Stocks: Housing properties for sale	16	**35,419**	29,460	**-**	-
Stocks: Other	16	**147**	112	**-**	-
Trade and other Debtors	17	**19,679**	18,691	**-**	-
Cash and cash equivalents		**83,844**	152,799	**-**	-
		139,089	201,062	**-**	-
Less: Creditors: amounts falling due within one year	18	**(163,355)**	(80,239)	**-**	(4)
Net current assets/(liabilities)		**(24,266)**	120,823	**-**	(4)
Total assets less current liabilities		**2,507,656**	2,493,803	**96**	93
Creditors: amounts falling due after more than one year	19	**(1,534,945)**	(1,579,780)	**-**	-
Provisions for liabilities					
Pension provision	23	**(47,913)**	(65,908)	**-**	-
Other provisions	24	**(100)**	(100)	**-**	-
Total net assets		**924,698**	848,015	**96**	93
Reserves					
Non-equity share capital	25	**-**	-	**-**	-
Income and expenditure reserve		**703,790**	626,582	**43**	40
Revaluation reserve		**220,908**	221,433	**53**	53
Total reserves		**924,698**	848,015	**96**	93

The financial statements on pages 38 to 93 were approved and authorised for issue by the Board of Management on 21 July 2020 and were signed on its behalf by:

Dennis Sleath
Chair of the Board of Management

Philip Dearing
Chair of the Group Audit and Risk Committee

Andrew Bush
Secretary

The notes on pages 46 to 93 form an integral part of these accounts.

Consolidated Statement of Changes in Reserves

	Income and Expenditure Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2018	**574,076**	**221,650**	**122**	**795,848**
Surplus for the year	66,873	-	-	66,873
Initial recognition of defined pension	(4,372)	-	-	(4,372)
Actuarial loss on pension scheme	(10,412)	-	-	(10,412)
Valuation in the year	-	-	78	78
Transfer between reserves	417	(417)	-	-
Balance at 31 March 2019	**626,582**	**221,233**	**200**	**848,015**
Surplus for the year	57,879	-	-	57,879
Actuarial gain/(loss) on pension scheme	18,354	-	-	18,354
Valuation in the year	-	-	450	450
Transfer between reserves	975	(975)	-	-
Balance at 31 March 2020	**703,790**	**220,258**	**650**	**924,698**

The notes on pages 46 to 93 form an integral part of these accounts.

Diversity is a key part of our strategic delivery model.

Consolidated Statement of Cash Flows for the year ended 31 March 2020

	2020	2019
	£000	£000
Net cash generated from operating activities (see note i below)	**114,716**	124,876
Cash flow from investing activities		
Purchase of tangible fixed assets	**(196,273)**	(189,034)
Proceeds from sales of tangible fixed assets	**30,822**	15,234
Grants received	**38,571**	13,324
Interest received	**717**	1,098
Pensions	**-**	-
Homebuy and Festival Property Purchase loans repaid	**202**	683
Investments	**(5,891)**	(3,237)
Cash flow from financing activities		
Interest paid	**(51,598)**	(48,878)
New secured loans	**44,613**	242,427
Repayment of borrowings	**(44,834)**	(79,484)
Net change in cash and cash equivalents	**(68,955)**	77,009
Cash and cash equivalents at the beginning of the year	**152,799**	75,790
Cash and cash equivalents at the end of the year	**83,844**	152,799
Note i		
Surplus for the year	**57,879**	66,873
Adjustments for non-cash items		
Depreciation of tangible fixed assets	**33,751**	32,796
Amortisation of grants	**(4,686)**	(4,528)
Impairment losses	**-**	-
Movement in properties and other assets in the course of sale	**(5,959)**	(4,859)
Increase in stock	**(35)**	(57)
(Increase)/decrease in trade and other debtors	**(6,990)**	1,276
(Decrease)/increase in trade and other creditors	**1,124**	(3,849)
Movement in LSE Funds	**-**	-
Increase/(decrease) in provisions	**359**	790
Pension costs less contributions payable	**-**	-
Carrying amount of tangible fixed asset disposals	**-**	-
Goodwill	**-**	-
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	**(10,740)**	(6,286)
Interest payable	**49,981**	43,496
Interest receivable	**(543)**	(1,098)
Movement in fair value of financial instruments	**450**	-
Increase in valuation of investment property	**125**	322
Net cash generated from operating activities	**114,716**	124,876

The notes on pages 46 to 93 form an integral part of these accounts.

Notes to the Financial Statements 2020

Legal Status

Platform Housing Group (the parent company) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 1700 Solihull Parkway, Birmingham Business Park, Solihull, B37 7YD. On 1 October 2018 the Group merged with Waterloo Housing Group Limited.

Platform Housing Group (the group, referred to as 'the Group') comprises the following entities:

Platform Housing Group

Incorporation
Co-operative and Community Benefit Societies Act 2014

Registration
Registered

Platform Housing Limited

Incorporation
Co-operative and Community Benefit Societies Act 2014

Registration
Registered

Platform Property Care Limited

Incorporation
Companies Act 2006

Registration
Non-registered

ESHA (Developments) Limited

Incorporation
Companies Act 2006

Registration
Non-registered

Platform HG Financing PLC

Incorporation
Companies Act 2006
(registration pending)

Registration
Non-registered

Waterloo Homes Limited (Dormant)

Incorporation
Companies Act 2006

Registration
Non-registered


New homes in Butterwick, Lincolnshire.

1. Principal Accounting Policies

Basis of Accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 Update and Financial Reporting Standard 102 ('FRS 102'). Platform Housing Group is a Public Benefit Entity under the requirements of FRS 102. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. Following the implementation of FRS 102, housing properties are stated at deemed cost at the date of transition and additions are record at cost. Investment properties are recorded at valuation. The accounts are presented in sterling and are rounded to the nearest £1,000.

As a Public Benefit Entity, The Group has applied the 'PBE' prefixed paragraphs of FRS 102.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, no cash flow statement has been presented for the parent company, taking advantage of the disclosure exemptions available in FRS 102.

Keeping in touch with customers at one of our Retirement Villages.

Basis of consolidation

The consolidated financial statements incorporate the results of Platform Housing Group and all of its subsidiary undertakings as at 31 March 2020. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation.

The financial statements do not consolidate the results of Worcestershire Telecare or Central Housing Investment Consortium, as the Group has no direct rights to assets or surpluses of these companies and limited liability as regards debts or losses. Details of the arrangements can be found in note 29 Reference source not found. to the Financial Statements.

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The COVID-19 pandemic in March 2020 has led to a reassessment of the Group's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. No significant concerns have been noted and it is considered appropriate to continue to prepare the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

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

1. Principal Accounting Policies (continued)

Judgements and key sources of estimation uncertainty (continued)

a. **Categorisation of housing properties**. The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property and student accommodation are investment properties. Following the implementation of FRS 102 and the merger with Waterloo Housing Group, housing properties have been stated at a 'deemed cost' at the date of transition based on the 2014 valuation or the date of the merger based on historic cost and additions are recorded at cost. Investment properties were subject to an external revaluation at the end of the period. Investment properties are stated at a value based on vacant possession which is annually determined by external valuers derived from the current market conditions. Due to the unknown impact of COVID-19 on the property market, the valuation has been reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global.

b. **Pension and other post-employment benefits**. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 23.

   The Group also participates in a defined contribution pension scheme, in respect of which the charge to the Statement of Comprehensive Income represents the total employer liability for service received from the relevant employees in the year.

c. **Development expenditure**. The Group capitalises development expenditure in accordance with the accounting policy described on page 76. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment. The impact of COVID-19 on ongoing and contracted development projects was assessed but no evidence of impairment has been found.

d. **Impairment**. The Group has identified a 'cash generating unit' (CGU) for impairment assessment purposes at scheme level. From 1 April 2016 the Group reduced most social housing rents by one percent and has continued to do so each year until 2019/20 in accordance with the requirements of the Welfare Reform and Work Act 2016. Despite planned cost efficiency savings, compliance with the new rent regime has resulted in a loss of net income for certain social housing properties; this was considered a trigger for impairment and a full impairment review was undertaken in 2015/16. The current COVID–19 pandemic has been determined to be an indicator for impairment.

   Following a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar CGU's or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Group as the existing property.

1. Principal Accounting Policies (continued)

The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rated used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

The Group has estimated the recoverable amount of its housing properties as follows:

a. Determined that the recoverable amount will be assessed at the CGU;

b. Estimated the recoverable amount of the CGU;

c. Calculated the carrying amount of the CGU; and

d. Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Triggers for impairment include material changes to Government policy or the regulatory regime deemed to cause material detrimental impact to the recoverable amount of housing properties, significant negative movement to the Nationwide Housing Property Index and long term sustained falls in GDP. Other factors such as obsolescence, change in demand or contamination may also trigger impairment.

Following an assessment of impairment which contained a full review of assets, no impairment losses were identified in the reporting period.

e. Financial Instruments. The Group has adopted the recognition and measurement requirements of IAS 39 plus the disclosure requirements of FRS 102 sections 11 and 12 for all of its financial instruments.

Other key sources of estimation and assumptions

a. Tangible fixed assets. Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. Revaluation of investment properties. The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine the value which was based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 13.

c. Goodwill and intangible assets. The Association establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participant would consider in respect of similar businesses. Where, in exceptional circumstances, the useful life of goodwill cannot be determined, the life will not exceed 10 years.

d. Impairment of non-financial assets. A review for impairment indicators of housing properties is carried out annually and any impairment loss is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use.

e. Impairment of Financial Assets. Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately. The impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

f. Provision for Bad Debts. A provision is made for rent, service charges and other income based on the age and type of the debt.

Current Tenants	Provision
Average age of arrears	
Less than 30 days	0%
30 to 60 days	10%
60 to 90 days	25%
90 to 120 days	50%
120 to 150 days	75%
150 to 180 days	85%
Greater than 180 days	100%
Former Tenants	100%
Other Income	
Less than 30 days	0%
30 to 60 days	25%
60 to 90 days	75%
Greater than 90 days	100%

g. Accounting for the Social Housing Pension Scheme ('SHPS'). The Board's view, considering the guidance issued in FRED 71 and guidance issued by the National Housing Federation, is that the difference between the deficit funding agreement previously recognised in relation to SHPS, and the net defined benefit deficit, should be recognised in Other Comprehensive Income. The relevant date to apply the adjustment is judged to be 1 April 2018, as TPT Retirement Solutions does not have data to provide sufficient information before the date 31 March 2018.

Merger accounting

Where merger accounting is used, the investment is recorded in the Groups Statement of Financial Position at the nominal value of the shares issued together with the fair value of any additional consideration paid. In the Groups financial statements, merged subsidiary undertakings are treated as if they had already been a member of the Group. The results of such a subsidiary are included for the whole period in the year it joins the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous Statement of Financial Position date and the shares issued by the Group as consideration as if they had always been in issue.

Acquisition accounting

Where acquisition accounting is used, the group statement of comprehensive income and statement of cashflows include the results and cashflows of the investment from the acquisition date. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Subsequently goodwill is carried at cost less accumulated amortisation and impairment losses.

Amortisation of the fair value uplift is calculated on the straight line basis over the estimated useful life. The Group establishes a reliable estimate of the useful life of the fair value uplift arising on business combinations based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the fair value uplift is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. The useful economic life of the fair value uplift is 100 years. The excess of assets over liabilities is recognised as income in the year of acquisition.

1. Principal Accounting Policies (continued)

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from shared ownership first tranche sales and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

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

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis. Where variable service charges are used the income will include the surplus or deficit from prior years. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a sinking fund or reserve fund may be built up over the years; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

High Rise living for Supported Housing customers in Worcester.

Apportionment of overheads to group members

Central overheads are recharged at cost from Platform Housing Limited to Platform Property Care using the apportionment methods detailed below:

Cost Category	Apportionment Method
Corporate Services	Time allocation
Finance and ICT	Time allocation
Human Resources	Employee headcount
Training	Historical spend
Office running costs	Floor area

Retirement benefits

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

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

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

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

1. Principal Accounting Policies (continued)

Property Sales

Under shared ownership arrangements, the group disposes of a long lease of shared ownership housing units to persons who occupy them, at a lease premium equal to between 25% and 75% of open market value. The occupier has the right to purchase further proportions at the then current valuation up to 100%. Subsequent tranches sold ('staircasing sales') are reflected in the Statement of Comprehensive Income as a surplus or deficit on sale of fixed assets.

Under right to buy arrangements the Group disposes of properties outright to qualifying customers and the resulting surplus is reflected in the Statement of Comprehensive Income.

There are clawback agreements with City of Worcester, Derbyshire Dales District Council, Malvern Hills District Council, Market Harborough District Council and Wychavon District Council, whereby the surplus or deficit is calculated by comparing the net proceeds received by the Group with the book value of the property sold.

Financing costs

Finance interest, transaction costs and associated premium or discount are charged to the Statement of Comprehensive Income using either the effective interest rate (EIR) method or on a straight line basis where not materially different. The EIR method spreads all associated costs over the life of the instrument by comparing the borrowing amount at initial recognition and amount at maturity.

Loan finance issue costs

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

Financial assets

Financial assets are defined as cash or any asset that is a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable, or an equity instrument of another entity. The group categorises its financial assets as:

- Loans and receivables; and
- Available-for-sale financial assets.

Loans and receivables are assets with fixed or determinable payments that are not quoted on an active market. These are initially recognised at fair value plus transaction costs and subsequently at amortised cost. Examples of loans and receivables include tenant arrears, unlisted investments, sundry debtors and cash at bank and in hand.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs, which is effectively historical cost. At each Statement of Financial Position date they are re-measured at fair value and movements are recorded in equity reserves and in the Statement of Comprehensive Income when the reserves are fully utilised. Listed investments are considered to be available-for-sale assets.

Financial liabilities

Financial liabilities are defined as any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable. The financial liabilities of the Group are classed as:

- Financial liabilities at fair value through profit and loss; and
- Other financial liabilities.

Other financial liabilities are all financial liabilities that have value to the supplying party, for instance debt finance, trade creditors, other creditors and accruals. They are valued at fair value at inception and then amortised cost subsequently.

1. Principal Accounting Policies (continued)

Categorisation of debt

The Group's debt has been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate).

The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as 'basic' or 'non-basic'. On the grounds that the Association believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Association's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Association has retained its 'basic' treatment of its debt following the FRC announcement.

Taxation

a. **Value Added Tax (VAT).** The Group is registered for VAT and charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

b. **Deferred Taxation.** Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- Deferred tax is not recognised on timing differences arising on revalued properties unless the Group and Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- The recognition of deferred tax assets is limited to the extent that the Group and company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not disclosed.

Housing properties

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

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction. Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. Expenditure incurred on responsive and cyclical repairs to the housing stock is expensed to the Statement of Comprehensive Income in the year in which it is incurred.

Work to create new homes on site at Butterwick, Lincolnshire.

1. Principal Accounting Policies (continued)

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories. UELs for identified components are as follows:

Component	Useful Economic Life
Housing structure	100 years
Housing structure (non-traditional)	20 years
Cladding	40 years
Bathrooms	30 years
Heating systems	30 years
Kitchens	20 years
Lifts	20 to 25 years
Roofs	70 years
Windows and Doors	30 to 40 years
Gutters and Fascias	25 years
Door entry and security systems	15 years
Electrics	30 years
Boilers, air source heat pumps and solar panels	15 years
Photo-voltaic panels	20 years

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

Shared ownership properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche proportion. The expected first tranche proportion accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset within housing properties and subsequent sales treated as sales of fixed assets in operating profit.

Capitalisation of interest and administration costs

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

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

Property managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, all income and expenditure arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the majority of the financial risk, the Statement of Comprehensive Income includes only that income and expenditure that relates solely to the Group.

In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

Our Customer Service Advisors are here to help.

1. Principal Accounting Policies (continued)

Other tangible fixed assets

Depreciation is charged on a straight line basis, to write them down to their estimated residual values over their expected useful life. No depreciation is provided on freehold land. Component accounting has been adopted for freehold office premises on exactly the same basis as that used for housing properties as set out above. The principal annual rates used for other assets are:

Other Fixed Asset	Useful Economic Life
Office premises	100 years
Office premises components	Between 15 and 50 years
Furniture, fixtures and fittings	Between 4 and 10 years
Computer equipment	3 to 4 years
Computer software	5 years
Mobile office	7 years
Vans	3 to 5 years
Plant and machinery	Between 3 and 30 years
Electrical and Mechanical	5 years

Other tangible fixed assets under construction are stated at cost and are not depreciated.

Investment property

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

Homebuy

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant from Homes England is recognised as deferred income until the loan is redeemed.

The Group operated this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of Social Housing Grant (SHG). On redemption:

- The SHG is recycled;
- The SHG is written off, if a loss occurs; and
- The Group keeps any surplus.

Festival Property Purchase (FPP)

Following the loss of Zone Agent Status the Group introduced its own equivalent Homebuy product, **Festival Property Purchase**. These transactions were generally not grant aided but provided opportunities to purchasers on a similar basis to the previous Homebuy product. In certain circumstances the loans were funded by local authority grant and where this is the case, these grants are recognised as deferred income until the loan is redeemed. The scheme was closed in 2009/2010.

The Group provided loans of 25% of the purchase price of a property, to qualifying individuals, and the loans are included in Homebuy Loans Receivable. No monthly repayments are made on the loan, however it is only available for a maximum of ten years or until the property is sold, whichever is the sooner. The Group is currently proposing to extend the scheme period for a further ten years.

These loans are secured by second charges on the properties and therefore, falls in the value could directly affect the recoverability of these loans. Because of this exposure, the loan balance is reviewed against property values annually and where required, a provision for losses is made in the Statement of Comprehensive Income.

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value. Any investments listed on a recognised stock exchange are stated at market value.

Stocks and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed and intended for outright sale are included in current assets, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Stock swaps

Where an agreement is entered into with another Private Registered Provider (PRP) to swap housing stock, the outgoing stock is treated as a disposal with a gain or loss recorded the Statement of Comprehensive Income. The incoming stock is measured at fair value.


Ground breaking at Europa Way.

Current asset investments

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

Short-term debtors and creditors

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

Social Housing Grant (SHG) and other government grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG) and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover. Grants received prior to FRS 102 transition date have been recognised in the Income and Expenditure Reserve.

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

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover.

Grants for revenue expenditure are credited to the Statement of Comprehensive Income as they become receivable.

1. Principal Accounting Policies (continued)

Recycling of Capital Grant Fund (RCGF)

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

Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF. This creditor is carried forward until it is used to fund the acquisition of new social housing. Following the Housing and Planning Act 2016, disposals made after 6 April 2017 are no longer accounted for through the DPF. This creditor is carried forward until it is used to fund the acquisition of new social housing.

Non-government grants

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

Haven bond premium and Affordable Housing Finance (AHF) bond premium

The premiums on the issue of the Haven Bond and AHF Bond are included in creditors and are being written off over the period of the loans.

Provisions

The Group will make a provision for contractual liabilities and where there is a reasonable probability for a potential loss.

Revaluation Reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken. In addition, the reserve contains any increase in the fair value of listed investments.

Diversity is a key part of our strategic delivery.

2. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus

Group	2020			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings (see note 3)	**215,124**	**-**	**(124,495)**	**90,629**
Other social housing activities				
Development services	73	-	(2,526)	(2,453)
Management services	201	-	(184)	17
Support services	525	-	(631)	(106)
Sale of Shared Ownership first tranche	27,849	(21,770)	-	6,079
Other	2,915	-	(1,482)	1,433
	31,563	**(21,770)**	**(4,823)**	**4,970**
Activities other than social housing				
Developments for sale	1,113	(1,076)	-	37
Student accommodation	7	-	(54)	(47)
Market rents	1,159	-	(698)	461
Other	8,151	-	(7,499)	652
	10,430	**(1,076)**	**(8,251)**	**1,103**
Total	**257,117**	**(22,846)**	**(137,569)**	**96,702**


Georgina is part of our gas servicing team.

2. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus (continued)

Group	2019			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings	**209,260**	**-**	**(114,588)**	**94,672**
(see note 3)				
Other social housing activities				
Development services	20	-	(1,391)	(1,371)
Management services	105	-	(439)	(334)
Support services	577	-	(616)	(39)
Sale of Shared Ownership first tranche	30,198	(21,422)	-	8,776
Other	1,862	-	(1,302)	560
	32,762	**(21,422)**	**(3,748)**	**7,592**
Activities other than social housing				
Developments for sale	21,912	(21,344)	-	568
Student accommodation	31	-	(62)	(31)
Market rents	673	-	(375)	298
Other	8,935	-	(9,144)	(209)
	31,551	**(21,344)**	**(9,581)**	**626**
Total	**273,573**	**(42,766)**	**(127,917)**	**102,890**

Welcoming customers to their new homes at Vedonis Road, Lutterworth.

3. Turnover and Operating Expenditure for Social Housing Lettings

Group	2020					
	General Needs Housing	Affordable Rent	Supported Housing & Housing for older people	Shared Ownership	Intermediate rent	Total
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	129,187	34,936	13,478	14,502	2,476	194,579
Service charge income	5,452	1,146	5,663	2,777	3	15,041
Other grants	795	-	-	-	-	795
Amortised government grants	2,703	1,152	112	669	25	4,661
Other income	1	47	-	-	-	48
Turnover from social housing lettings	**138,138**	**37,281**	**19,253**	**17,948**	**2,504**	**215,124**
Operating expenditure						
Management	(17,079)	(3,725)	(2,041)	(3,061)	(201)	(26,107)
Service charge costs	(7,301)	(1,344)	(4,957)	(2,493)	(203)	(16,298)
Routine maintenance	(21,715)	(4,374)	(2,869)	(111)	(219)	(29,288)
Planned maintenance	(5,244)	(539)	(846)	(125)	(13)	(6,767)
Major repairs expenditure	(7,941)	(1,388)	(2,227)	(248)	(135)	(11,939)
Bad debts	(1,354)	(366)	(326)	(143)	(99)	(2,288)
Depreciation of housing properties	(19,991)	(6,968)	(2,315)	(2,270)	(264)	(31,808)
Impairment of housing properties	-	-	-	-	-	-
Other costs	-	-	-	-	-	-
Operating expenditure on social housing lettings	**(80,625)**	**(18,704)**	**(15,581)**	**(8,451)**	**(1,134)**	**(124,495)**
Operating surplus on social housing lettings	**57,513**	**18,577**	**3,672**	**9,497**	**1,370**	**90,629**
Void losses	(1,101)	(331)	(301)	(689)	(129)	(2,551)

3. Turnover and Operating Expenditure for Social Housing Lettings (continued)

Group	General Needs Housing	Affordable Rent	Supported Housing & Housing for older people	Shared Ownership	Intermediate rent	Total
	2019					
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	137,819	22,325	14,753	12,908	1,960	189,765
Service charge income	5,071	639	5,917	2,064	14	13,705
Other grants	584	-	-	-	-	584
Amortised government grants	2,762	950	151	616	50	4,529
Other income	409	-	253	15	-	677
Turnover from social housing lettings	**146,645**	**23,914**	**21,074**	**15,603**	**2,024**	**209,260**
Operating expenditure						
Management	(14,953)	(2,241)	(2,753)	(1,474)	(118)	(21,539)
Service charge costs	(8,029)	(461)	(5,528)	(1,541)	(204)	(15,763)
Routine maintenance	(19,287)	(3,067)	(2,916)	(125)	(155)	(25,550)
Planned maintenance	(5,535)	(205)	(795)	(31)	(14)	(6,580)
Major repairs expenditure	(9,668)	(549)	(2,083)	(45)	(56)	(12,401)
Bad debts	(1,252)	(271)	(113)	8	(20)	(1,648)
Depreciation of housing properties	(21,826)	(4,457)	(2,405)	(2,018)	(311)	(31,017)
Impairment of housing properties	-	-	-	-	-	-
Other costs	(58)	-	(29)	(3)	-	(90)
Operating expenditure on social housing lettings	**(80,608)**	**(11,251)**	**(16,622)**	**(5,229)**	**(878)**	**(114,588)**
Operating surplus on social housing lettings	**66,037**	**12,663**	**4,452**	**10,374**	**1,146**	**94,672**
Void losses	(1,311)	(189)	(646)	(305)	(98)	(2,549)

4. Units

Social housing properties in management at end of year

	2020					2019	
	Owned and managed Number	Managed not owned Number	Total managed Number	Owned not managed Number	Total Owned Number	Total Managed Number	Total Owned Number
General Needs	28,033	8	28,041	29	28,062	27,679	27,700
Affordable rent	6,633	5	6,638	12	6,645	6,217	6,214
Supported	284	-	284	69	353	274	346
Care homes	-	-	-	-	-	-	6
Housing for older people	2,973	-	2,973	-	2,973	2,998	2,998
Intermediate rent	457	-	457	68	525	454	522
Total	38,380	13	38,393	178	38,558	37,622	37,786
*Shared Ownership <100%	5,321	6	5,327	-	5,321	4,944	4,938
Social Leased @100% sold	1,100	-	1,100	-	1,100	1,075	1,075
Total social	44,801	19	44,820	178	44,979	43,641	43,799
Non social housing							
Non social rented	113	-	113	-	113	112	112
Non social leased	389	8	397	29	418	385	406
Total stock	45,303	27	45,330	207	45,510	44,138	44,317

* The equity proportion of a shared ownership property is counted as one unit.

The 2019 winners of our annual customer awards.

4. Units (continued)

Analysis of movements of units owned in the year

	2019	Additions	Conversions	De-categorisation	Re-classification	Sold	Demolished	2020
General Needs	27,700	520	-	-	5	(145)	(18)	**28,062**
Affordable rent	6,214	441	-	-	(2)	(8)	-	**6,645**
Supported	346	-	-	-	7	-	-	**353**
Care Homes	6	-	-	-	(6)	-	-	**-**
Housing for older people	2,998	1	(2)	-	-	-	(24)	**2,973**
Intermediate rent	522	1	-	-	5	(3)	-	**525**
*Shared ownership	4,938	486	-	-	(8)	(95)	-	**5,321**
Social leased	1,075	-	-	-	(8)	33	-	**1,100**
Non social rented	112	-	-	-	1	-	-	**113**
Non social leased	406	-	-	-	(1)	13	-	**418**
Total	**44,317**	**1,449**	**(2)**	**-**	**(7)**	**(205)**	**(42)**	**45,510**

* Shared ownership sales represent units that were fully staircased.

Units under development/refurbishment at end of year

	2020	2019
	Number	Number
Social housing rented units	**838**	1,781
Shared ownership	**485**	829
Non-social properties for sale	**-**	8
	1,323	2,618

5. Gain on disposal of property, plant and equipment

	Property developed for other PRP's	Shared Ownership staircasing sales	Others	2020	2019
	£000	£000	£000	£000	£000
Disposal proceeds	**-**	**8,593**	**16,456**	**25,049**	16,002
Cost of sales	**-**	**(5,154)**	**(7,812)**	**(12,966)**	(9,151)
Surplus	**-**	**3,439**	**8,644**	**12,083**	6,851
Grant recycled	**-**	**(382)**	**(961)**	**(1,343)**	(565)
Surplus for the year	**-**	**3,057**	**7,683**	**10,740**	6,286

6. Net Interest

Interest receivable and similar income	2020	2019
	£000	£000
On financial assets measured at amortised cost:		
Interest receivable	543	1,098
	543	1,098

Interest payable and financing costs	2020	2019
	£000	£000
On financial liabilities measured at amortised cost:		
Loans repayable	44,496	44,859
Loan breakage costs	6,783	-
Costs associated with financing	3,311	2,870
	54,590	47,729
On defined benefit pension scheme:		
Expected return on plan assets	(4,143)	(4,366)
Interest on scheme liabilities	5,655	5,735
	1,512	1,369
On financial liabilities measured at fair value:		
Interest capitalised on housing properties	(6,121)	(5,602)
	49,981	43,496

Interest has been capitalised at the rate of 3.8% (2019: 3.9%)


Clarence Park Retirement Village, Malvern.

7. Surplus on ordinary activities

	2020	2019
	£000	£000
The operating surplus for the year is stated after charging:		
Depreciation:		
Housing properties	**31,946**	31,076
Amortisation of grant	**(4,661)**	(4,529)
Other fixed assets	**1,805**	1,720
Impairment	**-**	-
Auditors remuneration:		
In their capacity as auditors	**70**	66
In respect of other services	**29**	18
Operating leases	**1,384**	1,357

8. Taxation

	Group		Parent	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Taxation charge for the period:				
Corporation tax	**-**	-		
Under/(over) provision in previous years	**-**	-	**-**	-
Total current tax	**-**	-	**-**	-
Deferred tax:				
Origination and reversal of timing differences	**-**	-	**-**	-
Under/(over) provision in previous years	**-**	-	**-**	-
Tax deficit on ordinary activities	**-**	-	**-**	-

	Group		Parent	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Surplus on ordinary activities before tax	**57,879**	66,873	**3**	5
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019: 19%)	**10,997**	12,706	**1**	1
Surplus relating to charitable entities	**(10,997)**	(12,706)	**(1)**	(1)
Expenses not deductible for tax purposes	**-**	-		
Capital allowances in advance of depreciation	**-**	-		
Utilisation of charges on income	**-**	-		-
Tax charge for the year	**-**	-	**-**	-

9. Directors and key management personnel remuneration

Key management personnel are defined as non-executive members of the Board, the Chief Executive and Executive Directors and the total costs are £2,500k (2018: £1,582k).

The aggregate emoluments paid to or receivable by Non-Executive Directors

	2020	2019
	£000	£000
D Sleath	**30**	24
J Weguelin (appointed 1/1/2020)	**9**	-
P Dearing	**17**	11
D Clark	**17**	13
S Dyson	**11**	9
J Sharnock	**11**	13
H Southwell	**11**	9
J Wood	**11**	9
D Thompson (left 17/09/19)	**9**	16
M Davies (left 17/09/19)	**6**	10
C Huntbatch (left 21/11/19)	**8**	9
C Davis	**6**	5
P Fowler	**6**	5
A John	**6**	6
C Goodchild (appointed 30/4/19)	**6**	-
J Ford (left 18/9/18)	**-**	7
J Broderick (left 18/9/18)	**-**	3
F Penhallurick (left 1/10/18)	**-**	4
S Allen (left 1/10/18)	**-**	3
	164	160

Expenses for the year paid to Board members totalled £4k (2019: £6k).

Our Property Care apprentices are ready to learn.

9. Directors and key management personnel remuneration (continued)

The aggregate emoluments paid to or receivable by Executive Directors and former Directors

	2020					2019
	Basic Salary	Benefits in kind	Er's Pension Contributions	Compensation for loss of office	Total	Total
	£000	£000	£000	£000	£000	£000
E Froude (appointed 8/7/19)	198	12	-	-	210	-
R Farrar (appointed 17/3/20)	3	-	-	-	3	-
A Howarth (left 31/3/20)	156	17	25	148	346	161
R Grounds (left 31/3/20)	186	16	24	119	345	150
M Duffy	129	15	10	-	154	71
C Jackson (leaving 7/8/2020)	129	19	11	-	159	135
J Cocker	112	13	13	-	138	63
C Durnin	113	13	9	-	135	63
D Evans	124	12	10	-	146	69
C Dass (left 6/4/20)	145	12	19	42	218	115
D Pickering (left 30/9/19)	119	8	-	299	426	221
G Weston (left 31/3/19)	-	-	-	-	-	379
D McRoberts (left 31/3/19)	-	-	-	-	-	331
A Riley (left 31/12/18)	-	-	-	-	-	265
N Bullock (left 30/9/18)	-	-	-	-	-	144
W Tebay (left 30/9/18)	-	-	-	-	-	173
Total	1,414	137	121	608	2,280	2,340

Emoluments paid to the highest paid Director (excluding Pension costs) were £426k (2019: £356k).

Executive directors emoluments for the year ended 31 March 2020 include an amount paid as compensation of loss of office amounting to £608k for Mr D Pickering, Mr R Grounds, Ms C Dass and Mr A Howarth.

Elizabeth Froude is the Chief Executive of Platform Housing Group Limited and was appointed on 8 July 2019. David Pickering was the previous Chief Executive and he left on 30 September 2019. Elizabeth Froude, as Chief Executive, received remuneration for the year ending 31 March 2020 totalling £210k (2019: £221k). The Association has not contributed to any pension scheme in the period and no enhanced terms apply.

10. Group Employee Costs

Executive Director costs

	2020	2019
	£000	£000
Wages and Salaries	**1,886**	2,117
Social security costs	**182**	226
Other pension costs	**269**	116
	2,337	2,459

Employee costs excluding the executive directors

Other employee costs

	2020	2019
	£000	£000
Wages and Salaries	**33,390**	30,812
Social security costs	**3,126**	2,972
Other pension costs	**7,337**	5,669
	43,853	39,453

Average number of full time equivalent persons (including the Chief Executive, and where 1 full time equivalent is based on 35 hours per week) employed during the year was:

	2020	2019
Office staff	**704**	653
Site based employees	**474**	447
Total employees	**1,178**	1,100

New homes at Gras Close, Evesham.

10. Group Employee Costs (continued)

The number of full time equivalent employees whose remuneration payable fell within the bands:

	2020	2019
£60,000 to £69,999	**17**	12
£70,000 to £79,999	**3**	10
£80,000 to £89,999	**14**	6
£90,000 to £99,999	**10**	3
£100,000 to £109,999	**4**	5
£110,000 to £119,999	**3**	4
£120,000 to £129,999	**3**	1
£130,000 to £139,999	**3**	1
£140,000 to £149,999	**1**	1
£150,000 to £159,999	**2**	1
£160,000 to £169,999	**-**	1
£170,000 to £179,999	**-**	1
£180,000 to £199,999	**-**	-

	2020	2019
£200,000 to £209,999	**1**	-
£210,000 to £219,999	**1**	-
£220,000 to £229,999	**-**	1
£230,000 to £259,999	**-**	-
£260,000 to £269,999	**-**	1
£270,000 to £329,999	**-**	-
£330,000 to £339,999	**-**	1
£340,000 to £349,999	**2**	-
£350,000 to £369,999	**-**	-
£370,000 to £379,999	**-**	1
£380,000 to £419,999	**-**	-
£420,000 to £429,999	**1**	-
	65	50

Essential maintenance work in action.

11. Tangible Fixed Assets – Housing Properties

Group

	Housing Properties held for letting	Housing Properties in the course of construction	Completed Shared Ownership Properties	Shared Ownership Properties in the course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2019	2,113,443	72,798	331,236	45,772	2,563,249
Reclassification	-	9,614	-	(9,614)	-
Additions	419	120,071	517	86,886	207,893
Works to existing properties	12,697	-	-	-	12,697
Disposals	(11,784)	-	(5,582)	-	(17,366)
Transfer to current assets	-	(171)	192	(27,628)	(27,607)
Interest capitalised	-	3,715	-	2,406	6,121
Schemes completed	100,259	(100,259)	42,339	(42,339)	-
At 31 March 2020	**2,215,034**	**105,768**	**368,702**	**55,483**	**2,744,987**
Depreciation					
At 1 April 2019	229,180	-	15,182	-	244,362
Charge for the year	29,740	-	2,206	-	31,946
Disposals	(2,652)	-	(367)	-	(3,019)
Impairment	-	-	-	-	-
At 31 March 2020	**256,268**	**-**	**17,021**	**-**	**273,289**
Net Book Value					
At 31 March 2020	**1,958,766**	**105,768**	**351,681**	**55,483**	**2,471,698**
At 31 March 2019	1,884,263	72,798	316,054	45,772	2,318,887

Works to existing properties that were capitalised in the year were £12.697m (2019: £14.860m). Works charged to income and expenditure were £12.615m (2019: £5.176m).

Additions to housing properties include development administrative costs of £5.617m (2019: £6.029m) which have been capitalised. A rate of 3.8% (2019: 3.9%) has been used to capitalise interest.

Fixed assets with restricted title or pledged as security for liabilities have a carrying value of £1,684m (2019: £1,428.3m) for the Group. The fixed assets of the parent company are not pledged as security for liabilities.

11. Tangible Fixed Assets – Housing Properties (continued)

Parent

	Housing Properties held for letting	Total
	£000	£000
Cost		
At 1 April 2019	111	111
Additions	-	-
Works to existing properties	-	-
Disposals	-	-
At 31 March 2020	**111**	**111**
Depreciation		
At 1 April 2019	14	14
Charge for the year	1	1
Disposals	-	-
At 31 March 2020	**15**	**15**
Net Book Value		
At 31 March 2020	**96**	**96**
At 31 March 2019	97	97

Impairment losses

Housing properties are assessed at each reporting date to determine whether an indicator of impairment exists. Where there is evidence of impairment, an assessment is carried out to estimate the recoverable amount of the asset. The recoverable amount is the higher of the fair value less costs to sell and value in use.

The current COVID-19 pandemic has been determined to be an indicator for impairment. A full review of assets has been undertaken but no evidence of impairment has been found. At 31 March 2020 no impairment loss was incurred (2019: nil).

Dancox House Supported Housing, Worcester.

12. Tangible Fixed Assets – Other

	Freehold Land & Offices	Fixtures & Fittings	Computer Equipment & Software	Motor Vehicles	Plant & Machinery	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2019	16,973	3,273	13,262	453	1,329	35,290
Additions	586	336	2,200	-	168	3,290
Disposals	-	-	-	(92)	(12)	(104)
At 31 March 2020	**17,559**	**3,609**	**15,462**	**361**	**1,485**	**38,476**
Depreciation						
At 1 April 2019	2,917	2,650	9,574	321	973	16,435
Charge for the year	185	138	1,264	49	169	1,805
Disposals	-	-	-	(74)	(12)	(86)
At 31 March 2020	**3,102**	**2,788**	**10,838**	**296**	**1,130**	**18,154**
Net Book Value						
At 31 March 2020	**14,457**	**821**	**4,624**	**65**	**355**	**20,322**
At 31 March 2019	14,056	623	3,688	132	356	18,855

Included in Freehold Offices is freehold land in respect of the offices amounting to £1.517m (2019: £1.517m), which is not depreciated.

13. Investment Properties

	2020	2019
	£000	£000
At 1 April	**16,800**	16,705
Additions	**-**	-
Disposals	**(900)**	-
(Loss)/gain from adjustment in value	**(125)**	95
At 31 March	**15,775**	16,800

	2020	2019
	£000	£000
Proceeds of sale	**933**	-
Less costs of sale	**(905)**	-
Total gain recognised in Statement of Comprehensive Income	**28**	-

Investment properties are stated at a value based on vacant possession which is annually determined by external valuers derived from the current market conditions. Due to the unknown impact of COVID-19 on the property market, the valuation has been reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global.

14. Homebuy Loans Receivable

	2020	2019
	£000	£000
At 1 April	8,940	9,623
Loans redeemed	(202)	(683)
Provisions against non-recoverable items	-	-
At 31 March	8,738	8,940

15. Fixed Asset Investments

	2020	2019
	£000	£000
Investments at valuation		
Listed investments	4,925	4,585
Unlisted investments	10,464	4,913
	15,389	9,498
Historic cost of investments	14,735	9,298

The valuation of the unlisted investments is the Board's best estimate of their fair value.

16. Stocks

	2020	2019
	£000	£000
Properties held for sale		
Shared ownership properties		
Completed	17,654	7,719
Work in progress	17,347	21,323
Outright sale properties		
Completed	-	-
Work in progress	418	418
Other stock (General materials)	147	112
	35,566	29,572

Stock valuations have been regularly re-assessed after the year end prior to the accounts being signed due to the impact of COVID-19. It is considered that there is no material difference between the replacement cost of stocks and the amounts stated above.

17. Trade and other debtors

	Group		Parent	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Amounts falling due within one year				
Rent and service charge receivable	**9,706**	10,369	**-**	-
Less: provision for bad debts	**(6,042)**	(7,065)	**-**	-
	3,664	3,304	**-**	-
SHG and other grants receivable	**4,731**	10,559	**-**	-
Trade debtors	**2,109**	1,423	**-**	-
Prepayments and accrued income	**7,952**	2,687	**-**	-
Other debtors	**1,223**	718	**-**	-
	19,679	18,691	**-**	-

18. Creditors (amounts falling due within one year)

	Group		Parent	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Bank loans - principal	**89,118**	20,794	**-**	-
Bank loans - interest	**7,468**	2,964	**-**	-
Trade creditors	**8,864**	6,174	**-**	-
Accruals and deferred income	**29,489**	28,163	**-**	-
Amounts due to group companies	**-**	-	**4**	4
SHG and other grants received in advance	**10,623**	4,154	**-**	-
Rent and service charges received in advance	**9,524**	7,320	**-**	-
Other taxation and social security costs	**168**	345	**-**	-
Deferred Capital Grant (note 20)	**4,590**	4,285	**-**	-
Recycled Capital Grant (note 21)	**3,203**	5,087	**-**	-
Disposals Proceeds Fund (note 22)	**-**	270	**-**	-
Local authority RTB receipts	**308**	175	**-**	-
Care & Repair capital funds	**-**	508	**-**	-
Corporation tax	**-**	-	**-**	-
	163,355	80,239	**4**	4

19. Creditors (amounts falling due after more than one year)

	2020	2019
	£000	£000
Bank and other loans (note 31)	1,070,958	1,140,776
Festival Property Purchase	507	507
Sinking funds & Reserve funds	2,741	2,499
Deferred Capital Grant Fund (note 20)	449,722	428,895
Recycled Capital Grant Fund (note 21)	8,955	5,429
Other recycled grants	402	402
Disposal Proceeds Fund (note 22)	-	27
Other long term creditors	1,660	1,245
	1,534,945	1,579,780

20. Deferred Capital Grant

	2020	2019
	£000	£000
At 1 April	433,180	417,402
Grant received in the year	27,909	22,246
Grant disposed of in the year	(2,091)	(1,940)
Released to income in the year	(4,686)	(4,528)
At 31 March	454,312	433,180
Amount due to be released < 1 year	4,590	4,285
Amount due to be released > 1 year	449,722	428,895
At 31 March	454,312	433,180

Customer views on the work we do are crucial.

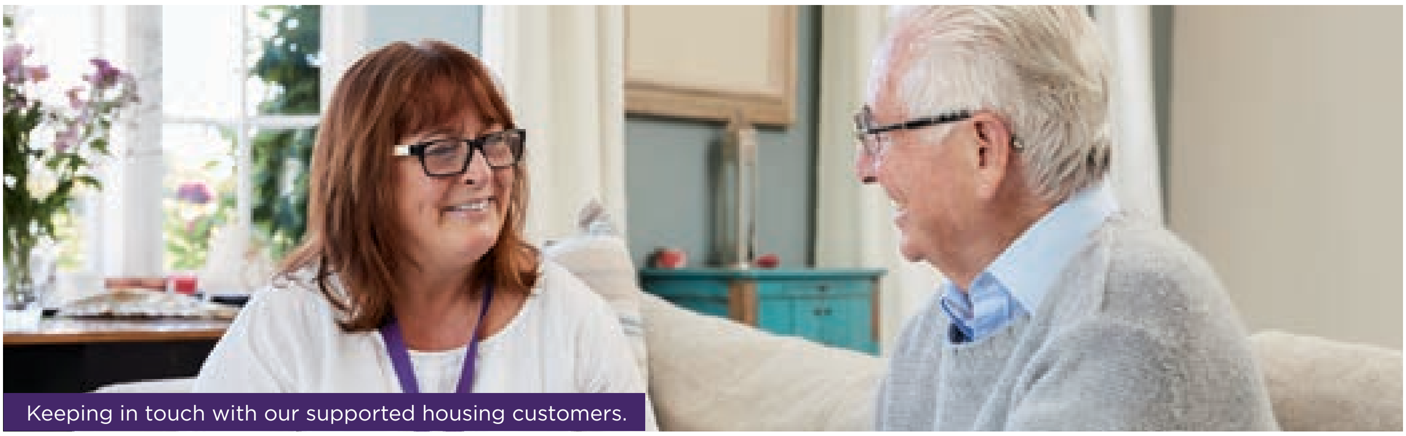
Notes to the Financial Statements 2020 (continued)

21. Recycled Capital Grant Fund

		2020	2019
		£000	£000
At 1 April		**10,516**	10,858
Inputs	Grants recycled	**3,450**	2,267
	Interest accrued	**76**	58
Recycling	New build	**(1,884)**	(2,667)
At 31 March		**12,158**	10,516
Amount up to three years old		**9,291**	9,616
Amount three years or older where repayment may be required		**2,867**	900
		12,158	10,516

22. Disposals Proceeds Fund

		2020	2019
		£000	£000
At 1 April	Funds recycled	**297**	495
	Net PRTB receipts	**-**	-
	Interest accrued	**-**	-
	Transfer from other PPRPs	**-**	-
Use/allocation of funds	New build	**(297)**	(198)
	Major repairs and works to existing properties	**-**	-
	Transfer to other PPRPs	**-**	-
	Other	**-**	-
Repayment of funds to RSH/GLA		**-**	-
At 31 March		**-**	297
Amount three years or older where repayment may be required		**-**	-


Keeping in touch with our supported housing customers.

23. Pension

The Association participates in 6 (2019: 6) funded defined benefit pension schemes. All schemes' assets are held in separate funds administered by the Trustees of each scheme. The schemes are as follows:

Scheme Name	Employer contributions 2020	Member contributions 2020
Lincolnshire Pension Fund (LGPS)	**26.00%**	**5.50% to 12.50%**
Leicestershire County Council Pension Fund (LGPS)	**25.59%**	**5.50% to 12.50%**
Derbyshire Pension Fund (LGPS)	**28.10%**	**5.50% to 12.50%**
Worcestershire County Council (LGPS)	**16.40%**	**5.50% to 12.50%**
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	**N/A**	**N/A**
The Social Housing Pension Scheme	**7.06% to 9.30%**	**7.10% to 14.50%**

Scheme Name	Employer contributions 2019	Member contributions 2019
Lincolnshire Pension Fund (LGPS)	24.25%	5.50% to 12.50%
Leicestershire County Council Pension Fund (LGPS)	25.59%	5.50% to 12.50%
Derbyshire Pension Fund (LGPS)	28.10%	5.50% to 12.50%
Worcestershire County Council (LGPS)	15.50%	6.80%
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	N/A	N/A
The Social Housing Pension Scheme	7.06% to 9.30%	6.10% to 11.70%

All of the funded defined benefit pension schemes that the Association participates in can be separately identified and therefore the Association recognises in full the Schemes' surpluses or deficits on the Statement of Financial Position.

Service with a smile from our customer service team.

23. Pension (continued)

Local Government Pension Schemes (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by the relevant Local Authority. The total contributions made for the year ended 31 March 2020 were £3,215,000 of which employer's contributions totalled £2,761,000 and employees' contributions totalled £454,000.

The Pensions Trust 2016 Waterloo Housing Association Benefits Plan

The Waterloo Housing Association Benefits Plan is a defined benefit scheme in the UK. On 31 March 2016, the scheme was closed to future accrual for all of its existing members but with those members still employed by the company retaining the final earnings link on their benefits. There were no contributions made to this scheme in 2020 (2019: nil) in respect of further pensionable service.

The employer has agreed with the trustees that it will aim to eliminate the deficit over a period of 7 years 6 months from 30 September 2017 by the payment of annual contributions of £831,000 payable monthly (£782,000 paid monthly to March 2019). In addition and in accordance with the actuarial valuation, the employer has agreed with the trustees that it will meet expenses of the scheme and levies to the Pension Protection Fund.

The Social Housing Pension Scheme (SHPS)

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

The total contributions made for the year ended 31 March 2020 were £2,016,000 of which employer's contributions totalled £1,807,000 and employees' contributions totalled £209,000.

The Group also contributes to defined contribution schemes, also with the Social Housing Pension Scheme operated by the Pensions Trust.

Our digital volunteers at work.

23. Pension (continued)

Principal actuarial assumptions

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

2020	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Future salary increases	**2.20%**	**2.40%**	**2.60%**	**3.60%**	**3.60%**	**2.60%**
Future pension increases	**1.90%**	**1.90%**	**1.90%**	**2.20%**		
RPI					**2.60%**	**2.60%**
CPI					**1.40%**	**1.60%**
Discount rate	**2.30%**	**2.30%**	**2.30%**	**2.40%**	**2.35%**	**2.37%**
Commutation of pensions to lump sums (of max allowance)	**50% pre-2008 75% post 2008**	**50% pre-2008 75% post 2008**	**50% pre-2008 75% post 2008**	**Not disclosed**	**75%**	**75%**

2019	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Future salary increases	2.90%	3.50%	3.00%	3.70%	4.20%	3.24% to 3.30%
Future pension increases	2.50%	2.50%	2.50%	2.30%		
RPI					3.05%	3.24% to 3.30%
CPI					1.70%	2.24% to 2.30%
Discount rate	2.40%	2.40%	2.40%	2.40%	2.45%	2.36% to 2.30%
Commutation of pensions to lump sums (of max allowance)	50% pre-2008 75% post 2008	50% pre-2008 75% post 2008	50% pre-2008 75% post 2008	Not disclosed	75%	75%

23. Pension (continued)

Mortality assumptions

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

2020	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Retiring today						
Males	**21.4**	**21.5**	**21.6**	**22.6**	**22.1**	**21.5**
Females	**23.7**	**23.8**	**23.7**	**25.0**	**23.9**	**23.3**
Retiring in 20 years						
Males	**22.4**	**22.2**	**22.6**	**24.2**	**23.5**	**22.9**
Females	**25.2**	**25.2**	**25.1**	**27.0**	**25.1**	**24.5**

Scheme assets/(liabilities) reflected in the statement of financial position

	2020	2019
	£000	£000
Present value of employer assets	**168,151**	173,259
Present value of funded liabilities	**(215,667)**	(238,702)
Net underfunding in funded plans	**(47,516)**	(65,443)
Present value of unfunded liabilities	**(397)**	(465)
Net Liability	**(47,913)**	(65,908)

Net liability by pension scheme

	2020	2019
	£000	£000
Lincolnshire Pension Fund (LGPS)	**(8,043)**	(12,493)
Leicestershire County Council Pension Fund (LGPS)	**(830)**	(1,100)
Derbyshire Pension Fund (LGPS)	**(1,652)**	(3,982)
Worcestershire County Council (LGPS)	**(28,276)**	(29,311)
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	**(4,414)**	(7,876)
The Social Housing Pension Scheme	**(4,698)**	(11,146)
	(47,913)	(65,908)

23. Pension (continued)

Composition of plan assets

	2020	2019
	£000	£000
Equities	**99,264**	118,165
Other bonds	**38,516**	33,074
Property	**14,452**	13,971
Other	**15,919**	8,049
Total	**168,151**	173,259

None of the fair values of the assets shown above includes any direct investments in the employers' own financial instruments or any property occupied by, or other assets used by, the employer.

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

	2020	2019
	£000	£000
Amount charged to operating surplus:		
Current service cost (net of employee contributions)	**(3,704)**	(3,229)
Past service cost	**(195)**	(836)
Expenses	**(144)**	(137)
Curtailments	**(293)**	(290)
Total operating charge	**(4,336)**	(4,492)
Amount charged to finance costs:		
Interest income on plan assets	**4,143**	4,366
Interest cost on defined benefit obligations	**(5,655)**	(5,735)
Total amount charged to finance cost	**(1,512)**	(1,369)
Amounts of gains and losses recognised in the Statement of Comprehensive Income		
Returns on plan assets excluding interest	**(9,310)**	3,294
Experience gains	**7,889**	44
Other remeasurement gains/(losses)	**-**	-
Changes in financial assumptions	**14,193**	(14,086)
Changes in demographic assumptions	**5,582**	336
Effect on asset ceiling	**-**	-
Total remeasurement gains/(losses)	**18,354**	(10,412)
Total actuarial gain/(loss) recognised	**12,506**	(16,273)

23. Pension (continued)

Movement in surplus/(deficit) in the year

	2020 £000	2019 £000
(Deficit) in the schemes at 1 April	**(65,908)**	(54,395)
Movement in year:		
Employer service cost (net of employee contributions)	**(4,141)**	(3,656)
Employer contributions	**5,489**	4,760
Past service cost	**(195)**	(836)
Net interest/return on assets	**(1,512)**	(1,369)
Remeasurements	**18,354**	(10,412)
(Deficit) in the schemes at 31 March	**(47,913)**	(65,908)

Reconciliation of the opening and closing balance of the present value of scheme liabilities

	2020 £000	2019 £000
Opening defined benefit obligation	**(239,167)**	(220,288)
Transfer of engagements	**-**	-
Current service cost	**(3,704)**	(3,229)
Past service cost	**(195)**	(836)
Expenses	**(36)**	(33)
Interest cost	**(5,655)**	(5,735)
Contributions by employees	**(663)**	(1,005)
Experience gains	**7,889**	44
Changes in financial assumptions	**14,193**	(14,086)
Changes in demographic assumptions	**5,582**	336
Effect of curtailments	**(293)**	(290)
Net benefits paid	**5,985**	5,955
Closing defined benefit obligation	**(216,064)**	(239,167)

23. Pension (continued)

Reconciliation of the opening and closing balance of the fair value of the scheme assets:

	2020	2019
	£000	£000
Opening fair value of the scheme assets	**173,259**	165,893
Transfer of engagements	**-**	-
Interest income on plan assets	**4,143**	4,366
Effect of asset ceiling	**-**	-
Return on plan assets (excluding interest)	**(9,310)**	3,294
Other remeasurement gains/(losses)	**-**	-
Contributions by employer	**5,489**	4,760
Contributions by employees	**663**	1,005
Net benefits paid	**(6,093)**	(6,059)
Closing value of the scheme assets	**168,151**	173,259

Projected defined benefit costs for the period to 31 March 2021

The Association expects to contribute the following amounts to the defined benefit schemes during the year ended 31 March 2021:

	£000
Lincolnshire Pension Fund	**707**
Leicestershire County Council Pension Fund	**91**
Derbyshire Pension Fund	**77**
Worcestershire County Council Pension Fund	**1,045**
TPT 2016 Waterloo Housing Association Benefits Plan	**831**
SHPS	**1,800**
Total	**4,551**

Defined Contribution Scheme

The group joined the SHPS Defined Contribution scheme to satisfy its commitment to auto-enrolment, a government pension initiative.

The amount recognised in surplus as an expense for defined contribution plans for the year ended 31 March 2020 is £1,570k (2019: £626k).

24. Provision for Liabilities and Charges

	2020	2019
	£000	£000
At 1 April	**100**	150
Released in the year	**-**	(50)
At 31 March	**100**	100

25. Share Capital

	2020	2019
	£000	£000
At 1 April	**10**	8
Issued during the year	**1**	5
Cancelled during the year	**(3)**	(3)
At 31 March	**8**	10

The shares have a nominal value of £1 each and provide members with the right to vote at general meetings, but do not provide a right to dividends or distributions on winding up. The issue of shares is authorised as required throughout the year. Shares in issue cannot be repaid or transferred and when a shareholder ceases to be a member, the share is cancelled and the amount paid up becomes the property of the Group.

Essential repairs and maintenance work courtesy of our Property Care Team.

26. Capital Commitments

Capital expenditure contracted for but not provided for in the financial statements

	2020	2019
	£000	£000
Capital expenditure		
Capital expenditure contracted for but not provided for in the accounts	**182,937**	254,591
Expenditure authorised by the Board of Management but not contracted	**823,615**	233,567
Total	**1,006,552**	488,158

The Association expects these commitments to be contracted within the next year and financed with:

	2020	2019
	£000	£000
Social housing grant	**191,245**	70,271
Proceeds from sales of properties	**53,795**	61,898
Surpluses and committed loan facilities	**761,512**	355,989
Total	**1,006,552**	488,158

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

There are no performance conditions attached to the above commitments.

27. Operating Leases

The Group was committed to making lease payments as follows:

	2020		2019	
	Land and Buildings	**Other**	Land and Buildings	Other
	£000	**£000**	£000	£000
In less than one year	**225**	**560**	226	949
Between two and five years	**336**	**892**	567	1,131
In more than five years	**-**	**-**	-	-
	561	**1,452**	793	2,080

28. Grants

Total accumulated government grant receivable at 31 March:

	Group		Parent	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Held as deferred capital grant (note 20)	**454,312**	433,180	**-**	-
Recognised as income in Statement of Comprehensive Income	**145,524**	140,853	**15**	15
	599,836	574,033	**15**	15

29. Related Parties

In accordance with FRS 102 Related Party Disclosures, Section 33.1A, Platform Housing Group Ltd has not disclosed transactions entered into between two or more members of the Group, where each party to the transaction is 100% owned.

Transactions with non-registered elements of the business

In accordance with the Accounting Direction 2019, transactions between private registered providers and other non-registered entities in the Group are disclosed as follows:

2020	Turnover	Operating expenses	Interest receivable	Other creditors	Other debtors
	£000	£000	£000	£000	£000
ESHA Developments Limited	**60,786**	**(60,761)**	**-**	**(11,265)**	**-**
PPC Limited	**20,201**	**(20,616)**	**-**	**-**	**1,771**

2019	Turnover	Operating expenses	Interest receivable	Other creditors	Other debtors
	£000	£000	£000	£000	£000
ESHA Developments Limited	60,264	(60,243)	-	(10,076)	-
PPC Limited	18,814	(18,476)	-	-	342

During the year Platform Housing Limited received £1,000k for the provision of central services (2019: £1,016k), such as Finance and Human Resources, from Platform Property Care Limited, a non-regulated group member. Further detail on apportionment of overheads can be found on page 51.

A Gift Aid payment of £275k was made by Platform Property Care Limited to Platform Housing Limited (2019: £809k).

A Gift Aid payment of £23k was made by ESHA (Developments) Limited to Platform Housing Limited (2019: £25k).

29. Related Parties (continued)

Worcestershire Telecare

The Group is a shareholding member of Worcestershire Telecare, a Co-operative and Community Benefit Society. This organisation's core purpose is to provide community alarms and related services to people with support needs.

	Unaudited Accounts 2019	Audited Accounts 2018
	£000	£000
Income	**2,250**	1,703
Expenditure	**(2,146)**	(1,659)
Operating profit for the year	**104**	44

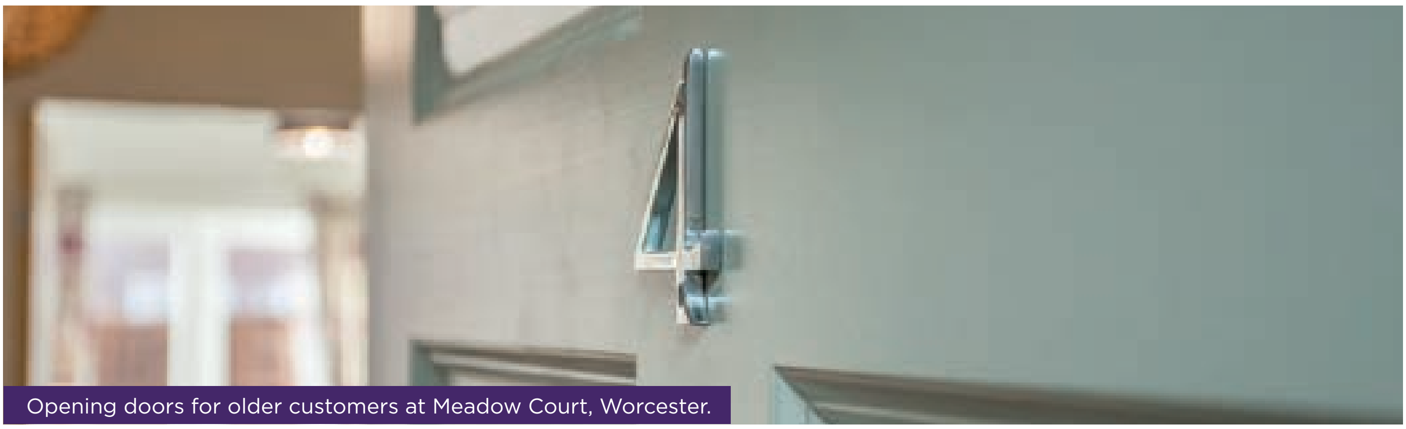
The above results have not been consolidated into the Group Financial Statements because the Group has no direct rights to assets or surpluses of the Co-operative and Community Benefit Society and limited liability as regards debts or losses.

Central Housing Investment Consortium Limited (CHIC)

Platform Housing Group is one of seven founder members of CHIC, a 'not for profit' company limited by guarantee. The principal activity of the company is based on a joint management arrangement to procure multi-client contracts for the provision of asset management works, services and materials. These contracts are available to the consortium's current and future membership, who can join the consortium to benefit from the efficiencies yielded through joint procurement and collaborative working.

The members have no direct rights to assets or surpluses of the company and the liability of each member is limited to £1. The following results have not, therefore, been consolidated into the Group Financial Statements.

	Audited Accounts 15 Months to 30 June 2019	Unaudited Accounts March 2018
	£000	£000
Turnover	**1,221**	1,044
Costs	**(1,219)**	(1,042)
Profit for the year	**2**	2


Opening doors for older customers at Meadow Court, Worcester.

30. Financial Instruments and Risk Management

The Treasury function is responsible for controlling liquidity, interest rate and other risks associated with the effective management of day to day cash flows and longer term funding requirements of the Group. Other financial risks, for example tenant rental arrears, are overseen by other teams as part of the overall risk control framework within the Group. Treasury and other activities are governed in accordance with Board approved policies, and the management of associated risks is reviewed and approved by the Group Audit and Risk Committee. There is further explanation of the approach to risk management in the Strategic Report of the Board.

The Group has been given the highest governance and viability ratings of 'G1/V1', by the Regulator of Social Housing.

An external credit rating of A+ (stable) from Standard and Poors was achieved during the year, making the Group one of the most highly rated credits in the sector.

Liquidity

The Group had total borrowing facilities of £1,556m (2019: £1,401m) available at 31 March 2020, of which £394m (2019: £238m) were undrawn.

Borrowings are broken down by lender and type:

	Facility	Drawn	Available	Fixed	Variable
	£000	£000	£000	£000	£000
Bond Finance					
Affordable Housing Finance Plc	77,000	77,000	-	77,000	-
Haven Funding (32) Plc	5,752	5,752	-	5,752	-
Private Placement	80,000	80,000	-	80,000	-
The Housing Finance Corporation	14,000	14,000	-	14,000	-
bLEND Funding Plc	180,000	180,000	-	180,000	-
	356,752	356,752	-	356,752	-
Bank Finance					
Barclays Bank Plc	260,000	260,000	-	258,500	1,500
Lloyds Bank Plc	353,393	328,393	25,000	99,571	253,822
European Investment Bank	63,000	63,000	-	63,000	-
Natwest Bank Plc	76,225	31,225	45,000	26,225	50,000
Dexia Crèdit Local	43,860	20,000	23,860	20,000	23,860
Nationwide Building Society	51,682	51,682	-	38,000	13,682
MUFG Bank, Ltd.*	75,000	-	75,000	-	75,000
National Australia Bank Limited *	100,000	-	100,000	-	100,000
Orchardbrook Limited	5,738	5,738	-	5,738	-
Santander UK Plc	170,248	45,248	125,000	40,000	130,248
	1,199,146	805,286	393,860	551,034	648,112
	1,555,898	**1,162,038**	**393,860**	**907,786**	**648,112**

* Include £25m of unsecured debt facilities in each, all of which were undrawn as at 31st March 2020.

30. Financial Instruments and Risk Management (continued)

The Group is financed through a mixture of bank and bond finance. During the year the Group arranged £300m of revolving credit facilities with Santander UK Plc, National Australia Bank and MUFG Bank Limited, the latter two of which contained £50m of unsecured borrowing.

Refinancing risk is managed through the Group's Treasury Management Policy, which ensures maturities are not overly concentrated.

With the exception of the £50m unsecured loan mentioned above, all borrowings are secured by specific charges on the Group's individual housing properties.

Maturity profile of outstanding borrowing at 31 March:

	2020	2019
	£000	£000
Loans repayable by instalments		
Within one year	4,266	4,210
In one year or more but less than two years	3,396	9,706
In two years or more but less than five years	12,465	12,742
In five years or more	111,359	149,478
Loans not repayable by instalments		
Within one year	84,852	16,236
In one year or more but less than two years	10,000	84,852
In two years or more but less than five years	189,250	150,120
In five years or more	746,450	734,915
Total repayable	1,162,038	1,162,259
Less loan issue costs	(9,936)	(9,011)
Adjustment for premium on issue	7,974	8,322
Total drawn borrowings (included in Notes 18 and 19)	1,160,076	1,161,570

Interest rate risk

Interest rate risk is defined as the risk that unexpected fluctuations in the levels of interest rates adversely impacts the cash flows of the Group, as a result of the Group failing to protect itself adequately. Interest rate risk is managed by limiting its exposure to floating rate debt facilities as detailed within the Group's Treasury Management Policy.

The interest rate exposure of the Group's debt at 31 March 2020 was:

	2020			2019		
	£000	Weighted average rate	Weighted average term	£000	Weighted average rate	Weighted average term
Fixed rate	907,786	4.48%	23 years	972,769	4.48%	22 years
Variable rate	254,252	1.38%	4 years	189,490	1.65%	6 years
Total drawn	1,162,038	3.80%	19 years	1,162,259	4.02%	19 years

30. Financial Instruments and Risk Management (continued)

Currency risk

The Group only trades in sterling, and holds no foreign currency denominated assets or liabilities, and is therefore not exposed to any currency risks. It has no overseas subsidiaries.

Credit risk

Credit risk applies to debtor balances, including treasury related assets and others, such as rental debtors.

Treasury related credit risk is the risk that a counterparty to a treasury asset fails to discharge an obligation to the Group. It is the Group's policy not to take, or place funds with any financial institution which is not accepted as a counterparty. Such counterparties are restricted to minimum credit ratings and maximum exposures as set out in the Group's Treasury Management Policy.

The majority of other debtors relate to the tenants of the Group. These debts are reported to the Board on a monthly basis and recovery of debts is coordinated through the housing management function.

Covenant compliance

Covenant compliance is monitored by the Treasury department on a monthly basis. There were no breaches in the year.

The following financial covenants are assessed on an annual basis at Association level:

	2020	2019
Interest cover	**257%**	320%
Gearing	**39%**	38%

Interest cover is calculated by dividing earnings before interest, tax, depreciation and amortisation (including capitalised repairs) by net interest payable. Gearing is calculated as total net borrowings divided by housing assets at cost.

The Group has thresholds in relation to interest cover and gearing as set within its debt facility arrangements. In addition, the Group has adopted 'Golden rules' which act as buffers to loan thresholds, to ensure it operates at a level of risk that is commensurate with the appetite of the Board.

31. Net Debt

		At 1 April 2019	Cash Flows	Non-Cash changes	At 31 March 2020
	Note	£000	£000	£000	£000
Cash and cash equivalents		152,799	(68,955)	-	**83,844**
Debt due within one year	18	(20,794)	(68,324)	-	**(89,118)**
Debt due after more than one year	19	(1,140,776)	69,818	-	**(1,070,958)**
Net Debt		(1,008,771)	(67,461)	-	**(1,076,232)**

32. Restructure

On 31 December 2019 Fortis Living Limited and Waterloo Housing Group Limited undertook a statutory amalgamation to form Platform Housing Limited. This statutory amalgamation has been accounted for using the merger method.

The detail of the total comprehensive income for the period 1 April 2019 to 31 March 2020

	Note	Fortis Living	Waterloo Housing Group	Platform Housing Group	Total for the year
		1 April 2019 to 31 December 2019		1 January 2020 to 31 March 2020	2019/2020
		£000	£000	£000	£000
Turnover	2&3	82,395	105,669	62,659	**250,723**
Operating Expenditure	2&3	(36,967)	(57,734)	(35,456)	**(130,157)**
Cost of Sales	2&3	(8,813)	(7,365)	(6,668)	**(22,846)**
Gain on disposal of property, plant and equipment	5	417	3,204	7,118	**10,739**
Loss on disposal of investment properties	13	-	-	-	**-**
Operating Surplus		37,032	43,774	27,653	**108,459**
Interest receivable	6	176	195	172	**543**
Interest payable and financing costs	6	(8,367)	(29,685)	(11,929)	**(49,981)**
(Decrease)/increase in valuation of investment properties	13	-	-	(125)	**(125)**
Gift Aid	30	275	-	23	**298**
Movement in fair value of financial instruments	31	-	-	-	**-**
Surplus before tax		29,116	14,284	15,794	**59,194**
Taxation	8	-	-	-	**-**
Surplus for the year after tax		29,116	14,284	15,794	**59,194**
Actuarial (loss)/gain in respect of pension schemes	23	-	-	18,354	**18,354**
Total comprehensive income for the year		29,116	14,284	34,148	**77,548**

32. Restructure (continued)

Analysis of the previous year's total comprehensive income.

	Note	Fortis Living	Waterloo Housing Group	Total for the year
		2018/2019	2018/2019	2018/2019
	Note	£000	£000	£000
Turnover	2&3	106,023	161,041	267,064
Operating Expenditure	2&3	(50,469)	(70,727)	(121,196)
Cost of Sales	2&3	(12,208)	(30,558)	(42,766)
Gain on disposal of property, plant and equipment	5	535	5,749	6,284
Loss on disposal of investment properties	13	-	-	-
Operating Surplus		43,881	65,505	109,386
Interest receivable	6	429	669	1,098
Interest payable and financing costs	6	(11,538)	(31,958)	(43,496)
Increase in valuation of investment properties	13	95	-	95
Gift Aid	30	809	28	837
Movement in fair value of financial instruments	31	-	-	-
Surplus before tax		33,676	34,244	67,920
Taxation	8	-	-	-
Surplus for the year after tax		33,676	34,244	67,920
Initial recognition of multi-employer pension scheme	23	(1,943)	(2,429)	(4,372)
Actuarial (loss)/gain in respect of pension schemes	23	(4,830)	(5,582)	(10,412)
Total comprehensive income for the year		26,903	26,233	53,136

32. Restructure (continued)

The carrying value of the net assets at the date of the statutory amalgamation are as follows:

	Fortis Living	Waterloo Housing Group	Total
	As at 31 December 2019		
	£000	**£000**	**£000**
Fixed assets			
Housing properties	1,006,979	1,444,858	**2,451,837**
Other tangible fixed assets	14,098	3,730	**17,828**
Investment properties	16,020	-	**16,020**
Homebuy loans receivable	8,787	57	**8,844**
Fixed asset investments	10,821	-	**10,821**
	1,056,705	1,448,645	**2,505,350**
Current assets			
Stocks: Housing properties for sale	11,861	19,213	**31,074**
Stocks: Other	-	15	**15**
Trade and other Debtors	8,259	1,977	**10,236**
Cash and cash equivalents	14,755	19,462	**34,217**
	34,875	40,667	**75,542**
Less: Creditors: amounts falling due within one year	(16,458)	(53,714)	**(70,172)**
Net current assets/(liabilities)	18,417	(13,047)	**5,370**
Total assets less current liabilities	1,075,122	1,435,598	**2,510,720**
Creditors: amounts falling due after more than one year	(446,619)	(1,101,266)	**(1,547,885)**
Provisions for liabilities			
Pension provision	(33,054)	(32,854)	**(65,908)**
Other provisions	(100)	-	**(100)**
Total net assets	595,349	301,478	**896,827**
Reserves			
Non-equity share capital	-	-	**-**
Income and expenditure reserve	375,690	301,478	**677,168**
Revaluation reserve	219,659	-	**219,659**
Total reserves	595,349	301,478	**896,827**

There have been no significant adjustments required to align accounting policies and there have been no further adjustments to net assets as a result of the statutory amalgamation.

33. Events After Year End

Disclosure of all events after year end have been made in the Strategic Report.