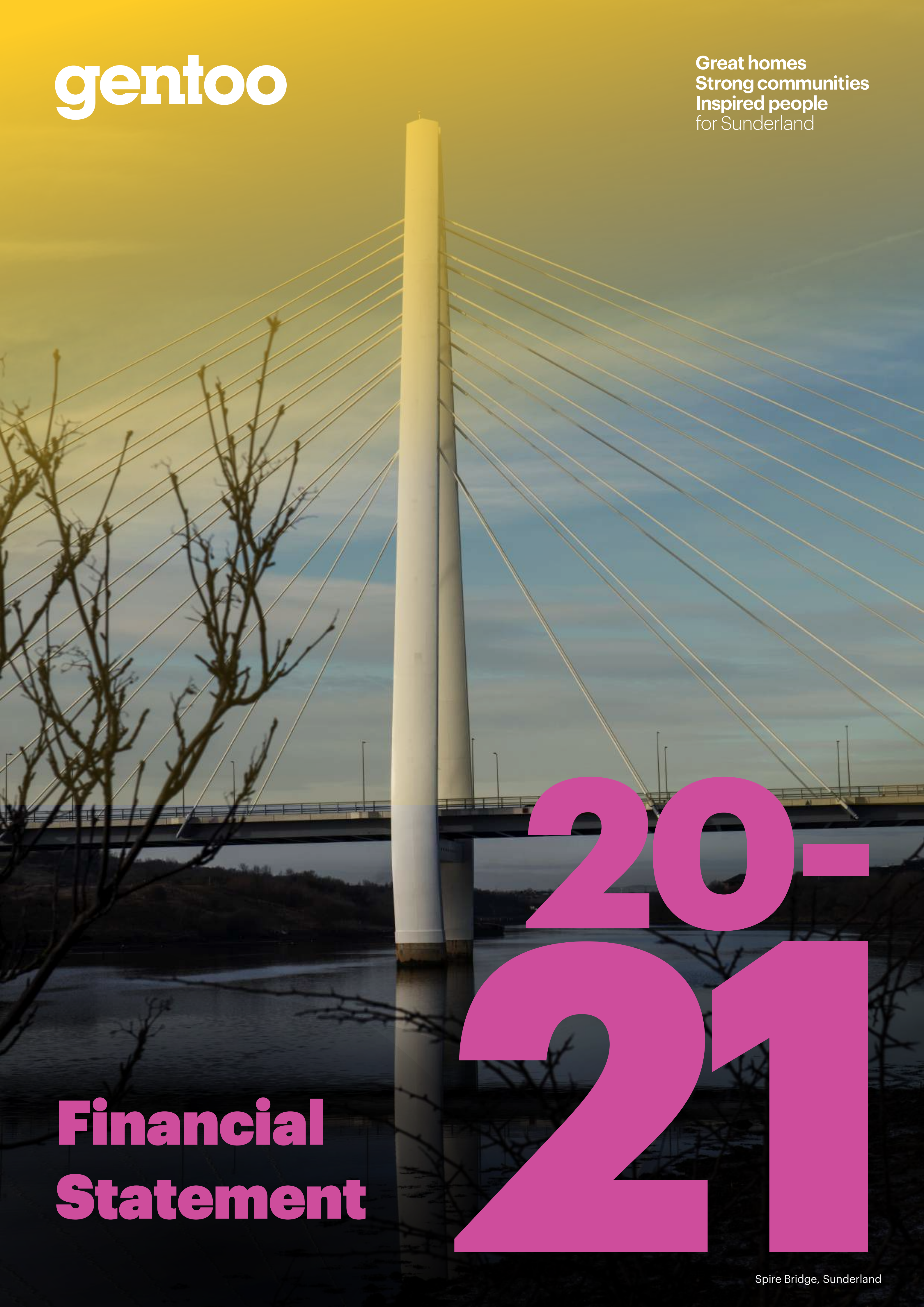
gentoo

Great homes
Strong communities
Inspired people
for Sunderland

20-21

Financial Statement



Spire Bridge, Sunderland

Contents

Board Members, Executive Directors and Advisors

Board
Keith Loraine, OBE (Chair)
Emily Cox, MBE
Kehri Ellis (appointed 1 April 2021)
Michael Essl (resigned 10 June 2020)
Alison Fellows
Leslie Herbert (resigned 14 November 2020)
Carol Long
Claire Long (appointed 1 May 2020)
David Murtagh
Brenda Naisby (appointed 25 November 2020)
Dianne Sharp (appointed 1 May 2020)
Brian Spears (resigned 31 December 2020)
Philip Tye
Debra Waller (appointed 23 July 2020, resigned 19 May 2021)
Chris Watson
Karen Noble (appointed 1 July 2021)

Executive Directors
Nigel Wilson (Chief Executive Officer)
Louise Bassett (Executive Director of Corporate Services)
Peter Lenehan (Executive Director of Finance)
Michelle Meldrum (Executive Director of Operations – resigned 31 July 2020)
Paul Langford (Chief Operating Officer) - appointed 11 January 2021 – resigned 31 March 2021
Diane Carney (Executive Director of Property) – appointed 1 August 2021
Susie Thompson (Executive Director of Housing) – appointed 1 August 2021

Independent Auditor
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Whitehall Road
Leeds
West Yorkshire
LS1 4BN

Principal Bankers
National Westminster Bank plc
Sunderland City Branch
52 Fawcett Street
Sunderland
SR1 1SB

Registered Office
Emperor House
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Strategic Report

About Gentoo

Principal activities
Our principal activities are the provision of social and affordable homes to those on low incomes who have a housing need, and the wider regeneration of our communities. We also deliver new build housing development for both sale and rent.

Group structure
Gentoo Group Limited is a charitable Community Benefit Society registered with the Financial Conduct Authority (FCA) and a not-for-profit Private Registered Provider (PRP) regulated by the Regulator of Social Housing (RSH). The Group has exempt charitable status and is treated as charitable by HM Revenue and Customs (reference number EW41411) and is also a Public Benefit Entity.

Corporate Strategy
Our vision is one of Great Homes, Strong Communities and Inspired People, for Sunderland.

Our vision is underpinned by our values which are:

- Do the right thing
- Make a difference
- Work together
- Keep learning
- Give all you've got

In September 2020 the Group Board approved the Group's Five-Year Corporate Strategy to 2025, built around five strategic aims and our "5 P's".

Place: We believe that everyone deserves to live in a good quality, safe and secure home they can afford, in a community they can be proud of. Our aim is:

- *to provide homes and services that enable our customers and communities to succeed.*

People: We believe that by putting people at the heart of all that we do we can build great homes and create strong communities. Our aim is:

- *to invest in people and communities to help realise opportunities and release potential.*

Perform: We believe that in order to achieve our goals, we must operate as a compliant, efficient and effective social housing provider. Our aim is:

- *to be well governed and financially resilient, operating efficiently and responsibly, and investing wisely to fulfil our social purpose.*

Partner: We believe that by working with others we can achieve far more than we can on our own, for the good of our tenants, communities and city. Our aim is:

- *to work with others to influence and generate sustainable change.*

Pride: We believe that Sunderland is an outstanding city. It is our heart, our homeland, and somewhere we will always be proud to shout about and give something back to.

- *to harness the collective passion and energy of our people to support the city.*

To successfully deliver our Corporate Strategy we operate around the following organisational principles and behaviours:

- Tenants and customers are at the heart of business decision making.
- Ensure we are a socially responsible business.
- Value for money in all our services.
- Make a positive difference every day.
- Create, innovate and inspire.
- Work together collaboratively.
- Positively embrace diversity.

Strategic Report (continued)

Operating Review

The year to March 2021 has been one like no other, with the impact of the COVID-19 pandemic spanning the full twelve months. The approach throughout the year from the Board and Executive Team has been to leverage the Group's role as an anchor institution of the City of Sunderland to maintain as many of its services as possible through the pandemic. From contacting all of our tenants in the first weeks of the pandemic to striving to retain routine service provision, with safe systems of work in place, the Group has striven to support its customers and colleagues alike through challenging times.

The Group Board's decision in May 2020 to resume and extend delivery of its core services, whilst prioritising the health, safety and wellbeing of our tenants, residents and colleagues laid the foundations for the progressive clearance during the year of repairs and maintenance backlogs that had inevitably built up in the early weeks and months of lockdown. This focus on retaining as much normality as possible in abnormal times has contributed to the delivery of good operational and financial performance during the year.

The Group's operating fundamentals, good income management and cash collection, have held up well throughout the year. Landlord compliance, void management, routine repairs, planned investment, affordable development and market sale activity have all been impacted to a degree during the year. However, all of these activities have recovered well as the year progressed and restrictions have relaxed.

Although the pandemic impacted the pace of delivery of the Group's major repairs programme, £30m was still invested in the Group's existing stock, including catch up investment in component replacements, a good outcome in challenging circumstances. Landlord compliance and building safety expenditure was delivered, the set piece for the latter being the completion of the refurbishment of the Group's River Quarter development.

Whilst actual in-year completions of the Group's new affordable development programme were impacted by the pandemic, good progress was made during the year with start on sites on a number of schemes which will bear fruit in the shape of high quality affordable family homes coming on stream in 2021 and beyond.

The Group's housebuilder arm, Gentoo Homes, delivered a good financial result given the initial closure of the market in the first weeks of the year. 150 sales in such a challenging year, combined with its retention of 5-star housebuilder status, reflects a good outcome. Progress made in the second half of the year in commencing a number of new developments will provide a pipeline of high-quality homes in the coming years, along with profits that will be invested in the Group's core social purpose.

In May 2020, we completed the first phase of the overhaul of the Group's funding arrangements, repaying a £76m facility with one funder via a £100m increase in our facility with another, strengthening our medium-term liquidity and simplifying the path to further modernisation of our funding arrangements in 2021.

The Group's core purpose of putting tenants at the heart of the business was further articulated with the approval by Board, in September 2020, of the Group's five-year Corporate Strategy. The Strategy is built around the "5P's" of Place, People, Perform, Partner and Pride, has met with high levels of engagement with our colleagues and sets out how the Group will deliver its purpose through to 2025. Gentoo' size and purpose makes it one of the anchor institutions of the City of Sunderland. Our Strategy is to continue to work closely with all our partners, in particular Sunderland City Council, whose City Plan to create a vibrant, dynamic, and healthy city complements our own vision, values, and objectives.

November 2020 saw the Regulator of Social Housing confirm that the Group had regained the maximum G1 governance rating. This marked the culmination of a process of internal reform and renewal for the Group and represented vindication of the strategy of delivering good core services and prioritising our tenants throughout.

In terms of future developments, 2021/22 promises exciting opportunities and challenges as our communities begin, hopefully, to move towards a post-pandemic future. Continuing to invest in our tenants' properties and providing good services will remain top priorities for the Group in the current year and beyond, ensuring we continue to modernise our services and meet the range of strategic demands such as decarbonisation, the need for more good quality affordable housing, fire and building safety and listening and responding to our tenants' voices.

Strategic Report (continued)

Financial Review

Financial Performance

Detailed financial results for the year are highlighted in the Consolidated Statement of Comprehensive Income on page 29 and the supporting notes to the financial statements on pages 37 to 74. The table below summarises these results:

	2020/21	**2019/20**
	£m	**£m**
Turnover	165.6	172.2
Cost of sales and operating expenditure	(141.4)	(145.3)
Other operating income	0.3	0.2
Surplus on disposal of tangible assets	0.5	1.5
Operating surplus	**25.0**	**28.6**
Net interest charges	(20.7)	(22.2)
Revaluation of fixed asset investments	(0.9)	0.6
Fair value adjustment for investment property	0.8	(0.6)
Deficit on disposal of investment properties	-	(0.1)
Fair value adjustment	0.2	(0.1)
Taxation	(0.1)	(0.2)
Surplus for the year	**4.3**	**6.0**

Turnover has reduced during the year by £6.6m. This is predominantly due to a reduction in income from properties developed for outright sale (£5.3m) and shared ownership property sales (£0.9m) due to a reduction in house sales during the COVID-19 pandemic.

Cost of sales and operating expenditure has decreased by £3.9m, reflecting a reduction in house sales during the year. Operating surplus was impacted by £3.6m of exceptional health and safety-related expenditure at the Group's River Quarter development. Reduced Right to Buy and Right to Acquire receipts have also impacted upon current year operating surplus. The core business has continued to perform well throughout the pandemic, with good income collection and operational performance.

Financial position

The detailed Consolidated Statement of Financial Position is on page 31. The table below summarises the year-end financial position:

	2020/21	**2019/20**
	£m	**£m**
Net book value of tangible assets – housing properties	1,028.4	1,023.1
Other tangible fixed assets and investments	59.5	58.4
Net current assets	29.3	69.5
Debtors due after one year	3.5	4.1
Total assets less current liabilities	**1,120.7**	**1,155.1**
Creditors due after one year	(518.9)	(558.2)
Pension liability	(3.3)	-
Net assets	**598.5**	**596.9**
Revaluation reserve	155.1	156.1
Revenue reserve	178.2	168.4
Other reserve	265.2	272.4
	598.5	**596.9**

Housing property assets have increased by £5.3m. This reflects the Group's priority of enhancing existing properties and developing new properties with £35.8m invested during the year. This investment in housing properties is offset by depreciation of £28.1m and disposals of £2.4m.

Strategic Report (continued)

Financial Review (continued)

Capital structure and treasury activity

As at 31 March 2021 the Group's total borrowing facilities, excluding transaction fees, were £585.8.m (2020: £574.5m). Of this, £495.9m (2020: £539.2m) was drawn with the balance of £89.9m undrawn and available to fund the Group's activities. These facilities are secured by specific charges on the social housing assets of the Group.

The Group's Treasury Management Policy objective is to ensure the Group has access to sufficient liquidity to meet all liabilities as they fall due. The Policy seeks to maintain a balance between variable rate and fixed rate debt. Embedded fixed rate loans help manage the Group's exposure to adverse future interest rate fluctuations. The proportion of fixed rate debt at 31 March 2021 was 68% (2020: 66%).

The Group's lending arrangements require compliance with a range of financial and non-financial covenants. Performance against key loan covenants is reported to Board on a quarterly basis. Recent reports confirm ongoing compliance by the Group with these covenants.

The Group had cash and cash equivalents of £0.1m (2020: £31.0m) and an unutilised overdraft of £5m (2020: £5m) at 31 March 2021. The £30.9m reduction in cash compared to the prior year reflected the Group's decision, in March 2020, to hold additional cash to ensure sufficient liquidity during the uncertainties apparent in the early stages of the COVID-19 pandemic.

The Group had available liquidity at 31 March 2021 of £95.0m (2020: £71.3m), consisting of revolving credit facilities of £89.9m (2020: £35.3m) and cash balances and overdraft of £5.1m (2020: £36.0m).

During the year the first phase of the modernisation of the Group's funding arrangements was successfully concluded with the repayment of £76.2m of loans from the European Investment Bank (EIB), a transaction that incurred no break costs, and an increase of £100m in the Group's Royal Bank of Scotland facility.

Financial risk management

The Treasury Management Policy reflects good practice and is approved by Board. The Policy addresses key financial risks, including credit, liquidity and interest rate risks.

Credit risk
We limit the amount invested with individual counterparties to ensure that the credit risk on investments is spread over a large number of institutions. All institutions must meet high credit criteria and are approved by the Executive Director of Finance. The Policy includes a list of approved investment instruments.

Liquidity risk
We have sufficient committed loan facilities in place to deliver the first three years of our business plan. These facilities are held with a range of high calibre lenders with the duration of loans structured to minimise any re-financing risk. Sufficient capacity exists to access additional borrowing to meet the requirements of the Group's Business Plan.

Interest rate risk
We borrow at both fixed and variable interest rates. Prudent assumptions are used when considering our mix of fixed and variable debt. Our fixed rate debt includes fixed rate loans embedded within our loan agreements. These basic embedded fixed rate loans are not subject to cash calls required by stand-alone swaps. Our debt requirements are reviewed at least annually, following the approval of the Business Plan.

Cash
The Group's policy, in normal circumstances, is not to hold significant cash balances, but to ensure that loan facilities are in place to fund future requirements. Short term cash balances are placed on short term deposits at competitive rates.
During the year the Group generated cash of £64.9m (2020: £72.3m) from operating activities. Net cash of £28.5m (2020: £33.0m) was invested in the year with net cash from financing activities of £67.4m (£24.4m) in the year.

Strategic Report (continued)

Strategic performance and value for money

Our strategic aims, as set out on page 4, are:

- To provide homes and services that enable our customers and communities to succeed (**Place**).
- To invest in people and communities to help realise opportunities and release potential (**People**).
- To be well governed and financially resilient, operating efficiently and responsibly, and investing wisely to fulfil our social purpose (**Perform**).
- To work with others to influence and generate sustainable change (**Partner**).
- To harness the collective passion and energy of our people to support the city (**Pride**).

Our approach to value for money

The Group's approach to value for money (VfM) aims to optimise the use of our assets and resources to inspire people and build and maintain great homes in strong communities. This approach reflects our understanding of the balance to be struck between economy, efficiency and effectiveness. Our approach to VfM is not a narrowly financial one, with the creation and measurement of social value also a key part of our activities. Understanding how our costs and performance compares to others via benchmarking is important and helps to shape our approach and priorities.

Our established VFM priorities, linked to our strategic aims, are as follows:

Place: *provide homes and services that enable our customers and communities to succeed.*

- VfM Priority: Ensuring our services to our tenants represent and deliver VfM.
- VfM Priority: Optimising the performance of our housing assets.

People: *invest in people and communities to help realise opportunities and release potential.*

- VfM Priority: Ensuring the performance of our people ensures individual and organisational effectiveness.

Perform: *be well governed and financially resilient, operating efficiently and responsibly, and investing wisely to fulfil our social purpose.*

- VfM Priority: Ensuring that financial resources and capacity are maximised to deliver the Group's mission and objectives.

Partner: *work with others to influence and generate sustainable change.*

- VfM Priority: Unlocking capacity and value by working in partnership with others.

VFM Metrics

Gentoo's past activities included diversification from its core housing association business into a range of commercial ventures, an approach that encountered limited success and one which continues to shape the Group's current financial and operating position. This is manifested in some of the Group's vfm measures. For example, ongoing catch-up investment in existing stock impacts upon the Group's operating efficiency metrics just as a small, but growing, affordable homes programme means the Group's reinvestment levels are currently lower than its peers. The Group remains confident that the direction of travel for its key VFM metrics remains positive and will improve as the new five year corporate strategy is delivered.

The tables below report the Group's performance against a suite of VFM measures defined by the Regulator of Social Housing. These measures are benchmarked against Northern England housing associations (both LSVT and traditional) with more than 15,000 units, which we consider offers meaningful comparison with the Group's performance (Source: 2019/20 Global Accounts). The 2021 targets reflect the production of a revised budget in July 2020 which sought to take into account the projected impact of the COVID-19 pandemic on financial and operational performance objectives for the financial year.

Strategic Report (continued)

Strategic performance and value for money (continued)

VFM Metrics (continued)

Metric	Actual 2020	**Target 2021**	**Actual 2021**	Target 2022
Operating Margin (Social Housing Lettings)	20.9%	**16.1%**	17.6%	19.6%
2020 Sector Median	23.2%			
Operating Margin (Overall)	15.6%	**15.9%**	14.6%	17.4%
2020 Sector Median	18.0%			

Operating margin shows the profitability and efficiency of an organisation before deduction of items such as interest costs.

2021's operating margin (social housing lettings) is, in common with housing association sector generally, lower than last year to due planned increases in building safety related maintenance expenditure, management costs and depreciation. The actual margin achieved is however above the 2021 target and is forecast to improve further, to 19.6%, in 2022 as the full year impact of operating reviews across key business areas during 2020/21 results in reduced management costs.

The Group's operating margins in general are lower than its peer group. This in part reflects the ongoing legacy impact of the Group's previous strategy of diversification from its core housing association business as well as the Group's high levels of lower-margin non-social housing activities. Overall margin in 2021 is below target due to the impact of increased sales activity from the lower margin non-social housing activities, namely the Group's housebuilding arm, Gentoo Homes. Losses on fixed asset investments have also impacted overall margin. 2022 margins are expected to improve, thanks to the anticipated reduction in the impact of legacy costs from, for example, the Group's former construction subsidiary, and the full year impact of operational reviews that took place in 2020/21.

	Actual 2020	**Target 2021**	**Actual 2021**	Target 2022
Headline Social Housing Cost Per Unit	£3,486	**£3,406**	**£3,265**	£3,553
2020 Sector Median	£3,623			

The headline social housing cost per unit (SHCPU) includes management costs, routine maintenance costs, planned maintenance costs, capitalised repairs costs, charges for support services and other social housing costs. These costs are then divided by the number of units owned or managed.

SHCPU is below 2021's target and 2020's actual position. Whilst this indicates that the Group's core SHCPU is competitive with our peer group, the actual 2021 figure reflects the deferral of some stock investment activity due to contractor delays in the wake of the COVID-19 pandemic. 2022's target, compared to 2021's actual performance, reflects a planned £6m+ increase in the Group's stock investment programme.

	Actual 2020	**Target 2021**	**Actual 2021**	Target 2022
EBITDA MRI Interest Cover (EBITDA-MRI IC)	100.2%	**133.4%**	**149.1%**	139.1%
2020 Sector Median	180.1%			

EBITDA MRI is an abbreviation for earnings before interest, tax, depreciation, amortisation, with major repairs included. It is a key indicator of liquidity and investment capacity, measuring the extent to which the Group's cash surplus exceeds its interest costs.

EBITDA-MRI IC was particularly squeezed in 2020 due to very high levels of catch-up investment expenditure in existing stock. The metric has recovered in 2021 although the over-achievement against target relates primarily to contractor delays on major repairs programmes rather than an improvement in core operating efficiency. Improvement of underlying EBITDA-MRI IC remains a priority, although the pace of improvement will continue to be impacted by ongoing catch-up investment in existing stock, including an extensive double-glazing replacement programme to over 7,000 properties over the next three years.

Strategic Report (continued)

Strategic performance and value for money (continued)

VFM Metrics (continued)

	Actual 2020	**Target 2021**	**Actual 2021**	Target 2022
New Supply Delivered (Social)	0.5%	0.4%	0.1%	0.6%
2020 Sector Median	1.1%			
New Supply Delivered (Non-Social)	0.6%	0.4%	0.5%	0.6%

The new supply metrics show the number of new social and non-social housing units acquired or developed during the year as a percentage of total social and non-social housing units owned at the year end.

New Supply Delivered (Social) has been impacted by delays in delivery of the initial schemes of the Group's 900+ unit five year affordable homes programme, with 22 completions in the year . Although not manifested in 2021 completions, the programme is progressing well with a number of schemes completing in 2021/22. The Group will continue to explore how to increase in the long term its delivery of affordable homes while continuing to prioritise the needs of its existing stock.
New Supply Delivered (Non-Social) reflects a successful year for the Gentoo Homes business given the challenges of building and selling homes during the pandemic, with 150 sales achieved in the year. The profits obtained from Gentoo Homes are used to support the Group's core business and increase the delivery of affordable homes.

	Actual 2020	**Target 2021**	**Actual 2021**	**Target 2022**
Reinvestment	4.3%	5.0%	3.5%	6.3%
2020 Sector Median	7.4%			

The reinvestment metric shows investment in properties (existing stock and new supply) as a percentage of the value of total properties owned.

The Group's historic and actual reinvestment levels are lower than the peer group due primarily to relatively low investment in our development of new affordable homes. This is being rectified with the building, from a low base, of a new affordable development team whose work will come to fruition in 2022 with completed units from multiple sites. 20/21's actual reinvestment levels, of £22m of capital expenditure on existing stock and £14m on the affordable homes programme, was lower than budget due to the impact of lockdown and contractors adapting to new working arrangements necessitated by COVID-19. The 2022 target reflects increased investment the Group's new and existing housing properties with £38m investment in new properties and £28m in enhancements to existing homes.

	Actual 2020	**Target 2021**	**Actual 2021**	**Target 2022**
Gearing	49.8%	48.1%	48.2%	47.9%
2020 Sector Median	39.5%			

The gearing metric measures how much debt an organisation holds as a percentage of its assets, demonstrating the degree of its reliance on debt finance.

Gearing levels are high compared to our peers in part due to the Group's historic diversification and commercial acquisitions. The Group's more recent gearing trend is a positive one with debt levels a marginally lower proportion of balance sheet assets.

	Actual 2020	**Target 2021**	**Actual 2021**	Target 2022
Return on Capital Employed	2.4%	2.3%	2.2%	2.8%
Sector Median	3.5%			

Return on capital employed compares operating surplus to total assets less current liabilities and is a measure of how efficiently an organisation's resources are invested.

Actual 2020/21 ROCE is broadly in line with target. Delivery of the projected increase in operating surplus for 2022 will see an improvement in this measure.

Strategic Report (continued)

Strategic performance and value for money (continued)

As well as the above metrics, the Group measures its performance against its strategic aims using a range of additional performance indicators. These measures are benchmarked against Northern England housing associations (both LSVT and traditional) with more than 15,000 units, which we consider offers meaningful comparison with the Group's performance (Source: 2019/20 HouseMark where sector median data is available).

Place: *provide homes and services that enable our customers and communities to succeed*

	Actual 2020	**Target 2021**	**Actual 2021**	Target 2022
Improve the Group's existing housing stock by delivering the 5 Year Investment Plan, ensuring we shape environments that meet local priorities.				
Tenants' satisfaction with property maintenance	94.0%	**95.0%**	**94.0%**	94.0%
2020 Sector Median	81.7%			
Investment programme delivery (£'000)	41,256	**34,823**	**29,990**	35,760
Develop and deliver the Group's programme for the provision of affordable homes.				
Number of homes acquired or built for affordable rent (cumulative)	153	**44**	**22**	189
Continue to deliver the Group's landlord compliance objectives and meet all requirements of the wider health and safety agenda.				
Gas % LGSR's compliance	100.0%	**100.0%**	**99.98%**	100.0%
2020 Sector Median	99.98%			
Domestic water hygiene risk assessments	100.0%	**100.0%**	**98.5%**	100.0%
Homes sales achieved against target	189	**130**	**150**	186
Deliver the Gentoo Homes Business Plan.				
Homes profit generated	£0.3m	**£0.3m**	**£2.2m**	£2.4m
Homes NHBC star builder status	5*	**5***	**5***	5*

Despite the challenges posed to operational delivery by the pandemic, tenant satisfaction with property maintenance has continued to be strong throughout the year, reflecting the Group's approach of looking to maintain normal service levels as far as possible throughout the year.

Delivery of the Group's investment programme faced particular challenges arising from COVID-19 which impacted upon the extent of internal works possible during the lockdown period as well as challenges faced by contractors in delivering window replacements and roofing contracts. Ongoing component replacement, building safety and compliance work have all contributed to the improving the performance of our housing stock. Future plans include the trialling of a "whole house" approach to stock investment in the Pennywell area of Sunderland, an approach which will improve vfm and provide an improved service to the Group's tenants.

Affordable homes completions in the year were also impacted by contractors ceasing work on sites as a result of lockdown and resuming work at reduced levels since. As at the year-end a number of schemes are well developed, with the promise of a significant increase in completions in 2021/22 as the Group's affordable programme hits delivery stage.

The Group continued to prioritise its landlord compliance responsibilities through the many challenges of lockdown. Removal of gas infrastructure from the Group's remaining gas supplied domestic tower blocks was completed during the year. The success of the Group's compliance activities under COVID-19 restrictions is shown by a total of seven properties being overdue their annual gas safety check at the year end, with zero overdue properties achieved since year end.

2021 sales and profit targets for Gentoo Homes were reduced to 130 in light of the challenges of COVID-19. Taking advantage of a strong market in the second half of the year, 150 actual sales and a profit of £2.2m have been achieved, allowing the Group to increase its financial capacity to deliver its social purpose. Gentoo Homes has also retained the maximum 5-star status with the NHBC builder Star Rating Scheme. With starts successfully commenced on a number of sites Gentoo Homes aims to deliver strong results to the Group in 2022 as its quality product prospers in the currently strong housing market.

Strategic Report (continued)

Strategic performance and value for money (continued)

People: *invest in people and communities to help realise opportunities and release potential.*

	Actual 2020	**Target 2021**	**Actual 2021**	Target 2022
Further embed a culture of ownership and accountability among our colleagues.				
Average number of working days lost due to sickness	9.8	**6.0**	**8.3**	6.0
2020 Sector Median	9.8			
Continue to work to deliver the transformation to a One Gentoo culture.				
Investors in people status	Gold	Gold	**Gold**	Platinum
Have a workforce totally committed to the values and the work we do.				
Colleague turnover % (voluntary)	6.4%	**10.0%**	**7.2%**	10.0%
2020 Sector Median	14.6%			

Understanding and managing the impact of COVID-19 on our tenants and colleagues has been the overriding people-related objective of 2020/21. The Group contacted all tenants during the first lockdown to ascertain their wellbeing. The wellbeing of our colleagues has also been a top priority with Safe Systems of Work established to ensure continuity of all services as far as possible. Working days lost to sickness, although above target, are notably lower than in 2019/20. Voluntary turnover remains ahead of target. Colleagues across the Group have played an integral part in delivering effective and efficient services, in unprecedented circumstances, to our tenants throughout the year.

Perform: *Be well governed and financially resilient, operating efficiently and responsibly, and investing wisely to fulfil our social purpose.*

	Actual 2020	**Target 2021**	**Actual 2021**	Target 2022
Deliver the Group's strategic and operational value for money objectives.				
Rent collected as % of rent due	100.5%	**99.0%**	**100.9%**	100.0%
Current tenant arrears as a % of rent debt	3.6%	**4.1%**	**3.1%**	2.9%
2020 Sector Median	5.7%			
Rent loss (void loss) as % of rent due	1.4%	**1.9%**	**1.8%**	1.2%
2020 Sector Median	1.1%			
Void turnaround	86.4	**65**	**66.3**	44
Continue to improve our digital offer to our tenants and communities.				
My gentoo # tenants	-	**4,000**	**6,349**	6,000
Self-appointing repairs % of repairs	N/A	**10.0%**	**16.2%**	20.0%

Income collection and arrears management has been strong despite the challenges posed by COVID-19 and has contributed to the Group's healthy liquidity position. We continue to support our tenants on new Universal Credit claims.

The initial impact of the pandemic on void levels was addressed by the Group's Neighbourhood teams, reducing losses from 2.2% at the end of June 2020 to the year-end closing figure of 1.8%. Demand for the majority of the Group's housing properties remains strong.

Void turnaround time for standard voids of 66.3 days was also impacted by COVID-19, with the position improving during each quarter of 2020/21. A cross-functional voids group has been established to deliver the required improvements in void relet performance.

The Group has made good progress in advancing its digital offer to tenants with active registrations far outstripping the original target, which will be rebased for 2021/22. A key part of the Group's digital offer, self-appointing repairs, went live in the second quarter of the year with uptake to date ahead of expectations.

Future plans include delivery of the next phase of the modernisation of the Group's treasury arrangements.

Strategic Report (continued)

Strategic performance and value for money (continued)

Partner

The Group continues to work with a range of partners at local, national and regional level, striving to strengthen existing partnerships and develop new ones. Partnership working is an enabler for the Group, a means of furthering our objectives as well as those of like-minded organisations. We are well represented on a range of strategic, operational, national and local partnerships, with the information below providing a flavour of the range of our activities.

Homes for the North – Gentoo continues to play a key role in this influencing body which is an alliance of housing associations seeking to ensure fair distribution of funding to build more new homes across the North. The Group's Chief Executive Officer is Chair of this body and represented it at a number of events and roundtables including giving evidence to the Housing, Communities and Local Government Select Committee on the future of the planning system.

Domestic Abuse Housing Alliance (DAHA) –Gentoo is a founding partner, and ongoing supporter, of DAHA whose mission is to improve the housing sector's response to domestic abuse through the introduction and adoption of an established set of standards and an accreditation process.

Sunderland City Council (SCC) – Gentoo and SCC work closely together on a number of key agendas to maximise value and outcomes for the City of Sunderland and support delivery of SCC's City Plan. Our partnership spans grounds maintenance, estate services, new build development opportunities, community safety, environmental sustainability and digital improvements.

Sunderland AFC/Foundation of Light Partnership – The Group is a community partner of Sunderland Football Club and the Foundation of Light (FoL). The FoL delivered a number of activities and courses to help our tenants build their employability skills.

Southwick Altogether Raising Aspirations (SARA) – SARA is a partnership between Gentoo, police, local authority and health communities. The partnership aims to enhance engagement with the area's residents and make its services more flexible, responsive, and people-centred, so that residents and their families are supported to overcome multiple disadvantage and challenges in accessing and navigating support.

Positive Footprints (PF) –This partnership project was launched in 2020 just as COVID-19 struck. Despite limited access to schools the project still delivered on key outcomes for schoolchildren in 2020-21. PF seeks to provide opportunities for children to discover their potential, explore the world of work, build resilience and develop employability skills. This project is continuing into 2021/22.

Community Partnerships – Gentoo is involved in a range of local partnerships with the aim of supporting and empowering individuals and communities in Sunderland to grow and prosper and deliver positive sustainable outcomes. Examples include Wise Group, Empower Sunderland Community Fund, Sunderland College, Sunderland Armed Forces Partnership, and the Sunderland Foodbank.

North East Tenants' Voice (NETV) - NETV has been created to work with other tenant voice groups in the region to provide a forum for the unique views of the North East to be collected and shared. It provides a platform to lobby and influence policy at regional and national level, as well as a vehicle for tenants in the North East to share ideas and best practice working collectively on issues that impact upon them.

Sunderland ATB Community Mental Health Transformation Group - this group of health commissioners, health service providers, city council teams and third sector organisations including Gentoo have come together to look at the way community mental health services are delivered in the City, how they are funded and how the services should be delivered in future.

Strategic Report (continued)

Strategic performance and value for money (continued)

Partner (continued)

Social Prescribing Mobilisation Task Force - this group works a range of partners to help patients to improve their health, wellbeing and social welfare by connecting them to community services, for example, signposting people who have been diagnosed with dementia to local dementia support groups.

We will continue to review the effectiveness of our partnership activities and build on our track record of success for the good of our tenants, communities and the city.

Pride

Gentoo is transforming the way it engages with its tenants. We are seeking to be proactive in how we listen, learn and put right issues for our tenants and our newly formed Tenant Voice team is driving forward this change for the Group. Tenant satisfaction with the overall service remains at 96%, but there have been noticeable increases in the % of tenants who feel that Gentoo listens to them, up from 84% to 91%, and we want to continue this improvement.

We have refreshed our tenant engagement forums and replaced our Community Engagement Forums with Tenant and Community Voice Meetings, and the Chairs of these groups are now all Gentoo tenants, ensuring the Group Board hears from our tenants and residents in a structured way. We are aligning the Group Board schedule of business to our tenant and community voice meetings to provide assurance and demonstrate that the tenant voice is embedded in the Group's governance and decision-making structures.

We pride ourselves in the social value we deliver for our communities and set out the range of our social value-delivering activities in our annual Social Value Report. Some highlights of activities during the year are as follows:

- Over £1m of additional income generated for our tenants via the work of our dedicated Money Matters team.
- More than £290,000 in social value generated via our partner principal contractors, working across Sunderland.
- Over £600,000 of social value generated by our specialist safety and support services teams.
- More than 1,000 tenants supported to make financial gains and improve their management skills.
- Over 200 victims of anti-social behaviour and domestic abuse supported by our specially trained Victim Support service.

Strategic Report (continued)

Streamlined Energy and Carbon Reporting (SECR)

There are qualifying conditions that require organisations to report their carbon emissions and energy usage. Although the Group is not required by the legislation to include this information in its annual report it elects to do so, given the increasing importance of the carbon reduction agenda. The methodology used to produce the Group's carbon footprint is in line with the Greenhouse Gas Protocol and follows an operational control approach to identifying what is included within the footprint.

Gentoo's carbon footprint 1 April 2020 – 31 March 2021

The Group emitted 3,553 tCO2e (tonnes of carbon dioxide equivalent) for 2020/21 across scope 1 and 2 (2020: 4,009 tCO2e). This includes Gentoo Homes' emissions. Adding Scope 3 business travel brings the total to 3,769 tCO2e (2020: 4,282 tCO2e).

An intensity ratio is used to determine the carbon emissions relative to a single common business metric and allows the Group's carbon footprint to be compared over time or with similar organisations.

For scope 1 and 2 emissions, this can be presented as 3,553 tCO2e (2020: 4,009 tCO2e) with an intensity ratio of 3.27 tCO2e per total full-time equivalent employee (2020: 3.51 tCO2e) and 21.43 tCO2e per million £ turnover (2020: 23.28 tCO2e).

When scope 3 emissions are included this can be presented as 3,769 tCO2e (2020: 4,282 tCO2e) with an intensity ratio of 3.47 tCO2e per total full-time equivalent employee and 22.74 tCO2e per million £ turnover.

For 1 April 2020 to 31 March 2021 the number of full-time equivalent employees was 1,022 and turnover was £166m.

Low carbon initiatives

The Group has a number of carbon efficiency initiatives in place, including renewable energy, in the form of solar photo voltaics (PVs) at offices. These PVs provided an equivalent of 52,772 kwhs of energy towards the total demand of the Group's use during this period (representing 0.68% of electricity consumed). This prevented 12.30 tCO2e of carbon emissions had all the energy demands been met by the national grid.

During the period the Group used a green tariff for all electricity supplied from the national grid. This equated to 7,799,768 kwh supplied from renewable energy sources.

Electric vehicles are available for colleagues to use as pool vehicles. There were 6,452 business miles travelled in electric vehicles during this period across the whole of the Group, with zero emissions. If these miles had been covered in an average car of unknown fuel type, an estimated additional 1.8 tCO2e would have been emitted. Use of these vehicles was reduced during this period due to the COVID-19 pandemic.

Strategic Report (continued)

Risk management

Risk and Audit Committee

The Risk and Audit Committee acts on behalf of the Board to ensure appropriate controls are in place to safeguard assets and manage the attendant risks. The Committee is also responsible for monitoring and reviewing a number of areas including the consistency of accounting policies, the integrity of financial statements, the adequacy of internal controls as regards financial operations and compliance, the proper management of risks and the selection of the external auditors.

Risk management

Gentoo is committed to ensuring that the management of risk underpins all business activities and that robust risk management procedures are in place throughout the organisation.

The approach used to define Gentoo's risk appetite, safeguard the interests of our stakeholders, employees and general environment is laid down in Gentoo's risk management framework. The framework has the full support of Gentoo Executive Team and is approved annually by the Board. Risk and Audit Committee and the Board have approved changes to the framework to strengthen Gentoo's approach to obtaining assurance to coincide with the outsourcing of Gentoo's internal audit function.

The risk management framework includes the integration of risk into the business planning and stress testing processes and a review of the external environment in which Gentoo operates, including the sector risk profile published by the RSH.

Gentoo's established risk management processes facilitate the identification, monitoring and reporting of key risks and the implementation of mitigating actions.

Risk governance
The Risk and Audit Committee oversees the risk and internal control framework on behalf of the Board and makes recommendations to the Board where necessary. The Committee receives regular information regarding Gentoo's risk profile, key corporate risks, controls and improvement plans.

Risk owners take responsibility for the identification and management of risk, supported by Gentoo's risk and outsourced internal audit functions which provide assurance over the internal control framework within Gentoo using a risk-based approach to its audit planning process.

Group risk management processes include, but are not limited to:

- A Risk and Audit Committee with delegated authority from the Board for oversight of risk and internal control processes
- An established 'Three lines of defence' risk and assurance governance model
- A risk appetite statement
- Risk data specifically linked to strategic aims
- Transparent risk data flows - up, down and across Gentoo
- Established stress testing and valuation of cumulative risk exposures
- Risk updates to the Board and Risk and Audit Committee

The Board, Risk and Audit Committee and senior management have agreed and continually review and monitor a set of strategic/key risks which may prevent the Group from meeting its objectives. The Board and Executive Team reviews the appetite for risk on an annual basis. Risks are identified, evaluated, monitored and reported in line with the Group's Risk Management Framework. Risk reporting include scoring, controls, future mitigations and cumulative risk.

Strategic Report (continued)

Risk management (continued)

During the year the Board has focused on actively managing its key risks in relation to the impact of restrictions put in place to respond to the COVID-19 pandemic. This included oversight of the Group's Business Continuity arrangements and COVID Recovery Plan. The health and safety of tenants and colleagues and delivery of key frontline services in compliance with Government guidelines has remained a priority throughout, with extensive Safe Systems of Work being implemented across all Group operations. Guidance issued by the RSH and other bodies have informed the Group's approach to operating during the pandemic and implementing an effective COVID Recovery Plan. Stock condition surveys, investment plan and repairs and maintenance programmes have been impacted by COVID-19 restrictions, particularly with regards to the management of access to properties and supplier availability.

Risk Rating

- ■ Very High
- ■ High
- ■ Medium
- ■ Low
- ■ Very Low

Relevance to our Strategic Aims

- ● Provide homes and services that enable our customers and communities to succeed
- ● Invest in people and communities to help realise opportunities and release potential
- ● Be well governed and financially resilient, operating efficiently and responsibly, and investing wisely to fulfil our social purpose
- ● Work with others to influence and generate sustainable change
- ● Harness the collective passion and energy of our people to support the city

Risk	Mitigation
■ **Health and Safety:** Failure to focus and comply with all relevant legislation could result in accident, injury or death to staff or third parties leading to regulatory intervention. COVID-19 has presented new health and safety risks and challenges, in relation to infection control. ●●●●●	COVID-19 safe systems of work. COVID-19 health and safety audits to complement the existing Health and Safety Policy, procedures, training and audits. Regular reporting of statistics to the Board and Risk and Audit Committee.
■ **Non-compliance with the Economic Standards and Consumer Standards**: Failure to demonstrate compliance with the Economic and Consumer Standards may result in regulatory intervention, brand damage and stakeholder confidence. Impact of tenants not allowing access into properties due to shielding and self-isolation on the Group's repairs and maintenance and Landlord compliance programmes. ●●●●●	Governance, Risk and Internal Control Framework is in place to reflect the requirements of the Regulatory Standards. Evidence based Board certification of compliance. Safe systems of work, tenant communications, introduction of lateral flow testing, recording of all attempts to access properties in line with regulatory guidance to manage the impact of COVID-19 restrictions. Monitoring and reporting of Landlord Compliance key performance indicators. Risk based approach to recovery planning and completion of the backlog of work.
■ **Management override of controls:** Potential deliberate mismanagement and/or fraud resulting in financial losses, regulatory intervention and brand damage. ●●●	Probity and Governance arrangements in place which include Code of Conduct, Whistleblowing Policy and Procedures, Anti-fraud, Bribery and Corruption Policy and Procedures, Standing Orders Delegation Scheme and Financial Regulations,
■ **Stock Condition and data:** Poor stock condition and/or accuracy of data may result in regulatory non-compliance, impact the health and safety of tenants and lead to adverse publicity. ●●●	Programme of in-house stock condition surveys and validation of data which feeds into the Group's Investment Plan. Progress against the Investment Plan is monitored by the Board.

Strategic Report (continued)

Risk management (continued)

Risk	Mitigation
■ **Short notice changes to government policy or direction (Including Brexit):** This uncertainty affects financial and housing market confidence and long-term stability within the sector. ●●●●●	Horizon scanning to identify any potential changes in policy and the operating environment and stress testing to understand the impact of change and mitigations required. Changes to the legislative and regulatory environment have been continually monitored during the pandemic to enable a timely response. Stress testing of additional costs relating to decarbonisation. Improved supplier risk management, including early engagement with contractors and suppliers to minimise business disruption.
■ **Housing market sales exposure**: Profit margins, sales demand, property supply and finance arrangements could all be impacted upon by any housing market volatility or downturn. Impact of lockdown restrictions on house moves and the housing market. ●●●●	Safe systems of work implemented across all sites. Reservations and completions and the wider housing market have been closely monitored by the Board during the pandemic. Reviewed and updated stress testing and site-specific mitigation plans to understand the impact of changes in the economic and operating environment. Each new housing development is appraised and developments are phased wherever possible.
■ **Contractor performance:** Ineffective monitoring arrangements could lead to under/non-performance, poor product delivery, customer complaints, additional project costs and H&S non-compliance and potentially resulting in fines, penalties and/or sanctions. Impact of COVID-19 and BREXIT on contractor and materials availability and capacity.	Supply chain risk management to focus monitoring and continuity arrangements in place. Close monitoring of supply chain and effective contract/sub-contractor management procedures and processes. Non-conformance reporting and agreed sanctions and evolving work on supplier segmentation to target improved supplier management.
■ **Reputation and brand damage:** Gentoo recognises that any incident that reduces trust amongst stakeholder groups has the potential to create reputational or brand damage. ●●	Tenant Voice Team and Engagement framework, regular tenant communications, reputation metrics, social network and media coverage monitoring. Crisis Communications Protocol.
■ **Income maximisation/Welfare Reform**: Failure to actively manage and support tenants into Universal Credit. Impact of COVID-19 restrictions in relation to house moves and moratorium on taking legal action for arrears on income levels. ●●	Close monitoring of income collection and support arrangements for customers. Stress testing to understand the impact of the roll out and mitigations required. Effective and regular tenant communications.
■ **Cyber-crime:** Attacks of cyber-crime may increase during the pandemic. A successful attack could have a significant impact resulting in loss of corporate data, intellectual property or customer details. ●●●●	Staff awareness and education programmes. Network and data security controls framework. Members of regional and national anti-fraud networks.

Strategic Report (continued)

Corporate governance

Group Board ("the Board")

Under the Society's rules the Board is comprised of one Resident Board Member, two Council Board Members, and up to nine Independent Board Members (maximum of 12 Board Members in total). The Board and members of the Executive Team are shown on page 3 and details of their remuneration are provided on pages 52 and 53 of these Financial Statements. Board Members are drawn from a wide range of backgrounds bringing together commercial, professional and local experience, and the Board meets a minimum of six times a year. During the year there have been four new Board appointments, and a further two appointments since 1st April 2021, which have increased the skills and diversity of the Board. A system of Non-Executive Board Member appraisal is in place, led by the Board Chair and facilitated by an external adviser. Processes are also in place to review the performance of the Chair.

In November 2020 the RSH re-graded Gentoo to the highest compliant Governance rating of G1 following the completion of an In-Depth Assessment.

The Board is ultimately responsible for the overall control and direction of Gentoo and its subsidiaries, including the monitoring of its performance and the deployment of resources. The Board ensures that Gentoo operates effectively, within the terms of its internal governance and upholds Gentoo's vision and values.

The essential functions of, and significant matters reserved for, the Board are formally recorded in Gentoo's Standing Orders, Scheme of Delegation and Financial Regulations and reflect the requirements of the National Housing Federation's Code of Governance. These essential functions include, but are not limited to, the development of Gentoo's strategy, vision and values, changes to Gentoo's corporate structure, changes to Gentoo's management and control structure and any changes to the Society's status. The Board delegates other matters to its subsidiary boards, committees and executive which are recorded in the respective terms of reference and Gentoo's Scheme of Delegation.

The RSH's governance standard requires all registered providers to adopt and comply with an appropriate code of governance ('Code') and certify compliance with its chosen Code together with certification of compliance with the RSH's Governance and Financial Viability Standard. Gentoo has adopted the National Housing Federation's Code of Governance 2015. The Board complied with the principles and requirements set out in the National Housing Federation's Code of Governance published in 2015. From 1 April 2021, the Board complies with the principles and requirements set out in the National Housing Federation's Code of Governance, published in 2020.

During the year the Board has focused on the Group's response to, and the impact of, COVID-19. This included the development of a phased recovery plan in line with Government guidelines. The Board completed a number of workshops, facilitated by an external advisor, to review its risks, stress testing and mitigations. This review resulted in the amendment of the Group's 'Golden Rules' and creation of a Resilience Plan. The Board also approved the new Corporate Strategy Plan and approved the adoption of the National Housing Federation Code of Governance 2020. A gap analysis has been completed and overall, the fundamental requirements of the revised Code are largely the same or similar to the current 2015 Code of Governance, Code of Conduct, RSH Economic Standards and RSH Consumer Standards and the recently published RSH Sector Risk Profile. Therefore, whilst some minor changes to the Group's governing documents e.g. Standing Orders/Terms of Reference will be required, there are no significant changes expected to the Group's Governance arrangements.

An operational action plan has been agreed to ensure full compliance which includes additional Board reporting requirements particularly with regards to Equality, Diversity and Inclusion, Culture, Environmental Social and Governance reporting.

The Board is supported by the Appointments and Remuneration Committee (renamed the People Committee as from 1st April 2021), the Risk and Audit Committee, Development Committee and Gentoo Executive Team.

The **Appointments and Remuneration Committee** is chaired by a member of the Board, who is not the Group Chair, with four other the Board members During the year, this increased to five other Board Members to aid succession planning. The Committee is required to meet at least once a year, however it met four times during this financial year. Minutes of each meeting and a verbal update from the Chair of the Committee is provided at each the Board meeting. The Committee

Strategic Report (continued)

Corporate governance (continued)

Group Board (“the Board”) (continued)

oversees board and committee appointments, re-appointments, remuneration, board succession planning, board appraisals, executive appointments, terms of employment and remuneration, making recommendations to the Board where appropriate.

During the year, the Committee has, amongst other things, reviewed the Group’s response to the COVID-19 pandemic, reviewed Board succession planning arrangements, overseen Board Member recruitment and the re-appointment of Board Members, reviewed and discussed Board Member learning and development, approved Executive remuneration and appointments, reviewed the performance of the Group Chief Executive Officer, approved restructuring across a number of directorates within the organisation and reviewed the Group’s People Strategy.

A board diversity policy is in place that recognises and embraces the benefits of having a diverse board. A truly diverse board will include, and utilise, differences in the skills, regional and industry experience, background, race, gender and other personal qualities expected of non-executive Bboard members. Such differences are considered in determining the optimum composition of the Board and, where possible, should be balanced appropriately. All board appointments are made on merit, in the context of the skills, experience and diversity of thought the Board as a whole requires to be effective. The Board recognised that diversity in respect to skills, knowledge and experience was reflected in terms of its composition. The Board had a commitment to meet requirements of the Lord Davies Report, that 33% of the Board should be female and this has been exceeded with the current membership being 66% female. A Board training programme has been implemented to develop a pool of potential new Board Members and assist with succession planning supported by the Housing Diversity Network.

The **Risk and Audit Committee** is chaired by a member of the Board, who is not the chair of the Board. The Committee is required to meet at least four times a year and it met six times during the year. The Committee oversees financial reporting and provides independent scrutiny, challenge and assurance over the risk and internal control framework on behalf of the Board. The Committee has provided oversight and scrutiny of the Board’s decision to outsource Gentoo’s internal audit function, improvements to Gentoo’s risk management framework and risk appetite statement and monitoring compliance with Gentoo’s probity and whistleblowing arrangements.

The Committee has reviewed and monitored Gentoo’s key risks and mitigation plans, particularly those risks impacted by COVID-19, approved the strategic and operational audit plan, monitored the outcome of individual audits and the implementation of audit recommendations. They have reviewed Gentoo’s arrangements and monitoring reports in relation to the detection and prevention of fraud, bribery, anti-money laundering and whistleblowing. Gentoo’s Annual Report and Accounts have also been reviewed by the Committee. During the year, the Committee has overseen the onboarding of the new outsourced internal audit function and external auditors. The Committee has overseen the development of a focussed internal audit plan and met with both the head of the internal audit function and external auditors, without the executive present.

The Board has established the **Development Committee** to support the Board in its oversight of the delivery of Gentoo’s Affordable Homes Programme. The Committee is required to meet at least four times a year and during 2020/21 it met six times. The remit of the Committee is to approve and monitor the Affordable Homes Plan and the associated risks, approve contracts, acquisitions, planning and Homes England funding and are included within its delegated authority. During the year, the Committee has, amongst other things, monitored the development and delivery progress of schemes monitored the financial performance and key risks of the Affordable Homes Programme and approved the Affordable Homes Programme Business Plan. The Committee also monitored the Group’s Empty Homes and Open Market Acquisitions programme.

Strategic Report (continued)

Corporate Governance (continued)

Board and Committee membership details and meeting attendance

Name	Group Board	Risk and Audit Committee	Appointments and Remuneration Committee***	Development Committee
	9 Meetings	**6 Meetings**	**4 Meetings**	**6 Meetings**
Alison Fellows	9 (9)			5 (6)
Brenda Naisby	4 (4)		1 (1)	
Carol Long	9 (9)	6 (6)		
Chris Watson	9 (9)		4 (4)	
Claire Long	8 (8)	5 (5)		
David Murtagh	9 (9)	6 (6)		
Diane Sharp	7 (8)		2 (2)	
Emily Cox, MBE	9 (9)		4 (4)	6 (6)
Keith Loraine, OBE (Chair)	9 (9)			6 (6)
Philip Tye	8 (9)		4 (4)	
Debra Waller	4 (5)	3 (4)		
Susan Johnson, OBE*		6 (6)		
Ged Walsh**				4(4)

*Being an independent Risk and Audit Committee member

**Being an independent Development Committee member

***Renamed People Committee from 1 April 2021

The following Board Members resigned during the year:

Michael Essl	1 (2)	1 (1)		
Les Herbert	4 (5)		3 (3)	
Brian Spears	6 (6)		3 (3)	

Strategic Report (continued)

Effectiveness of internal controls

A key responsibility of the Board is to review, assess and confirm the adequacy and effectiveness of Gentoo's risk management and internal controls systems. The Board has delegated part of this responsibility to the Risk and Audit Committee. The role and work of the Risk and Audit Committee is described in the earlier paragraphs of this statement.

The Board's annual Schedule of Business, reporting arrangements and the work of the Risk and Audit Committee are designed to ensure that the significant areas of risk are reported on and considered during the course of the year. In addition to determining the risk appetite, the Board specifically reviews its key corporate risks.

The Board receives its assurance on an annual basis on the overall adequacy and effectiveness of Gentoo's risk management, governance and internal control systems through the ongoing work of the Risk and Audit Committee and the annual report of the Head of Internal Audit in line with the requirements of Gentoo's Code of Governance. The Head of Internal Audit has concluded that *"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance internal control to ensure that it remains adequate and effective".*

Review of the Group's external auditor

Following an Official Journal of the European Union (OJEU) tender process, Grant Thornton UK LLP were appointed as the Group's External Auditor for the March 2021 year end for a period of three years with the option to extend for two further one-year periods.

The Risk and Audit Committee consider the performance of the external auditor on at least an annual basis as per their Terms of Reference and Schedule of Business.

Going concern

After making enquiries, Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements. Board approves annually the Group Business Plan and its output which are submitted annually to the Regulator in the form of a Financial Forecast Return (FFR). Board is satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the financial plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants confirming the future viability of the Group. See note 1.2 for further detail.

Political contributions

The Association made £nil (2020: £nil) political donations and incurred £nil (2019: £nil) political expenditure during the year.

Statement of Compliance with the RSH's Governance and Viability Standard

The Board confirms that Gentoo Group Limited has complied with the requirements of the Governance and Viability Standard applicable for the year from 1 April 2020 having received a G1 compliant governance rating from the Regulator of Social Housing in November 2020 following an In-Depth Assessment.

Strategic Report (continued)

Disclosure of information to auditor

The Board Members who held office at the date of approval of this Strategic Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each Board Member has taken all of 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 Association's auditor is aware of that information.

Auditor

In accordance with section 83 of the Co-operative and Community Benefit Societies Act 2014, the appointment of an auditor of the Association will be announced at the forthcoming AGM.

By order of the board:

Keith Loraine, OBE	**David Murtagh**	**Simon Walker**
Board Member	Board Member	Secretary
22nd September 2021	22nd September 2021	22nd September 2021

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

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period. In preparing these financial statements, the Board are required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Grant Thornton

Independent auditor's report to the members of Gentoo Group Limited

Opinion

We have audited the financial statements of Gentoo Group Limited (the 'association') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the consolidated and association statements of comprehensive income, the consolidated and association statement of financial position, the consolidated and association statement of changes in reserves, and the consolidated statement of cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2021 and of the group's and parent society's income and expenditure for the year then ended;

- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. 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 society 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 are responsible for concluding on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent society to cease to continue as a going concern.

In our evaluation of the board's conclusions, we considered the inherent risks associated with the group's and parent society's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the board and the related disclosures and analysed how those risks might affect the board's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the board with respect to going concern are described in the 'Responsibilities of board for the financial statements' section of this report.

Independent auditor's report to the members of Gentoo Group Limited (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Co-operative 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 parent society has not kept proper accounting records;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board for the financial statements

As explained more fully in the Statement of Board's Responsibilities set out on page 24, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

Independent auditor's report to the members of Gentoo Group Limited (continued)

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the association, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Housing SORP 2018, United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, the Accounting Direction for Private Registered Providers of Social Housing 2019, the Housing and Regeneration Act 2008, and the Co-operative and Community Benefit Societies Act 2014), the NHF Code of Governance 2015, Health and Safety at work and building regulations including the Fire Safety Act 2021. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the association is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit and risk committee, and through our legal and professional expenses review.
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
  - The Association and Group's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
  - The Association and Group's control environment including the adequacy of procedures for authorisation of transactions
- Audit procedures perform by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the sector in which the Association operates in and their practical experience through training and participation with audit engagements of a similar nature. All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.
- From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the association and group's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

Independent auditor's report to the members of Gentoo Group Limited (continued)

- the applicable statutory provisions
- the rules and interpretative guidance issued by the Financial Conduct Authority
- the association and group's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the associations and group's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

Use of our report

This report is made solely to the society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deborah Watson BSc (Hons) FCA
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LEEDS

September 2021

Consolidated statement of comprehensive income

for the year ended 31 March 2021

	Note	2021	2020
		£'000	£'000
Turnover	2a	**165,649**	172,203
Cost of sales	2a	**(32,797)**	(37,851)
Gross profit		**132,852**	134,352
Operating expenditure	2a	**(108,618)**	(107,498)
Other operating income	2a	**331**	199
Surplus on disposal of tangible fixed assets	5	**483**	1,552
Operating surplus		**25,048**	28,605
Interest receivable and similar income	7	**1,498**	1,424
Interest payable and similar charges	8	**(22,203)**	(23,570)
Fair value adjustment for investment property	12	**786**	(550)
Surplus / (deficit) on disposal of investment properties		**6**	(119)
Revaluation of fixed asset investments	13	**(936)**	603
Fair value adjustment	19	**222**	(129)
Surplus before taxation		**4,421**	6,264
Taxation	9	**(88)**	(228)
Surplus for the financial year		**4,333**	6,036
Other comprehensive income			
Actuarial (loss) / gain in respect of pension scheme	24	**(3,100)**	12,310
Release / (restriction) of pension asset	24	**460**	(460)
Total comprehensive income for the year		**1,693**	17,886

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

These financial statements were approved by the board on 22nd September 2021 and were signed on its behalf by:

Keith Loraine, OBE	**David Murtagh**	**Simon Walker**
Board Member	Board Member	Secretary

Association statement of comprehensive income

for the year ended 31 March 2021

	Note	2021	2020
		£'000	£'000
Turnover	2a	**127,662**	127,654
Cost of sales	2a	**(206)**	(942)
Gross profit		**127,456**	126,712
Operating expenditure	2a	**(106,796)**	(102,420)
Surplus on disposal of tangible fixed assets	5	**483**	1,552
Operating surplus		**21,143**	25,844
Interest receivable and similar income	7	**2,793**	3,186
Interest payable and similar charges	8	**(22,111)**	(23,655)
Gift aid receivable		**2,232**	1,671
Fair value adjustment for investment property	12	**786**	(550)
Surplus / (deficit) on disposal of investment properties		**6**	(119)
Revaluation of fixed asset investments	13	**(936)**	603
Surplus before taxation		**3,913**	6,980
Taxation	9	**(88)**	(228)
Surplus for the financial year		**3,825**	6,752
Other comprehensive income			
Actuarial (loss) / gain in respect of pension scheme	24	**(3,100)**	12,310
Release / (restriction) of pension asset	24	**460**	(460)
Total comprehensive income for the year		**1,185**	18,602

The association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

These financial statements were approved by the board on 22nd September 2021 and were signed on its behalf by:

Keith Loraine, OBE
Board Member

David Murtagh
Board Member

Simon Walker
Secretary

Consolidated statement of financial position

at 31 March 2021

	Note	2021	2020
		£'000	£'000
Fixed assets			
Tangible fixed assets – housing properties	10	**1,028,544**	1,023,128
Tangible fixed assets – other	11	**17,588**	13,627
		1,046,132	1,036,755
Investments			
Investment properties	12	**9,045**	10,859
Other investments	13	**32,417**	33,353
HomeBuy loans receivable	15	**423**	534
		41,885	44,746
		1,088,017	1,081,501
Current assets			
Stock	16	**51,736**	56,919
Debtors	17	**12,768**	19,372
Cash and cash equivalents		**137**	31,031
		64,641	107,322
Creditors: amounts falling due within one year	18	**(35,376)**	(37,843)
Net current assets		**29,265**	69,479
Debtors: amounts falling due after more than one year	19	**3,465**	4,075
Total assets less current liabilities		**1,120,747**	1,155,055
Creditors: amounts falling due after more than one year	20	**(518,929)**	(558,200)
Pension liability	24	**(3,270)**	-
Net assets		**598,548**	596,855
Capital and reserves			
Called up share capital	31	**-**	-
Revaluation reserve		**155,092**	156,144
Revenue reserve		**178,258**	168,346
Other reserve		**265,198**	272,365
		598,548	596,855

The accompanying notes form part of these financial statements.

These financial statements were approved by the board on 22nd September 2021 and were signed on its behalf by:

Keith Loraine, OBE	**David Murtagh**	**Simon Walker**
Board Member	Board Member	Secretary

Registered number: 7302

Association statement of financial position

at 31 March 2021

	Note	2021	2020
		£'000	£'000
Fixed assets			
Tangible fixed assets – housing properties	10	**1,034,309**	1,028,967
Tangible fixed assets – other	11	**17,691**	13,723
		1,052,000	1,042,690
Investments			
Investment properties	12	**9,045**	10,859
Other investments	13	**32,417**	33,353
Investments in subsidiaries	14	**350**	350
HomeBuy loans receivable	15	**423**	534
		42,235	45,096
		1,094,235	1,087,786
Current assets			
Stock	16	**10,688**	15,342
Debtors	17	**22,335**	25,854
Cash and cash equivalents		**-**	30,859
		33,023	72,055
Creditors: amounts falling due within one year	18	**(28,748)**	(33,841)
Net current assets		**4,275**	38,214
Debtors: amounts falling due after more than one year	19	**27,371**	30,639
Total assets less current liabilities		**1,125,881**	1,156,639
Creditors: amounts falling due after more than one year	20	**(518,929)**	(554,142)
Pension liability	24	**(3,270)**	-
Net assets		**603,682**	602,497
Capital and reserves			
Called up share capital	31	**-**	-
Revaluation reserve		**138,785**	139,837
Revenue reserve		**199,700**	190,296
Other reserve		**265,197**	272,364
		603,682	602,497

The accompanying notes form part of these financial statements.

These financial statements were approved by the board on 22nd September 2021 and were signed on its behalf by:

Keith Loraine, OBE	**David Murtagh**	**Simon Walker**
Board Member	Board Member	Secretary

Registered number: 7302

Consolidated statement of changes in reserves

	Revaluation reserve £'000	Revenue reserve £'000	Other reserve £'000	Total reserves £'000
Balance at 1 April 2019	157,871	141,566	279,532	578,969
Total comprehensive income for the year				
Surplus	-	6,036	-	6,036
Other comprehensive income				
Transfer in respect of depreciation on revalued properties	(681)	681	-	-
Transfer in respect of realised losses on disposal of revalued properties	(1,046)	1,046	-	-
Realisation of other reserve	-	7,167	(7,167)	-
Actuarial gain in respect of pension scheme	-	12,310	-	12,310
Restriction of pension asset	-	(460)	-	(460)
Balance at 31 March 2020	156,144	168,346	272,365	596,855
Balance at 1 April 2020	156,144	168,346	272,365	596,855
Total comprehensive income for the year				
Surplus	-	4,333	-	4,333
Other comprehensive income				
Transfer in respect of depreciation on revalued properties	(693)	693	-	-
Transfer in respect of realised losses on disposal of revalued properties	(359)	359	-	-
Realisation of other reserve	-	7,167	(7,167)	-
Actuarial loss in respect of pension scheme	-	(3,100)	-	(3,100)
Reversal of non-recognition of pension asset adjustment	-	460	-	460
Balance at 31 March 2021	**155,092**	**178,258**	**265,198**	**598,548**

Association statement of changes in reserves

	Note	Revaluation reserve £'000	Revenue reserve £'000	Other reserve £'000	Total reserves £'000
Balance at 1 April 2019		141,564	106,940	279,531	528,035
Total comprehensive income for the year					
Surplus		-	6,752	-	6,752
Transfer of Engagements	30	-	55,860	-	55,860
Other comprehensive income					
Transfer in respect of depreciation on revalued properties		(681)	681	-	-
Transfer in respect of realised losses on disposal of revalued properties		(1,046)	1,046	-	-
Realisation of other reserve		-	7,167	(7,167)	-
Actuarial gain in respect of pension scheme		-	12,310	-	12,310
Restriction of pension asset		-	(460)	-	(460)
Balance at 31 March 2020		139,837	190,296	272,364	602,497
Balance at 1 April 2020		139,837	190,296	272,364	602,497
Total comprehensive income for the year					
Surplus		-	3,825	-	3,825
Other comprehensive income					
Transfer in respect of depreciation on revalued properties		(693)	693	-	-
Transfer in respect of realised losses on disposal of revalued properties		(359)	359	-	-
Realisation of other reserve		-	7,167	(7,167)	-
Actuarial loss in respect of pension scheme		-	(3,100)	-	(3,100)
Reversal of non-recognition of pension asset adjustment		-	460	-	460
Balance at 31 March 2021		**138,785**	**199,700**	**265,197**	**603,682**

Consolidated statement of cash flows
for the year ended 31 March 2021

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Surplus for the year	**4,333**	6,036
Adjustments for non-cash items:		
Depreciation	**29,464**	28,230
Amortisation of deferred government grant	**(134)**	(123)
Impairment of other tangible fixed assets	**-**	2,554
(Reversal of) / impairment loss on stock – properties under construction	**(1,178)**	1,178
Impairment loss on stock – land held for development	**1,447**	-
Revaluation of fixed asset investments	**936**	(603)
Change in value of investment property	**(786)**	550
Fair value adjustment	**(222)**	129
Interest receivable and similar income	**(1,498)**	(1,424)
Interest payable and similar charges	**22,203**	23,570
Surplus on disposal of tangible fixed assets	**(483)**	(1,552)
(Surplus) / deficit on disposal of investment properties	**(6)**	119
Government grants utilised in the year	**-**	(778)
Taxation	**88**	228
	49,831	52,078
Decrease in trade and other debtors	**6,902**	4,028
Decrease in stock	**2,886**	1,356
Increase in trade and other creditors	**497**	8,591
Increase in provisions and employee benefits	**670**	190
	10,955	14,165
Tax paid	**(200)**	-
Net cash flows from operating activities	**64,919**	72,279
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets - housing properties	**3,286**	6,166
Proceeds from sale of tangible fixed assets – other	**5**	98
Proceeds from sale of investment properties	**6**	1,065
Acquisition of tangible fixed assets - housing properties	**(366)**	(6,718)
Acquisition of tangible fixed assets – other	**(2,889)**	(1,258)
Capital expenditure on existing properties	**(21,754)**	(32,766)
Development of social housing properties	**(12,358)**	(3,620)
Interest received	**1,384**	1,445
Proceeds from receipt of Government grants	**4,192**	2,618
Net cash from investing activities	**(28,494)**	(32,970)

Consolidated statement of cash flows (continued)

for the year ended 31 March 2021

	2021	2020
	£'000	£'000
Cash flows from financing activities		
Proceeds from loans	**49,500**	16,058
Interest paid	**(24,034)**	(23,636)
Repayment of borrowings	**(92,830)**	(16,852)
Net cash from financing activities	**(67,364)**	(24,430)
Net (decrease) / increase in cash and cash equivalents	**(30,939)**	14,879
Cash and cash equivalents at 1 April	**31,008**	16,129
Cash and cash equivalents at 31 March	**69**	31,008

Cash and cash equivalents are made up in the following way;

	Group	Group
	2021	2020
	£'000	£'000
Cash at bank and in hand	**137**	31,031
Bank overdraft (note 18)	**(68)**	(23)
Cash and cash equivalents per cash flow statement	**69**	31,008

Analysis of changes in net debt;

	At 1 April 2020	**Cashflows**	**Other non-cash movements**	**At 31 March 2021**
	£'000	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	31,031	(30,894)	-	137
Bank overdraft	(23)	(45)	-	(68)
	31,008	**(30,939)**	**-**	**69**
Bank loans due within one year	(12,623)	7,944	(4,913)	(9,592)
Bank loans due in greater than on year	(528,387)	36,744	4,913	(486,730)
	(510,002)	**13,749**	**-**	**(496,253)**

The accompanying notes form part of these financial statements.

Notes to the financial statements
for the year ended 31 March 2021

1. Accounting policies

Legal status
Gentoo Group Limited (the "Association") is a Community Benefit Society registered 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 Association has charitable status with HM Revenue & Customs, reference number EW41411. The Association is also a Public Benefit Entity.

Basis of accounting
These financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for private Registered Providers of Social Housing 2019. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In these financial statements, the Association is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

- Investment properties (note 12)
- Other investments (note 13)
- Home Purchase Plans (note 19)

1.2. Going concern

The financial statements have been prepared on a going concern basis which the Board consider to be appropriate for the following reasons.

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2021 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. In addition to this, management have prepared detailed forecasts for the period ended 31 March 2023, to demonstrate that the Group has sufficient resources to meet all liabilities as they fall due within this period.

The Board, after reviewing the Group and Association budgets for 2021/22 and the Group's medium term financial position as detailed in the 30-year business plan is of the opinion that the Group and Association have adequate resources to continue to meet their liabilities until 31 March 2023, (the going concern period). In reaching this conclusion, the Board has considered the following factors:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;

Notes to the financial statements (continued)

for the year ended 31 March 2021

1 Accounting policies (continued)

1.2. Going concern (continued)

- Rent and service charge receivables – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future restrictions in rent increases;
- The Group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The available cash and unutilised loan facilities at March 2021 of £95.0m are considered sufficient to cover the potential sensitivity scenarios.

The Board believes the Group and Association have sufficient funding in place and have calculated covenant compliance throughout the Going Concern period which confirms the Group is forecast to be in compliance with debt covenants, even in severe but plausible downside scenarios. Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3. Basis of consolidation

The consolidated statement of comprehensive income and statement of financial position consolidate the results and financial position of the Association and its subsidiary undertakings. Details of the subsidiary undertakings are included in Note 14 to the financial statements. Intra-group turnover, surpluses and balances are eliminated fully on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.4. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The judgements and estimates which have the most significant impact on amounts recognised in the financial statements are set out in note 29.

1.5. Classification of financial instruments issued by the Association

In accordance with FRS 102.22, financial instruments issued by the Association are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Association to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Association; and

(b) where the instrument will or may be settled in the Association's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Association's own equity instruments or is a derivative that will be settled by the Association's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Association's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes to the financial statements (continued)
for the year ended 31 March 2021

1 Accounting policies (continued)

1.6 Basic financial instruments

Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Bad and doubtful debts
Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they may be irrecoverable.

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Where a public benefit entity concessionary loan has been granted, the Group has opted to apply the accounting treatment set out in paragraphs PBE34.90 to PBE34.97 of FRS 102.

Investments in subsidiaries
Investments in subsidiaries are carried at cost less impairment.

Other investments
Other fixed asset investments are stated at fair value. Movements in fair value are recorded in the statement of comprehensive income.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)
The Genie Home Purchase Plan (HPP) is a 'non-basic financial instrument' under FRS 102 due to the potential link to upward House Price Index (HPI). The Genie HPP is initially recognised on the statement of financial position at the value the customer has committed to purchase the property. Subsequent to initial recognition, Genie HPP's are measured at fair value with changes recognised in profit or loss. The fair value is equal to the share retained by the Company in the property which is subject to a HPP valued at the original sales price. This equates to the minimum cashflows to be received under the HPP contractual arrangement discounted over the estimated term. The fair value is stated net of deferred revenue as this is not considered realised until the related loan is repaid.

1.8 Tangible fixed assets

Housing properties held for letting
Housing properties are principally properties available for rent and are stated at historical cost less accumulated depreciation and accumulated impairment losses. Additions include the cost of acquiring land and buildings, development costs and expenditure incurred in respect of enhancements to existing properties. Depreciation is charged to the statement

of comprehensive income to write down the value of housing properties on a straight-line basis over the following useful economic lives:

Notes to the financial statements (continued)

for the year ended 31 March 2021

1 Accounting policies (continued)

1.8 Tangible fixed assets (continued)

Housing property components: depreciation life

	Years		Years		Years
Bathrooms	25	Kitchens	20	PV panels	25
Boilers	10	Lifts	30	Roof	60
Doors	30	New build structure	100	Structure	80
Electrical installations	30	PV invertors	8	Windows	30
Heating installations	15				

No depreciation is charged for land. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Shared ownership
The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and on disposal the first tranche sales proceeds are shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset. Subsequent tranches sold ('staircasing') are accounted for as disposals of housing properties.

No depreciation is charged for shared ownership properties where the occupier is responsible for the maintenance of the property.

Garages held for letting
Garages held for letting are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write down the value of garages on a straight-line basis over their expected useful economic life of 50 years.

Works to existing properties
Expenditure on housing properties that refurbishes or replaces an identified housing property component is capitalised. Major works to housing properties are capitalised where they increase the net rental stream or the life of the property. All other maintenance costs are charged to the statement of comprehensive income in the year they are incurred.

Disposal of housing properties
Property sales and any surplus thereon are recognised when the transaction becomes legally binding on both parties. Any foreseeable deficit on any proposed property sale is recognised in the statement of comprehensive income as soon as the decision is made to dispose of the property.

The Group sells its properties under the statutory regulations of 'Preserved Right to Buy' and 'Right to Acquire'. Surplus or deficit on sale of these properties are presented before operating surplus or deficit.

Housing properties under construction
Housing properties under construction are stated at cost and are not depreciated.

Capitalisation of interest
Interest on loans financing the development programme is capitalised up to the date of practical completion of the scheme. Interest costs are included at rates based on the Group's weighted average cost of borrowings. Where a loan is not specifically drawn down to fund a development, no interest is capitalised.

Notes to the financial statements (continued)
for the year ended 31 March 2021

1 Accounting policies (continued)

1.8 Tangible fixed assets (continued)

Revaluation reserve
Housing properties were stated at valuation using existing use value for social housing until conversion to FRS 102. The revaluation reserve comprises the cumulative revaluation position as at the date of conversion. The reserve is adjusted annually for transfers to the revenue reserve in respect of depreciation and disposals of housing properties formerly held at valuation.

Other tangible fixed assets
Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset plus any costs incurred in bringing the asset to its working condition for its intended use.

Depreciation is calculated to write down the cost of tangible fixed assets on a straight-line basis over their estimated useful economic lives as follows:

	Years		Years
Furniture, fixtures and fittings	5 - 20	Office equipment	3 - 10
IT equipment	3 - 7	Plant and machinery	3 - 15
Land and buildings	50	Vehicles	3 - 5

No depreciation is charged for land. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset’s future economic benefits.

1.9 Government grants

Government grants are included within accruals and deferred income in the statement of financial position and credited to the statement of comprehensive income over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Social Housing Grant
Social Housing Grant (SHG) is initially recognised at fair value as a liability, specifically as deferred government grant income and released through the statement of comprehensive income as turnover over the life of the structure of housing properties in accordance with the accruals method applicable to registered providers of social housing accounting for housing properties at cost.

For items where on transition to FRS 102, an election has been taken to treat fair value as deemed cost, the performance method for accounting for grant has been applied as the fair value application as deemed cost is treated as a revaluation at the transition date and SHG in respect of those items has been taken to revenue reserves. An amount equivalent to SHG taken to revenue reserves is disclosed as a contingent liability reflecting the potential future obligation to repay SHG where properties are disposed.

On disposal, SHG associated with those properties is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

1.10 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 provision of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Notes to the financial statements (continued)

for the year ended 31 March 2021

1 Accounting policies (continued)

1.11 Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

1.12 Investment properties

Investment properties are properties which are held either to earn commercial rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition,

(a) investment properties whose fair value can be measured reliably are held at fair value. Any gains or losses arising from changes in the fair value are recognised in surplus or deficit in the period that they arise; and

(b) no depreciation is provided in respect of investment properties applying the fair value model.

Fair value of investment properties is determined annually by management using market data or where this is not available by using discounted cash flow analysis.

Rental income from investment property is accounted for when it is receivable or when conditions associated with the income have been met.

1.13 Stock

Properties for sale
Completed properties for outright sale and properties under construction are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises materials, direct labour and direct development overheads.

Raw materials and consumables
Stock is stated at the lower of cost and estimated selling price less costs to complete and sell.

Land
Investments in land without the benefit of planning consent, either through the purchase of land or non-refundable deposits paid on land purchase contracts subject to planning consent, are included initially at cost. Regular reviews are carried out for impairment in the values of these investments and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assess the likelihood of achieving planning consent and the value thereof.

1.14 Impairment excluding stock, investment properties and deferred tax assets

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the

Notes to the financial statements (continued)
for the year ended 31 March 2021

1. Accounting policies (continued)

1.14 Impairment excluding stock, investment properties and deferred tax assets (continued)

discount. Impairment losses are recognised in the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than investment property, stock and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. For assets carried at a depreciated historical cost basis the impairment loss is recognised in the statement of comprehensive income immediately. For assets that are carried at cost less accumulated depreciation, an impairment loss is first set off against any revaluation surplus relating to the same assets in reserves and the balance of the loss is then treated as an expense in the statement of comprehensive income.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.15 Employee benefits

Defined benefit plans
The Group participates in the Tyne and Wear Local Government Pension Fund (the 'Fund') which is a defined benefit scheme.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Association's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Association determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability / (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Association's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Association recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Notes to the financial statements (continued)

for the year ended 31 March 2021

1. Accounting policies (continued)

1.15 Employee benefits (continued)

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the statement of comprehensive income.

Re-measurement of the net defined benefit liability / (asset) is recognised in other comprehensive income in the period in which it occurs.

Termination benefits
Termination benefits are recognised as an expense when the Association is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Association has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Defined contribution plan
The Group participates in one defined contribution scheme.

A defined contribution plan is a post-employment benefit plan under which the Association pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

1.16 Turnover

Turnover is recognised when it is receivable or when conditions associated with the income have been met. It comprises:

- Rental income from tenants and leaseholders in the year, net of rent losses from voids;
- Sale of residential property;
- Receipts from the sale of the first tranche of shared ownership properties; and
- Income from other services included at the invoiced value (excluding value added tax) of goods and services supplied in the year.

1.17 Expenses

Operating lease
Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in surplus or deficit over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable
Other interest receivable and similar income include interest receivable on funds invested.
Interest payable and similar charges include interest payable and finance charges on finance leases.

Interest income and interest payable are recognised in surplus or deficit as they accrue, using the effective interest method.

Notes to the financial statements (continued)
for the year ended 31 March 2021

1. Accounting policies (continued)

1.18 Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable surpluses.

1.19 Service charge sinking funds

Service charge sinking funds are recognised as creditors. Part of the service charge is retained in a sinking fund for major repairs. Interest is added annually to the fund.

1.20 Value added tax (VAT)

The Association is included in a Group VAT registration which also includes Gentoo Services Limited. Gentoo Homes Limited and Gentoo Developments Limited both have separate VAT registrations. Gentoo Genie Limited is not VAT registered.

A large proportion of the Group’s income, including rents, is exempt from VAT. The majority of expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and the VAT recovered is credited to the statement of comprehensive income.

Notes to the financial statements (continued)

for the year ended 31 March 2021

1 Accounting policies (continued)

1.21 HomeBuy and other equity loans

The Group operated two loan schemes by lending a percentage of the cost to home purchasers. The schemes are now closed to new participants.

HomeBuy Direct Scheme
This is a low-cost home ownership Government initiative. The Group and the Government provided assistance through an equal equity loan contribution to the purchaser, secured against the property. The loan is repaid as a result of a relevant event or on the 25th anniversary of the date of the loan agreement. The loan is interest free for the first five years. At the beginning of year six, interest becomes payable on the outstanding balance. The loans are reviewed annually for impairment. Redemption proceeds are allocated equally between the Group and the Government with any surplus or loss being recognised through the statement of comprehensive income.

Gentoo Homebuyer Loan Scheme
This is a low-cost home ownership Group initiative. The Group provided assistance through a fixed loan contribution to the purchaser, secured against the property. The loan is repaid as a result of a relevant event or at the end of the 10th year of the date of the loan agreement. The loan is interest free for the first five years. At the beginning of year six, interest becomes payable on the outstanding balance. The loans are reviewed annually for impairment. Any loss on redemption is recognised through the statement of comprehensive income.

1.22 Other reserves

Other reserves represent the transfer of assets and liabilities from the Group's former housing subsidiaries during the 31 March 2008 year end. These are released to revenue reserves over 50 years being the average expected useful economic lives of the assets.

Notes to the financial statements (continued)
for the year ended 31 March 2021

2a. Particulars of turnover, cost of sales, operating expenditure and operating surplus / (deficit)

Group — **2021**

	Turnover	Cost of sales	Operating expenditure	Other operating income	Surplus on disposal	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	121,945	-	(100,442)	-	-	21,503
Other social housing activities:						
Charge for support services	326	-	(1,301)	-	-	(975)
First tranche low cost home ownership sales	42	(42)	-	-	-	-
Other social housing activities	368	(42)	(1,301)	-	-	(975)
Activities other than social housing activities:						
Properties developed for outright sale	38,660	(32,701)	(3,134)	-	-	2,825
Other	4,676	(54)	(3,741)	331	-	1,212
Non-social housing activities	43,336	(32,755)	(6,875)	331	-	4,037
Surplus on disposal of tangible assets	-	-	-	-	483	483
Total	165,649	(32,797)	(108,618)	331	483	25,048

Group — **2020**

	Turnover	Cost of sales	Operating expenditure	Other operating income	Surplus on disposal	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	119,427	-	(94,476)	-	-	24,951
Other social housing activities:						
Charge for support services	297	-	(1,000)	-	-	(703)
Other	6	-	(322)	-	-	(316)
First tranche low cost home ownership sales	939	(939)	-	-	-	-
Other social housing activities	1,242	(939)	(1,322)	-	-	(1,019)
Activities other than social housing activities:						
Properties developed for outright sale	43,979	(36,847)	(4,352)	-	-	2,780
Other	7,555	(65)	(7,348)	199	-	341
Non-social housing activities	51,534	(36,912)	(11,700)	199	-	3,121
Surplus on disposal of tangible assets	-	-	-	-	1,552	1,552
Total	172,203	(37,851)	(107,498)	199	1,552	28,605

Notes to the financial statements (continued)

for the year ended 31 March 2021

2a. Particulars of turnover, cost of sales, operating expenditure and operating surplus / (deficit) (continued)

Association					**2021**
	Turnover	**Cost of sales**	**Operating expenditure**	**Surplus on disposal**	**Operating surplus / (deficit)**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Social housing lettings (note 2b)	**121,945**	**-**	**(100,570)**	**-**	**21,375**
Other social housing activities:					
Charges for support services	**317**	**-**	**(1,301)**	**-**	**(984)**
First tranche low cost home ownership sales	**42**	**(42)**	**-**	**-**	**-**
Other social housing activities	**359**	**(42)**	**(1,301)**	**-**	**(984)**
Activities other than social housing activities:					
Properties developed for outright sale	**245**	**(164)**	**(49)**	**-**	**32**
Other	**5,113**	**-**	**(4,876)**	**-**	**237**
Non-social housing activities	**5,358**	**(164)**	**(4,925)**	**-**	**269**
Surplus on disposal of tangible assets	**-**	**-**	**-**	**483**	**483**
Total	**127,662**	**(206)**	**(106,796)**	**483**	**21,143**

Association					**2020**
	Turnover	**Cost of sales**	**Operating expenditure**	**Surplus on disposal**	**Operating surplus / (deficit)**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Social housing lettings (note 2b)	119,363	-	(94,535)	-	24,828
Other social housing activities:					
Charges for support services	171	-	(448)	-	(277)
Other	-	-	(2)	-	(2)
First tranche low cost home ownership sales	939	(939)	-	-	-
Other social housing activities	1,110	(939)	(450)	-	(279)
Activities other than social housing activities:					
Other	7,181	(3)	(7,435)	-	(257)
Non-social housing activities	7,181	(3)	(7,435)	-	(257)
Surplus on disposal of tangible assets	-	-	-	1,552	1,552
Total	127,654	(942)	(102,420)	1,552	25,844

Notes to the financial statements (continued)

for the year ended 31 March 2021

2b. Particulars of turnover and expenditure from social housing lettings

Group				**2021**	2020
	General needs housing	**Supported Housing and housing for older people**	**Shared ownership**	**Total**	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000
Income					
Rent receivable net of identifiable service charges	**118,491**	**1,015**	**219**	**119,725**	117,351
Service charge income	**1,732**	**354**	**-**	**2,086**	1,953
Net rents receivable	**120,223**	**1,369**	**219**	**121,811**	119,304
Amortised Government grants	**134**	**-**	**-**	**134**	123
Turnover from social housing lettings	**120,357**	**1,369**	**219**	**121,945**	119,427
Operating expenditure					
Management	**(22,425)**	**(336)**	**-**	**(22,761)**	(20,556)
Service charge costs	**(2,729)**	**(447)**	**-**	**(3,176)**	(3,113)
Routine maintenance	**(28,694)**	**-**	**-**	**(28,694)**	(26,247)
Planned Maintenance	**(7,523)**	**-**	**-**	**(7,523)**	(7,711)
Major repairs expenditure	**(8,236)**	**-**	**-**	**(8,236)**	(8,490)
Bad debts	**(1,097)**	**-**	**-**	**(1,097)**	(1,144)
Depreciation of housing properties	**(28,130)**	**-**	**-**	**(28,130)**	(26,613)
Other costs (redundancy)	**(825)**	**-**	**-**	**(825)**	(602)
Operating expenditure on social housing lettings	**(99,659)**	**(783)**	**-**	**(100,442)**	(94,476)
Operating surplus on social housing lettings	**20,698**	**586**	**219**	**21,503**	24,951
Rent losses from voids (being rental income lost as a result of a property not being let)	**(2,081)**	**(84)**	**-**	**(2,165)**	(1,646)

Notes to the financial statements (continued)
for the year ended 31 March 2021

2b. Particulars of turnover and expenditure from social housing lettings (continued)

Association				**2021**	2020
	General needs housing	**Supported Housing and housing for older people**	**Shared ownership**	**Total**	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000
Income					
Rent receivable net of identifiable service charges	**118,491**	**1,015**	**219**	**119,725**	117,332
Service charge income	**1,732**	**354**	**-**	**2,086**	1,908
Net rents receivable	**120,223**	**1,369**	**219**	**121,811**	119,240
Amortised Government grants	**134**	**-**	**-**	**134**	123
Turnover from social housing lettings	**120,357**	**1,369**	**219**	**121,945**	119,363
Operating expenditure					
Management	**(23,080)**	**(368)**	**-**	**(23,448)**	(20,510)
Service charge costs	**(2,729)**	**(447)**	**-**	**(3,176)**	(3,113)
Routine maintenance	**(28,123)**	**-**	**-**	**(28,123)**	(26,332)
Planned Maintenance	**(7,428)**	**-**	**-**	**(7,428)**	(7,626)
Major repairs expenditure	**(8,236)**	**-**	**-**	**(8,236)**	(8,490)
Bad debts	**(1,097)**	**-**	**-**	**(1,097)**	(1,141)
Depreciation of housing properties	**(28,237)**	**-**	**-**	**(28,237)**	(26,721)
Other costs (redundancy)	**(825)**	**-**	**-**	**(825)**	(602)
Operating expenditure on social housing lettings	**(99,755)**	**(815)**	**-**	**(100,570)**	(94,535)
Operating surplus on social housing lettings	**20,602**	**554**	**219**	**21,375**	24,828
Rent losses from voids (being rental income lost as a result of a property not being let)	**(2,081)**	**(84)**	**-**	**2,165**	(1,632)

Notes to the financial statements (continued)
for the year ended 31 March 2021

3. Employees

The average number of persons (expressed as full-time equivalents) employed during the year, analysed by category, was as follows:

	Group 2021 No.	Association 2021 No.	Group 2020 No.	Association 2020 No.
Central enabling services	**152**	**152**	156	156
Selling homes	**65**	**-**	81	-
Operations	**805**	**805**	847	822
	1,022	**957**	1,084	978

The aggregate payroll costs of these persons were as follows:

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Wages and salaries	**32,400**	**29,646**	33,418	29,595
Social security costs	**3,199**	**2,894**	3,228	2,828
Defined benefit plan	**10,700**	**9,988**	10,750	9,956
Defined contribution plan	**176**	**133**	94	62
	46,475	**42,661**	47,490	42,441
Redundancy costs	**1,116**	**901**	644	602
	47,591	**43,562**	48,134	43,043

Salary banding for all employees whose total remuneration, including pension exceeds £60,000 (including Executive Directors) per annum is as follows:

	Group 2021 No.	Association 2021 No.	Group 2020 No.	Association 2020 No.
£60,001 - £70,000	**51**	**39**	37	28
£70,001 - £80,000	**17**	**11**	14	9
£80,001 - £90,000	**12**	**10**	15	11
£90,001 - £100,000	**6**	**6**	4	2
£100,001 - £110,000	**3**	**3**	5	4
£110,001 - £120,000	**1**	**1**	5	5
£120,001 - £130,000	**5**	**4**	2	2
£150,001 - £160,000	**1**	**1**	1	1
£160,001 - £170,000	**1**	**1**	2	2
£170,001 - £180,000	**-**	**-**	1	1
£180,001 - £190,000	**1**	**1**	-	-
£230,001 - £240,000	**-**	**-**	1	1
£240,001 - £250,000	**1**	**1**	-	-

Notes to the financial statements (continued)

for the year ended 31 March 2021

4. Directors' and key management personnel remuneration

	2021	2020
	£'000	£'000
Non-Executive Directors' remuneration	**132**	143
Executive Directors' and key management personnel remuneration	**578**	734
Association contributions to group wide defined benefit plan	**103**	102
Association contributions to defined contribution plan	**14**	19
Compensation for loss of office *	**112**	35
	939	1,033

*2021: Compensatory pay, Redundancy pay and Payment in lieu of notice for 2 Executive Directors. 2020: Payment in lieu of notice for 1 Executive Director.

Retirement benefits are accruing to two (2020: three) of the above senior staff under a defined benefit scheme and one (2020: two) of the above senior staff under a defined contribution scheme. The aggregate remuneration (excluding pension contributions) of the highest paid director was £227,046 (2020: £223,108).

The Group made £13,623 (2020: £12,271) in pension contributions for the Chief Executive.

		2021	2020
		Remuneration	Remuneration
Board Member	**Board role**	**£'000**	£'000
Alison Fellows	Non-Executive Director	**10**	10
Brenda Naisby	Non-Executive Director	**3**	-
Brian Spears	Non-Executive Director	**9**	12
Carol Long	Non-Executive Director	**10**	10
Christopher Watson	Non-Executive Director	**10**	11
Claire Long	Non-Executive Director	**9**	-
Colin Blakey	Non-Executive Director	**-**	12
Colin English	Non-Executive Director	**-**	1
David Murtagh	Non-Executive Director	**14**	15
Debra Waller	Non-Executive Director	**7**	-
Dianne Sharp	Non-Executive Director	**9**	-
Emily Cox, MBE	Non-Executive Director	**10**	10
Frank Nicholson	Non-Executive Director	**-**	8
Keith Loraine, OBE	Chairman	**23**	24
Leslie Herbert	Non-Executive Director	**6**	11
Michael Essl	Non-Executive Director	**2**	9
Philip Tye	Non-Executive Director	**10**	10
Total		**132**	143

The independent RAC Member, Susan Johnson, received £7,000 (2020: £7,000) in remuneration. The independent Development Committee Member, Gerard Walsh, received £1,000 (2020: nil) in remuneration.

Notes to the financial statements (continued)

for the year ended 31 March 2021

4. Directors' and key management personnel remuneration (continued)

Salary banding for directors and key management personnel whose total remuneration, including pensions, exceeds £60,000 per annum is as follows:

		2021 No.			2020 No.
£150,001 - £160,000	**Michelle Meldrum**	**1**	£150,001 - £160,000	Louise Bassett	1
£160,001 - £170,000	**Louise Bassett**	**1**	£160,001 - £170,000	Michelle Meldrum Graham Gowland	2
£170,001 - £180,000		**-**	£170,001 - £180,000	Peter Lenehan	1
£180,001 - £190,000	**Peter Lenehan**	**1**	£180,001 - £190,000		-
£230,001 - £240,000		**-**	£230,001 - £240,000	Nigel Wilson	1
£240,001 - £250,000	**Nigel Wilson**	**1**	£240,001 - £250,000		-

5. Surplus on disposal of tangible fixed assets

	Group 2021 £'000	**Association 2021 £'000**	Group 2020 £'000	Association 2020 £'000
Proceeds from sales	**3,291**	**3,291**	6,264	6,264
Net book value of assets sold	**(2,609)**	**(2,609)**	(4,668)	(4,668)
	682	**682**	1,596	1,596
Transfer to recycled capital grant fund	**(199)**	**(199)**	(44)	(44)
	483	**483**	1,552	1,552

Notes to the financial statements (continued)

for the year ended 31 March 2021

6. Expenses and auditor's remuneration

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Included in surplus are the following:				
Depreciation:				
Housing properties	**28,130**	**28,237**	26,613	26,721
Other tangible fixed assets	**1,334**	**1,327**	1,617	1,602
Impairment loss on other tangible fixed assets	**-**	**-**	2,554	2,554
(Reversal of) / Impairment loss on stock – properties under construction	**(1,178)**	**(1,178)**	1,178	1,178
Impairment loss on stock – land held for development	**1,447**	**1,447**	-	-
Change in value of investment property	**(786)**	**(786)**	550	550
Fair value adjustment	**(222)**	**-**	129	-
Redundancy costs	**1,116**	**901**	644	602
Auditor's remuneration:				
Audit of these financial statements	**68**	**68**	48	48
Amounts receivable by the Association's auditor and its associates in the respect of:				
Audit of financial statements of subsidiaries of the Association	**21**	**-**	24	-
Audit-related assurance services	**43**	**43**	34	34

7. Interest receivable and similar income

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Interest receivable and similar income	**1,378**	**1,378**	1,424	1,424
Interest receivable from Group undertakings	**-**	**1,295**	-	1,762
	1,378	**2,673**	1,424	3,186
Net interest income on net defined benefit plan (liabilities)/assets	**120**	**120**	-	-
	1,498	**2,793**	1,424	3,186

Notes to the financial statements (continued)

for the year ended 31 March 2021

8. Interest payable and similar charges

	Group 2021 £'000	**Association 2021 £'000**	Group 2020 £'000	Association 2020 £'000
Interest on loans repayable	**21,796**	**21,704**	23,182	22,944
Interest payable to group undertakings	**-**	**-**	-	323
Bank fees and similar charges	**540**	**540**	228	228
Capitalised interest*	**(133)**	**(133)**	-	-
	22,203	**22,111**	23,410	23,495
Net interest expense on net defined benefit plan (liabilities)/assets	**-**	**-**	160	160
Interest payable and similar charges	**22,203**	**22,111**	23,570	23,655

* Capitalisation rate of 4.19% (2020: nil).

9. Taxation

Total tax charge recognised in the statement of comprehensive income, other comprehensive income and equity

	Group 2021	**Association 2021**	Group 2020	Association 2020
Current tax	**£'000**	**£'000**	£'000	£'000
Current tax on income for the period	**88**	**88**	205	205
Adjustments in respect to prior periods	**-**	**-**	23	23
Total current tax	**88**	**88**	228	228

Reconciliation of effective tax rate

	Group 2021 £'000	**Association 2021 £'000**	Group 2020 £'000	Association 2020 £'000
Surplus for the year	**4,420**	**3,913**	6,264	6,980
Tax at standard rate of 19% (2020: 19%)	**840**	**743**	1,190	1,326
Expenses not deductible	**93**	**120**	58	1
Charitable tax exemptions	**(673)**	**(673)**	(1,017)	(1,122)
Land remediation relief	**-**	**-**	(26)	-
Prior period adjustments	**-**	**-**	23	23
Deferred tax not recognised	**(70)**	**-**	-	-
Effects of group and other reliefs	**(102)**	**(102)**	-	-
Total tax charge included in profit or loss	**88**	**88**	228	228

In total, the Group has an unrecognised deferred tax asset of £1.0m and Association £0.9m (2020: Group £1.0m and Association £1.0m).

In the March 2021 Budget the UK Government announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. This will increase the future current tax charge accordingly.

Notes to the financial statements (continued)

for the year ended 31 March 2021

10. Tangible fixed assets – housing properties

Group	**Housing properties held for letting £'000**	**Shared ownership £'000**	**Housing properties under construction £'000**	**Garages held for letting £'000**	**Total £'000**
Cost					
Reported at 1 April 2020	1,232,293	8,535	5,532	1,376	1,247,736
Reclassification*	(2,610)	63	1,053	137	(1,357)
Additions	237	96	13,741	-	14,074
Enhancements	21,604	-	-	150	21,754
Interest capitalised	-	-	133	-	133
Schemes completed	6,657	-	(6,657)	-	-
Disposals	(6,330)	-	-	(18)	(6,348)
At 31 March 2021	**1,251,851**	**8,694**	**13,802**	**1,645**	**1,275,992**
Depreciation					
Reported at 1 April 2020	224,033	147	-	428	224,608
Reclassification*	(1,333)	-	-	(24)	(1,357)
Depreciation charge for the year	28,094	-	-	36	28,130
Disposals	(3,915)	-	-	(18)	(3,933)
At 31 March 2021	**246,879**	**147**	**-**	**422**	**247,448**
Net book value					
At 31 March 2021	**1,004,972**	**8,547**	**13,802**	**1,223**	**1,028,544**
At 31 March 2020	1,008,260	8,388	5,532	948	1,023,128

Security (Group and Association)
£874.4m (26,988 units) of completed properties net book value is held as security against debt (note 21).

Borrowing Costs (Group and Association)
The amount of borrowing costs capitalised to tangible fixed assets – housing properties during the period was £133,000 (2020: nil) with a capitalisation rate of 4.19% (2020: nil). Included in the cost of tangible fixed assets – housing properties is £133,000 (2020: nil) in respect of capitalised finance costs.

Social housing assistance (Group and Association)
The amount of social housing grant received or receivable was £2.335m (2020: £5.453m) and is held in deferred income.

*The reclassification in Group and Association is to correct the category presentation. As this adjustment relates only to category classifications the net impact is £nil.

Expenditure to works on existing properties (Group and Association):

	2021 £'000	2020 £'000
Amounts capitalised – enhancements	**21,754**	32,766
Amounts charged to statement of comprehensive income (note 2b)	**8,236**	8,490
	29,990	41,256

Notes to the financial statements (continued)
for the year ended 31 March 2021

10. Tangible fixed assets – housing properties (continued)

Association	**Housing properties held for letting £'000**	**Shared ownership £'000**	**Housing properties under construction £'000**	**Garages held for letting £'000**	**Total £'000**
Cost					
Reported at 1 April 2020	1,237,742	9,306	5,533	1,226	1,253,807
Reclassification	(2,546)	-	1,052	137	(1,357)
Additions	237	129	13,741	-	14,107
Enhancements	21,604	-	-	150	21,754
Interest capitalised	-	-	133	-	133
Schemes completed	6,657	-	(6,657)	-	-
Disposals	(6,330)	-	-	(18)	(6,348)
At 31 March 2021	**1,257,364**	**9,435**	**13,802**	**1,495**	**1,282,096**
Depreciation					
Reported at 1 April 2020	224,414	149	-	277	224,840
Reclassification	(1,333)	-	-	(24)	(1,357)
Depreciation charge for the year	28,201	-	-	36	28,237
Disposals	(3,915)	-	-	(18)	(3,933)
At 31 March 2021	**247,367**	**149**	**-**	**271**	**247,787**
Net book value					
At 31 March 2021	**1,009,997**	**9,286**	**13,802**	**1,224**	**1,034,309**
At 31 March 2020	1,013,328	9,157	5,533	949	1,028,967

Notes to the financial statements (continued)
for the year ended 31 March 2021

11. Tangible fixed assets – other

Group	Land and buildings £'000	Furniture, fixtures and fittings £'000	Vehicles and equipment £'000	Total £'000
Cost				
At 1 April 2020	18,873	1,238	4,833	24,944
Additions	-	745	2,144	2,889
Disposals	(563)	(20)	-	(583)
Transfer from investment properties (note 12)	2,450	150	-	2,600
At 31 March 2021	**20,760**	**2,113**	**6,977**	**29,850**
Depreciation and impairment				
At 1 April 2020	8,680	563	2,074	11,317
Depreciation charge for the year	346	240	748	1,334
Disposals	(369)	(20)	-	(389)
At 31 March 2021	**8,657**	**783**	**2,822**	**12,262**
Net book value				
At 31 March 2021	**12,103**	**1,330**	**4,155**	**17,588**
At 31 March 2020	10,193	675	2,759	13,627

An assessment of the net realisable value of land and buildings was undertaken during the year. As a result of this assessment an impairment charge of £nil (2020: £2,554k) was made.

The transfer from investment properties represents the value of a building transferred and used as an office for the Group's charitable purposes.

The net book value of land and buildings comprises:

	2021 £'000	2020 £'000
Freehold	**10,788**	7,871
Long leasehold	**1,315**	2,322
	12,103	10,193

Notes to the financial statements (continued)
for the year ended 31 March 2021

11. Tangible fixed assets – other (continued)

Association	**Land and buildings £'000**	**Furniture, fixtures and fittings £'000**	**Vehicles and equipment £'000**	**Total £'000**
Cost				
At 1 April 2020	19,024	1,270	4,514	24,808
Additions	-	745	2,144	2,889
Disposals	(563)	(20)	-	(583)
Transfer from investment properties (note 12)	2,450	150	-	2,600
At 31 March 2021	**20,911**	**2,145**	**6,658**	**29,714**
Depreciation and impairment				
At 1 April 2020	8,749	564	1,772	11,085
Depreciation charged for the year	352	240	735	1,327
Disposals	(369)	(20)	-	(389)
At 31 March 2021	**8,732**	**784**	**2,507**	**12,023**
Net book value				
At 31 March 2021	**12,179**	**1,361**	**4,151**	**17,691**
At 31 March 2020	10,275	706	2,742	13,723

An assessment of the net realisable value of land and buildings was undertaken during the year. As a result of this assessment an impairment charge of £nil (2020: £2,554k) was made.

The transfer from investment properties represents the value of a building transferred and used as an office for the Group's charitable purposes.

The net book value of land and buildings comprises:

	2021 £'000	2020 £'000
Freehold	**10,864**	7,953
Long leasehold	**1,315**	2,322
	12,178	10,275

Notes to the financial statements (continued)
for the year ended 31 March 2021

12. Investment properties - Group and Association

	Freehold
	£'000
At 1 April 2020	10,859
Transfers to tangible fixed assets – other	(2,600)
Fair value adjustment for investment property	786
At 31 March 2021	**9,045**

In accordance with FRS 102, investment properties are held at fair value and are not depreciated.

The transfer to tangible fixed assets - other represents the value of a building transferred and used as an office for the Group's charitable purposes.

£9m (2020: £1m) of investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable, and assumed net effective rent yields, from the properties and where relevant, associated costs. Any gain or loss arising from a change in fair value is recognised in the statement of comprehensive income. As a result of these valuations, a fair value increase of £786k (2020: £550k decrease) has been applied.

13. Other investments - Group and Association

	2021	2020
	£'000	£'000
Debt Service Reserve	**32,387**	33,323
Other investments	**30**	30
	32,417	33,353

Debt Service Reserve	Historical Cost	Market Value
	£'000	**£'000**
At 1 April 2020	**25,218**	33,323
Revaluation	**-**	(936)
At 31 March 2021	**25,218**	32,387

At 31 March 2021, the investment assets (debt service reserve) are additional security for the £212.8m loan from The Housing Finance Corporation Ltd (T.H.F.C) (see notes 18 and 20).

Notes to the financial statements (continued)

for the year ended 31 March 2021

14. Investment in subsidiaries

Association	Investment in subsidiaries 2021 £'000	Investment in subsidiaries 2020 £'000
Cost and net book value		
At 31 March	**350**	350

The Association has the following investments in subsidiaries:

Subsidiary undertakings	Aggregate of capital and reserves	Profit for year	Country of incorporation	Registered number	Class and percentage of shares held
Non-registered providers	**£'000**	**£'000**			
Gentoo Homes Limited	977	2,180	England	04739226	Ordinary – 100%
Gentoo Developments Limited	39	52	England	06192887	Ordinary – 100%
Gentoo Genie Limited	95	368	England	07083129	Ordinary – 100%
Gentoo Genie Admin Limited*	100	-	England	08201449	Ordinary – 100%
Genie Homeplan Limited*	-	-	England	07103094	Ordinary – 100%
Gentoo Services Limited*	-	-	England	12521655	Ordinary – 100%
Cottier Grange Estates Management Company Limited**	-	-	England	11375748	Ordinary – 100%
Meadow View (Houghton-le-spring) Residents Management Company Limited**	-	-	England	12358797	Ordinary – 100%

*Dormant subsidiaries
** Subsidiaries of Gentoo Homes Limited

The subsidiaries' registered office is Emperor House, 2 Emperor Way, Doxford International Business Park, Sunderland, SR3 3XR.

Intra-group trading is undertaken at arm's length and is predominantly tender or market driven. During the year intra-group transactions with non-regulated group subsidiaries were**:**

	Sales to 2021 £'000	Purchases from 2021 £'000	Sales to 2020 £'000	Purchases from 2020 £'000
Gentoo Homes Limited				
Group management charges	**661**	**-**	729	-
Gentoo renewal plan	**-**	**676**	-	5,102
Group interest charges	**1,141**	**-**	1,560	-
Developments interest charges	**46**	**-**	74	-
	1,848	**676**	2,363	5,102
Gentoo Developments Limited				
Gentoo Homes interest charges	**-**	**46**	-	74
	-	**46**	-	74
Gentoo Genie Limited – interest charge	**154**	**-**	203	-
	2,002	**722**	2,566	5,176

Notes to the financial statements (continued)

for the year ended 31 March 2021

15. HomeBuy loans receivable - Group and Association

	Total
	£'000
Loans advanced to borrowers at 31 March 2020	534
Repaid during the year	(101)
Written off during the year	(10)
Loans advanced to borrowers at 31 March 2021	**423**

16. Stock

	Group	**Association**	Group	Association
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
Properties under construction	**38,586**	**-**	29,441	-
Completed properties	**1,594**	**-**	3,643	163
Properties held for resale	**868**	**-**	537	-
Land held for development	**10,088**	**10,088**	22,698	14,579
Raw materials and consumables	**600**	**600**	600	600
	51,736	**10,688**	56,919	15,342

There are a number of developments that have funding agreed from Homes England's Home Building Fund (note 20). This funding will be secured by way of a first charge against the land to be developed, and is applicable to the following sites:

Churchfields, Sunderland　　Sweetbriar Park, Darlington

17. Debtors

	Group	**Association**	Group	Association
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
Rents and service charges receivable	**7,162**	**7,162**	8,178	8,178
Less: provision for bad and doubtful debts	**(4,347)**	**(4,347)**	(3,914)	(3,914)
Net rent and service charge debtors	**2,815**	**2,815**	4,264	4,264
Trade debtors	**625**	**552**	547	540
Less: provision for bad debts and doubtful debts	**(127)**	**(127)**	(15)	(12)
Amounts owed by group undertakings	**-**	**10,497**	-	10,650
Other debtors	**2,985**	**2,928**	2,712	2,656
Cash held in secured accounts	**5**	**-**	2,943	-
Prepayments and accrued income	**6,465**	**5,670**	8,921	7,756
	12,768	**22,335**	19,372	25,854

Transactions with subsidiaries are undertaken at arm's length (see notes 14 and 19).

Notes to the financial statements (continued)
for the year ended 31 March 2021

18. Creditors: amounts falling due within one year

	Group 2021 £'000	**Association 2021 £'000**	Group 2020 £'000	Association 2020 £'000
Bank overdraft	**68**	**12**	23	-
Commercial debt (note 21)	**9,592**	**9,592**	12,623	12,623
Trade creditors	**3,418**	**2,770**	3,376	2,573
Rent and service charges received in advance	**3,552**	**3,552**	2,719	2,719
Taxation and social security	**798**	**796**	641	639
Other creditors	**6,343**	**4,618**	3,833	3,532
Amounts owed to group undertakings	**-**	**-**	-	779
Deferred capital grant (note 23)	**133**	**133**	138	138
Accruals and deferred income	**11,472**	**7,275**	14,490	10,838
	35,376	**28,748**	37,843	33,841

Leaseholders' funds
As at 31 March 2021 the Group and Association held funds on behalf of leaseholders in respect of schemes under management of £2.2m (2020: £1.9m). These are included in other creditors within Creditors: amounts falling due within one year.

19. Debtors: amounts falling due after more than one year

	Group 2021 £'000	**Association 2021 £'000**	Group 2020 £'000	Association 2020 £'000
Other debtors	**700**	**700**	700	700
Amounts owed by group undertakings	**-**	**26,459**	-	29,723
Genie Home Purchase Plans (HPP)	**3,498**	**328**	4,248	332
Deferred income	**(733)**	**(116)**	(873)	(116)
	3,465	**27,371**	4,075	30,639

The HPP arrangements are valued at fair value. Management have reviewed the fair value of the HPP arrangements as at 31 March 2021 and, as a result of this, a Group fair value increase of £222k (2020: reduction of £129k) was required. Deferred income relates to the difference between the cost of the property to the Group and the value it has been purchased by the customer. Deferred income is released to the statement of comprehensive income upon the Group no longer having a share in the property. Whilst some of the above balance may crystallise in under one year, it is not possible to reliably quantify, therefore, these amounts have been included in debtors due after more than one year.

The loans with the subsidiaries carry the same terms and conditions as the loan agreement between the parent company and the Group's funders and includes the interest charge which will fluctuate in accordance with changes in LIBOR. The imputed interest on the loans reflects a commercial interest rate.

Notes to the financial statements (continued)
for the year ended 31 March 2021

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

	Group	Association	Group	Association
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
Commercial debt (note 21)	**486,730**	**486,730**	524,329	524,329
Other debt (note 21)	**-**	**-**	4,058	-
Deferred capital grant (note 23)	**19,942**	**19,942**	17,661	17,661
Other creditors	**12,110**	**12,110**	12,110	12,110
Recycled capital grant fund (note 22)	**147**	**147**	42	42
	518,929	**518,929**	558,200	554,142

The commercial debt is secured by way of a fixed charge on the housing properties of the Group. Interest is charged to the subsidiary companies based on the amounts that are on-lent during the year.

In March 2021 a funding facility was agreed with Homes England which provides funding of £9.1m relating to two schemes via the Home Building Fund. The security for this facility is not yet in place. Loan repayments are variable dependent upon actual sales performance however the ultimate repayment date is March 2024.

£4.1m of funding has been repaid in full at 31 March 2021 relating to an existing facility agreement with Homes England.

21. Debt analysis

Borrowings

	Group	Association	Group	Association
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
Due within one year				
Bank overdraft	**68**	**12**	23	-
Bank loans	**9,592**	**9,592**	12,623	12,623
Due after more than one year				
Bank loans	**488,729**	**488,729**	526,583	526,583
Other loans	**-**	**-**	4,058	-
Less: issue costs	**(1,999)**	**(1,999)**	(2,254)	(2,254)
	486,730	**486,730**	528,387	524,329
Total Borrowings	**496,390**	**496,334**	541,033	536,952

Security

The commercial loans are secured by way of a fixed charge on the housing properties of the Association.

Notes to the financial statements (continued)

for the year ended 31 March 2021

21. Debt analysis (continued)

Terms of repayment and interest rates

Bank loans are repaid by both annual instalments and bullet repayments. The final instalments fall to be repaid in the period from 2032 to 2042. We borrow at both fixed and variable interest rates with fixed rates of interest ranging from 1.1750% to 6.38%. Our fixed rate debt includes fixed rate loans embedded within our loan agreements. These basic embedded fixed rate loans are not subject to cash calls required by stand-alone swaps.

At 31 March 2021 the group had undrawn loan facilities of £89.9m (2020: £35.3m).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group	**Association**	Group	Association
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
Within one year or on demand	**9,660**	**9,604**	12,646	12,623
One year or more but less than two years	**13,282**	**13,282**	18,195	18,195
Two years or more but less than five years	**45,562**	**45,562**	92,527	88,469
Five years or more	**427,886**	**427,886**	417,665	417,665

Refinancing of the RBS facility was conducted during the year. This increased the existing facility from £100m to £200m. The modification led to small changes in margin and repayment profile. The margin moved from a range of 1.5% - 1.75% to 1.3% - 1.75%. The loan has bullet repayments in 2025, 2030 and 2035. The additional RBS facility was utilised to repay the outstanding loan balance on EIB of £76.2m. Please refer to the 'Substantial modification of loans' within note 29 for further clarification.

22. Recycled Capital Grant Fund - Group and Association

	£'000
At 1 April 2020	**42**
Grants recycled (note 23)	**19**
Grants recycled from reserves	**180**
Recycling of grant: new build	**(94)**
Balance at 31 March 2021	**147**

There are no amounts (2020: £nil) three years old or older where repayment may be required

Notes to the financial statements (continued)
for the year ended 31 March 2021

23. Social Housing Grant – Group and Association

	2021	2020
Cost	**£'000**	£'000
At 1 April	**18,285**	12,851
Received during the year	**2,335**	5,453
Transferred from RCGF	**94**	18
Recycled on disposal	**(19)**	(37)
At 31 March	**20,695**	18,285
Amortisation		
At 1 April	**486**	363
Released in the year	**134**	123
At 31 March	**620**	486
At 31 March	**20,075**	17,799

	2021	2020
	£'000	£'000
Amounts to be released within one year	**133**	138
Amounts to be released in more than one year	**19,942**	17,661
	20,075	17,799

Notes to the financial statements (continued)

for the year ended 31 March 2021

24. Employee Benefits

Pension Schemes – Group and Association

The disclosures below relate to the Tyne and Wear Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme. The Group participates in the Fund which provides defined benefits, based on members' career average pensionable salary. The last full actuarial valuation was performed on 31 March 2019.

Net pension (liability) / asset	**2021** **£'000**	2020 £'000
Defined benefit obligation	**(363,130)**	(292,970)
Plan assets	**359,860**	293,430
Restriction for asset ceiling*	**-**	(460)
Net pension	**(3,270)**	-

Movements in present value of defined benefit obligation	**2021** **£'000**	2020 £'000
At 1 April	**292,970**	298,600
Current service cost	**10,700**	10,750
Interest expense	**6,670**	7,370
Contributions by members	**1,990**	2,080
Actuarial loss / (gain) on scheme liabilities	**58,700**	(15,850)
Benefits paid	**(7,980)**	(9,980)
Curtailment cost	**80**	-
At 31 March	**363,130**	292,970

Movements in fair value of plan assets	**2021** **£'000**	2020 £'000
At 1 April	**293,430**	287,100
Interest income	**6,790**	7,210
Remeasurement: return on plan assets less interest income	**55,600**	(3,540)
Contributions by employer	**10,030**	10,560
Contributions by members	**1,990**	2,080
Benefits paid	**(7,980)**	(9,980)
At 31 March	**359,860**	293,430

Expense recognised in the statement of comprehensive income	**2021** **£'000**	2020 £'000
Current service cost	**(10,700)**	(10,750)
Net interest on net defined benefit liability	**120**	(160)
Curtailment cost	**(80)**	-
Total expense recognised in the statement of comprehensive income	**(10,660)**	(10,910)

* The asset in 2020 was restricted to comply with FRS 102 paragraph 28. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. This criteria was not considered to be met, therefore, an asset was not recognised.

Notes to the financial statements (continued)
for the year ended 31 March 2021

24. Employee Benefits (continued)

	2021	2020
	£'000	£'000
Actuarial (loss) / gain in respect of pension asset	**(3,100)**	12,310
Adjustment in respect of asset ceiling	**460**	(460)
Total amount recognised in other comprehensive income	**(2,640)**	11,850

The fair value of the plan assets were allocated as follows:

	2021	**2021**	2020	2020
	Fair value	**Fair value**	Fair value	Fair value
	£' 000	**%**	£'000	%
Equities	**199,720**	**55.5**	160,800	54.8
Government bonds	**7,920**	**2.2**	12,031	4.1
Corporate bonds	**71,250**	**19.8**	44,895	15.3
Property	**28,430**	**7.9**	26,409	9.0
Cash	**14,390**	**4.0**	6,749	2.3
Other	**38,150**	**10.6**	42,546	14.5
	359,860	**100**	293,430	100

The principal actuarial assumptions (expressed as weighted averages) at the year- end were as follows:

	2021	2020
	%	%
Discount rate	**2.1**	2.3
Future salary increases	**3.1**	3.4
CPI inflation	**2.6**	1.9
Pension increases	**2.6**	1.9
Pension accounts revaluation rate	**2.6**	1.9
	£'000	£'000
Actual return on plan assets	**62,390**	3,670

The mortality assumptions at the year-end were as follows:

	2021	2020
Current Pensioner aged 65		
Male	**21.9**	21.8
Female	**25.1**	25.0
Future retiree upon reaching 65		
Male	**23.6**	23.5
Female	**26.9**	26.8

The assumptions relating to longevity underlying the pension liabilities in the statement of financial position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for the number of years stated above.

Notes to the financial statements (continued)

for the year ended 31 March 2021

25. Capital commitments – Group and Association

	2021	2020
	£'000	£'000
Expenditure contracted for but not provided for in the financial statements	**59,212**	58,701
Expenditure authorised by Board but not contracted	**318,021**	321,259
	377,233	379,960

The commitments will be funded through Grant £38.3m (2020: £57.5m), social housing property Right to Buy and Right to Acquire sales £6.0m (2020: £6.0m), existing facilities £95.0m (2020: £71.3m) and cash generated from operations and new facilities £237.9m (2020: £245.2m).

26. Contingent Liabilities

Grant

The Group receives grant from Homes England which is used to fund the acquisition and development of housing properties and their components. In line with FRS 102, Section 24, £49.3m (2020: £49.2m) of such grant has been credited to reserves. The Group has a future obligation to recycle or repay such grant once these properties are disposed of. As at 31 March 2021 the timing of any future disposal is uncertain.

27. Other financial commitments

Non-cancellable operating lease rentals are payable as follows:

Group	**2021 Land and buildings**	**2021 Other**	2020 Land and buildings	2020 Other
	£'000	**£'000**	£'000	£'000
Less than one year	**-**	**1,835**	94	1,190
Between one and five years	**-**	**5,236**	-	2,101
More than five years	**-**	**76**	-	144
	-	**7,147**	94	3,435

During the year £1,854k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2020: £1,342k).

Association	**2021 Land and buildings**	**2021 Other**	2020 Land and buildings	2020 Other
	£'000	**£'000**	£'000	£'000
Less than one year	**-**	**1,753**	94	1,107
Between one and five years	**-**	**4,918**	-	1,822
More than five years	**-**	**4**	-	-
	-	**6,675**	94	2,929

During the year £1,833k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2020: £1,321k).

Notes to the financial statements (continued)

for the year ended 31 March 2021

28. Related parties

Identity of related parties with which the Association has transacted

The Board as at 31 March 2021 includes two members who are elected members of the Sunderland City Council ('Local Authority' (LA)). The Association and Group undertake transactions with the LA on an arm's length basis in the normal course of business.

	2021	2020
Transactions with the LA during the year ended 31 March 2021 were:	**£'000**	£'000
Sales to the LA	**189**	475
Purchases from the LA	**954**	1,029

	Receivables outstanding	**Creditors and accruals outstanding**	Receivables outstanding	Creditors outstanding
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
Local Authority	**20**	**44**	39	18

The Board also includes one member who is a tenant of the Association. In addition, a Board member's close family member is a tenant of the Association. The terms of the tenancy arrangements are consistent with those offered to other tenants of the Association and at the end of the year no amount was due to the Association in respect of these tenancies.

29. Accounting estimates and judgements

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Estimates uncertainty

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to circumstances which may require more frequent replacement of key components. Accumulated depreciation of housing properties as at 31 March 2021 was £247.4m The carrying amount of the housing properties was £1,028.5m at the year ended 31 March 2021.

Defined benefit obligation (DBO)
Other judgement areas particularly in respect of financial and actuarial assumptions are based on best estimates derived from the Group's policies and practices which have been applied consistently across all pension schemes operated by the Group where appropriate, and confirmed with actuaries where these are beyond management expertise, e.g. mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau of the Institute of Actuaries and Faculty of Actuaries. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in note 24). The net defined benefit pension liability at 31 March 2021 was £3.3m.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may

Notes to the financial statements (continued)

for the year ended 31 March 2021

29. Accounting estimates and judgements (continued)

Fair value measurement (continued)

vary from the actual prices. Fair value measurements were applied to investment properties and HPP arrangements in the year. Refer to notes 12, 19 and 32 for more details.

Property components and lives

Management review annually the assigned lives of assets and individual components. These decisions are made based on historic knowledge of the Group's assets and benchmarking against similar organisations. See note 1.8 for more details.

Recoverable amount of rental and other debtors

Rental and other debtors are categorised into debt types with similar characteristics. Each category is reviewed and assigned a recoverability percentage based upon management's knowledge of the specific debts in that category. This is used to determine the expected recoverability and therefore value of rental and other debtors to recognise in the financial statements. The values recognised are disclosed in note 17.

Valuation of work in progress and land held for development

Stock is carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management are required to employ considerable judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required. For both financial years, a full review of stock and land held for development has been performed. Estimated selling prices and costs have been reviewed on a site by site/phase by phase basis and have been amended based on local management and the Board's assessment of current market conditions. For the year ended 31 March 2021 an impairment charge of £1.4m land (2020: £1.2m work in progress) and the reversal of the prior year impairment of £1.2m has resulted from the review.

Gross profit recognition

Gross profit for completed house sales is recognised based on the latest whole site/phase gross margin which is an output of the site/phase valuation. These valuations, which are updated at frequent intervals throughout the life of the site/phase, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions.

Judgements

Substantial modification of loans

During the year, the first phase of the modernisation of the Group's funding arrangements was successfully concluded with the repayment of £76.2m of loans from the European Investment Bank (EIB) and an increase of £100m in the Group's Royal Bank of Scotland (RBS) facility. A substantial modification of the terms of an existing loan or a part of it should be accounted for as an extinguishment of the original loan and the recognition of a new loan. Any difference between the carrying amount of the loan (or part of the loan) extinguished and the consideration paid, should be recognised in income and expenditure. Management reviewed the quantitative and qualitative revisions to the overall loan position including margin, maturity date, repayment profile, covenants, and securities and, concluded that the loan position was not considered to be substantially modified. Therefore, no amount was required to be recognised in the statement of comprehensive income.

Property classifications

The categorisation of property assets as investment properties or fixed assets is a matter of judgement and is based on the intended use of the property. Where the property is used for social benefit it is categorised as a fixed asset. Only property which is intended to be used for commercial return or capital appreciation is categorised as an investment property.

Notes to the financial statements (continued)

for the year ended 31 March 2021

29. Accounting estimates and judgements (continued)

Impairment assessment

Indicators of impairment are considered annually and where an indicator exists, an impairment assessment is performed. This assessment applies management judgement in whether the indicator of impairment is applicable, and the key indicator of impairment has been identified. No tangible fixed asset impairments were identified in 2021 (2020: £2.6m).

30. Transfer of engagements - Association

On 4th November 2019 all assets and liabilities of Gentoo Art of Living transferred to Gentoo Group Limited by means of a transfer of engagements.

	2020
	£'000
Current Assets	
Debtors	52,301
Cash at bank and in hand	3,562
	55,863
Creditors: amounts falling due within one year	(3)
Net assets	55,860
Capital and reserve	
Revenue reserve	55,860

Included within Debtors is an intercompany balance of £52.3m due from Gentoo Group Limited which was cancelled as a result of the transfer of engagements.

31. Share Capital – Group and Association

	2021	2020
	£	£
Ordinary shares at £1 each at 1 April	**10**	12
Issued during the year	**4**	1
Surrendered during the year	**(3)**	(3)
At 31 March	**11**	10

The share capital is represented by 1 share held by each member of the Association. Shareholders have a right to attend and vote at general meetings. Shareholders have no rights to a distribution on a winding up and have no rights to dividends.

Notes to the financial statements (continued)

for the year ended 31 March 2021

32. Financial Instruments – non basic

	2021	2020
	£	£
Financial assets measured at fair value through surplus and deficit	**2,666**	3,330

The above non-basic financial instruments relate to the HPP arrangements of Gentoo Genie, one of the Group's subsidiaries. Details of the relevant accounting policies and treatment are included in notes 1.7 and 19.

The key risk associated with the above would be considered to be recovery of the amounts due. This is mitigated by the following:

- The customer contract fixes the settlement balance as being no lower than the original property sales price therefore providing protection against downwards HPI.

- The risk of customer default is reduced through a board approved arrears policy and the legal contract in place which allows the Company to seek possession should the customer default.

Notes to the financial statements (continued)

for the year ended 31 March 2021

33. Housing stock – Group and Association

	Group and Association at 2020	Units developed or acquired	Units sold or demolished	Other movements	Group and Association at 2021
Social housing: owned and managed					
General needs social rent	26,864	-	(59)	(14)	26,791
Intermediate rent	71	-	(1)	-	70
Affordable rent	1,412	20	(5)	(1)	1,426
Shared ownership	168	1	-	-	169
Houses for older people	191	-	-	-	191
Houses for older people – affordable rent	42	-	-	-	42
Supported housing	53	-	-	(47)	6
Supported housing – affordable rent	1	-	-	1	2
Total social housing: owned and managed	**28,802**	**21**	**(65)**	**(61)**	**28,697**
Social housing: managed not owned					
General housing social rent	5	-	-	-	5
Supported housing	12	-	-	-	12
Leasehold schemes – freehold retained	716	1	-	-	717
Total social housing: managed not owned	**733**	**1**	**-**	**-**	**734**
Social housing: owned not managed					
General housing social rent	16	-	-	-	16
Supported housing	82	-	-	59	141
Total social housing: owned not managed	**98**	**-**	**-**	**59**	**157**
Total social housing stock	**29,633**	**22**	**(65)**	**(2)**	**29,588**
Non-social housing: owned and managed					
Rented owned	63	-	-	-	63
Non-social housing: managed not owned					
Leasehold schemes – freehold retained	226	-	-	(11)	215
Total non-social housing stock	**289**	**-**	**-**	**(11)**	**278**
Total housing stock	**29,922**	**22**	**(65)**	**(13)**	**29,866**