



greenoak

housing association

2019

annual report



GREENOAK HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Registered Society under the Co-operative and
Community Benefit Societies Act 2014

Registered No: 20859R

Regulator of Social Housing No: L1393

GREENOAK HOUSING ASSOCIATION LIMITED

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GREENOAK HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT**

The Board of Management presents its report and audited financial statements for the year to 31 March 2019.

Constitution

Greenoak Housing Association Limited is a registered Co-operative and Community Benefit Society with the National Housing Federation's 2015 model rules for Charities.

Principal activity

Greenoak's principal activity is to provide, manage and maintain high quality housing at affordable rents. Our mission is to 'respond to the housing needs of the community, continuously improve our services to a high standard, and to promote sustainable communities.'

Greenoak also builds high quality and sustainable new homes working closely with Parish Councils in rural areas to produce developments for local people and to meet their community's needs. We are also planning to provide spacious well-designed new apartments for older people. This is intended to assist downsizing to new rented and shared ownership apartments, freeing family homes and enabling a release of capital whilst purchasers can still retain a property interest. We are also committed to upgrading and refurbishing existing stock to provide good homes that are truly affordable and energy efficient.

In addition to services to our own tenants, Greenoak has for over 30 years provided housing management and property maintenance services to other small associations and charities. Two of these have completed transfers of engagements to Greenoak in the last two years with 100% tenant support.

Greenoak also works with our partner Greenoak Community Focus Ltd to support and help fund a growing number of community projects and organisations.

Review of the year

Greenoak has performed well during the year in all business areas. We completed a further Transfer of Engagements from The Oxted, Limpsfield District Housing Association on 1st April 2019. Greenoak managed these homes during 2018/19 and together with a transfer of engagements from another small association in 2018, has increased our social housing homes by 39 units as well as providing additional capacity to fund more much needed affordable homes.

Our surpluses together with further borrowing are to be invested in several new, much needed rural developments. We have added significantly to our reserves through operational efficiency and acquisitions and our performance indicators (PIs) evidence a high standard of performance against our peers and the whole sector. Our housing management and maintenance performance shows year on year improvement with reduced rent arrears as well as very high satisfaction with our maintenance and works services.

Our operating surplus for the year excluding sale of properties, transfers of engagements and before interest was £665,881 compared with £818,391 (2018). There was also an addition to last year's surplus of £560,769 in respect of the transfer of a small association which contributed to total comprehensive income of £1,104,145. In the year to 31 March 2019 we invested £182,877 in our existing housing during the year compared with £82,401 in the previous year. A second acquisition was completed on 1st April 2019 so is not included in the year's figures, but details are set out in note 18 below. The transfer will add £1,691,645 to reserves.

2019/20 is the last year of 1% social rent reductions due to regulation. From April 2020 rents will return to annual increases of CPI plus 1%.

The provision of affordable housing to rent, energy efficiency and condition of existing stock remain our priorities and we are partners with four Local Authorities. Greenoak partners five other associations and charities to whom we provide management and maintenance services. We have our own direct labour team which operates efficiently and leads to high tenant satisfaction.

GREENOAK HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT****Review of the year** continued

We are continuing with our aims to build highly-sustainable, energy efficient housing and are planning several new housing developments in rural areas where there is a great need for affordable housing. We have recently taken possession of 10 new rural homes in Wisborough Green, West Sussex which include 7 homes at truly affordable rents for local people and 3 shared ownership homes. We worked with the developer at Wisborough Green on this S106 site to ensure our standards were met. In the current financial year we are planning to start building a further rural development of 8 new homes at affordable rents for local people in Peaslake, Surrey. These rural developments have been the result of a successful partnership of working closely with the Local Authority, Parish Councils and local residents to meet the needs of the local community with priority being given to housing local people. Our Board is committed to ensure these homes are truly affordable by setting the new rents at 80% of the local housing allowance. We are also planning the redevelopment of a scheme in Woking to provide 18 high quality energy efficient homes aimed at housing older downsizers. These two schemes are progressing through planning and we expect to start on site over the next 12 months.

Greenoak has been a pioneer in designing and developing sustainable homes with a track record of winning National Awards. Our record and current strategy for new development and asset management is based on taking a "fabric first" approach to design and materials from the outset of every project. We aim to produce new housing to the highest standard, especially in rural areas where we can work closely with local communities and to retrofit properties to improve energy efficiency. We are a member of the Wayfarer Development Consortium which increases our opportunities for partnership working.

We will continue to evaluate our development approach and to disseminate good practice including engagement with our residents which is an integral part of the process.

Greenoak owns freehold offices in Woking. Our Goldsworth Road office provides central administrative support and our housing management and property care services are provided from our nearby office in St Johns, Woking. Last year we extended our office accommodation at the Housing Services office to improve working conditions and to provide flexible working space.

Our Board has reviewed our staff structure and strengthened our senior team to ensure that we have the capacity to grow and achieve our business objectives. Staff training and development is a priority and we are in our 7th year of a successful apprentice scheme providing training in finance and building trades.

Risk management

Our Board has a robust approach to risk management and we are supported by Hargreaves Risk and Strategy consultants. We have a policy to ensure the continued existence of the Association is not threatened by external events or an inappropriate strategy, to maximise the chances that the Association will achieve its stated objectives and increase the confidence in the organisation of external stakeholders, including lenders and regulators.

The Board obtains strategic assurance by demonstrating that it understands the Association's risk profile, and that the key risks are being effectively managed, and by ensuring that the organisation has undertaken scenario analysis and stress testing. Risk is monitored on a quarterly basis by our Finance, Risk and Audit Committee and the top 10 risks are monitored by the Board.

Long-term maintenance

The condition of our stock is being reviewed and we will continue to re-invest to maintain high quality homes that are energy efficient. All our properties meet Decent Homes standard as a very minimum and our new homes meet Lifetime Homes standard wherever possible.

Our in-house team has continued with the refurbishment programme of kitchens and bathrooms having completed 14 kitchens and 13 bathrooms in the year. They also carried out external redecorations to 5 properties and commenced an assisted affordable redecoration scheme for 15 vulnerable tenants. We had 15 new boilers installed in our properties which will improve energy efficiency and reduce heating costs which will greatly benefit residents. We have brought forward our programme for planned routine electrical tests and are aiming to move to 5 yearly inspections.

GREENOAK HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT****Fire safety**

All our flatted schemes have up to date Fire Risk assessments, FRAs. None have new or retrofitted external cladding. Additional visits have also been made by the Fire Service, following the Grenfell Tower fire. Fire Service Officers have reviewed evacuation procedures which they have confirmed are appropriate. Greenoak's staff have had further fire safety training.

Funding

Our housing development in the past has been funded by social housing grants and loan finance plus our own resources, but we are currently planning to also build some schemes of affordable rented and shared ownership homes without Homes England (previously HCA) grant funding though with possible funding from local authorities. This approach enables us to set our rents at truly affordable levels and to continue to offer long-term, secure tenancies.

Rent policy

Most of our existing properties are funded by social housing grant, which enables us to charge social housing rents. For new non-grant funded development, we will consider a range of options, but we are committed to maximising homes at truly affordable rents. This is currently set at around 80% of Local Housing Allowance, including market and sub-market rents.

Reserves

Our reserves are to finance new development and re-invest in our existing housing stock.

Property disposal policy

Greenoak owns submarket rented properties acquired without social housing grant. These are let at below market rents and allow us to house more families and single people. Our policy provides for the disposal of these properties where needed to help fund new housing development.

Value of properties

Our housing properties are included in the Balance Sheet at £19.6m before and £17.6m after depreciation. They are estimated to have a value in excess of £33m, based on existing use value (social housing) for grant-aided housing, and at open market value (subject to tenancies) for other properties.

Staff development and welfare

Staff members have annual performance reviews and they are encouraged to achieve their potential through external courses and internal training. The health of our employees is important, and we provide annual health screening for all staff and free eye tests. We provide pension schemes through The Pensions Trust. The current pension plan is a defined contribution scheme.

Value for money (VFM)**Overview**

VFM is the very essence of running a viable social business through aiming to do the right things for the least cost. It's also about continuous improvement. VFM is the driving force behind everything we do. It is also, crucially, about preserving value for the longer term and avoiding short-termism. Staff members have clear objectives, rooted in our purpose, and this enables us to identify the actions that will achieve those objectives.

We ensure our key processes are lean and customer focused, incorporating the use of technology wherever possible. Efficiency is about achieving the same for less, such as re-tendering of services.

GREENOAK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

Value for money (VFM) continued

We use benchmarking to identify inefficient activities and target remedial action, e.g. where costs are high, or performance is poor. We do this on an annual basis against other housing associations through Acuity. This gives us an indication of the costs of our services compared to other members, and through SHAPE, our benchmarking peer group, we follow this up by learning from the best performers. Where costs are significantly higher than the norm, a service review is triggered. We also compare the quality of our services through customer satisfaction surveys.

We keep costs down through strong fiscal stewardship. This includes an active and considered approach to a range of activities:

Treasury management: We aim to achieve the best possible return on investments, spreading financial risk and making money work.

Procurement: We recognise that to improve as an organisation, our major suppliers should be partners as well as contractors. We have a procurement strategy to achieve maximum benefit for all organisations involved in terms of delivery and cost.

Development, property care and maintenance: Our partnering procurement method combines control of the design with increased control of costs. Performance standards are validated by measuring and testing.

We use a combination of ways to achieve best value from contractors including formal tendering and schedule of rates. The use of our own direct labour team ensures a high quality of service to residents with our costs being tested by periodic market comparisons to ensure value for money.

Commodities

We compare value through NHF procurement including IT. We use Phoenix for software discounts and explore other procurement routes with SHAPE members and Procurement for Housing (PFH).

Investing in our assets

Existing stock: We periodically review the condition of our housing stock and investment programme. As a minimum we maintain at least 'Decent Homes' standard on all our stock, but we aim to provide good quality homes including generous space standards and we continue to improve energy efficiency and upgrade kitchens and bathrooms when needed. We ensure value for money through competitive tendering and contract reviews, and use our direct labour team to carry out the fitting of new kitchens and bathrooms as well as for routine repairs.

New housing: We have established high quality standards for our new environmentally sustainable housing, and we aim to achieve best value in producing these high-performance homes within a normal cost range.

Monitoring and measuring performance

Our financial and statistical performance is measured and reviewed quarterly at Board Committee level and by the Board. We compare our performance against our peers and nationally against all associations.

Performance year to 31 March 2019	Greenoak	Smaller RPs	Smaller RPs	Whole Sector Upper Q
		Median	Upper Q	
No of Units	541			
Occupancy GN	99.23%	99.75%	100%	99.70%
Management cost per unit	£649	£1,122	£826	£834
Maintenance cost per unit	£771	£764	£528	£861
Service charges per unit – HB allowable	£807	£565	£230	£192
Ratio of responsive repairs to planned	0.64	0.42	0.24	0.48
Rent arrears gross	2.33%	2.98%	1.59%	1.93%
Rent collected for Year	100.94%	100.00%	100.80%	100.31%

GREENOAK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

Value for money (VFM) continued

Greenoak has performed well during the year against its peer group of smaller associations, as well as against national data. The average service charge is comparatively high due to the large proportion of flats in management which incur charges for the maintenance and upkeep of communal areas, systems and grounds plus in retirement housing, call centre support systems.

We are committed to maintaining high quality, energy efficient homes and have a planned re-investment programme however, as we have a relatively small number of units, our expenditure on planned maintenance fluctuates from year to year.

New Value for Money Metrics

A new Value for Money (VfM) Standard, issued by the Regulator for Social Housing, came into effect from April 2018. The seven metrics specified by the new standard are required by the Social Housing Regulator to be published for all registered providers to benchmark efficiency across the sector. These metrics are also part of the wider Sector Scorecard which we report below:

	Greenoak	Smaller RPs Median	Smaller RPs Upper Q	Whole sector Upper Q
Operating cost as % of turnover	76.81%	n/a	n/a	n/a
Headline social housing cost unit p.a. v5	£3,854	£3,713	£3,386	£3,215
Operating margin overall v6	26.25%	29.55%	34.40%	35.40%
Operating margin social housing lettings v6	26.03%	27.40%	33.85%	34.20%
EBITDA MRI (as a percentage of interest) v4	126.82%	246%	668%	268%
Units developed (absolute) v2	0	2.65%	6.78%	11.12%
Units developed (as a percentage of units owned) v2	0	0	0	2.45
Re-investment in new supply v1	2.64%	2.65%	4.79%	11.12%
Gearing - sector scorecard metric v3	7.93%	17.07	33.55	52.00
Gearing – bank covenant Greenoak	44.81%			
Customers satisfied with their landlord's overall service	98.65%	96.00%	97.50%	91.00%
Customers satisfied that their rent provides value for money (VfM)	96.23%	89.65%	94.00%	88.00%
Customers satisfied with their last repair	98%	96.93%	99.25%	97.20%
Return on capital employed (ROCE) v7	2.91%	3.02%	4.32%	4.79%

Note: v1 - v7 Regulator of Social Housing Value for Money financial metrics

GREENOAK HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT****Board members**

Details about the Board members, their qualifications and experience are set out in this report together with length of service. Whilst we have a fixed term of service of up to three terms of three years, this can be extended in exceptional circumstances to ensure retention of skills and a planned succession.

Board selection procedure

An annual review takes place of the composition of the Board ensuring the continuing compliance with equal opportunities with particular regard to the following:

- balance of skills required to meet corporate objectives
- adequate representation by tenants and
- equality and diversity

Following recruitment last year, we have equal gender and improved ethnicity representation. We also have a resident on a Board Committee covering housing operations. We have no upper age limit, and the initial term of service for the Chair is three years, which may be extended by the Board. Copies of the policy and procedures are available on request.

Board remuneration

In an increasingly challenging environment for housing associations, following professional advice, we remunerate Board members to ensure that we attract the appropriate skills and experience. This is set at the lower quartile across all associations to reflect our operations and size.

Statement of the Board's responsibilities

The Board is responsible for preparing the Report of the Board of Management and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

- (a) select suitable accounting policies and to apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue to operate.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and to 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 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to detect fraud and other irregularities.

GREENOAK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

The Board has established the following procedures to provide effective internal financial control:

- (i) a financial policy which sets out key policies and procedures to ensure risks are managed prudently, and are compatible with the Association's long-term aims and objectives.
- (ii) a planning framework which incorporates a Board approved plan with detailed annual operating objectives.
- (iii) additional review of financial matters on behalf of the Board is achieved through a Committee of the Board.
- (iv) a comprehensive system of financial reporting to the Board, based on an annual budget, with quarterly reports.
- (v) management accounting of actual results against budget, analysis of variances, and performance against key performance indicators.
- (vi) internal audit functions are carried out by the external auditor on an agreed programme to cover different functions. Monitoring of the efficiency of internal control is undertaken by a Committee of the Board, which receives reports annually from the auditor. This has been carried out for the year ended 31st March 2019.

Compliance with the Governance and Financial Viability Standard

The Association complies with the Regulator for Social Housing's Governance and Financial Viability Standard through:

- adoption of the principal recommendations of the 2015 NHF revised Code of Governance
- an effective Board of Management, appraised regularly
- standing orders which set out roles and responsibilities which are reviewed annually by the Board
- a risk management framework with an agreed risk appetite and detailed risk map
- a long term financial plan which has been rigorously stress tested
- compliance with lenders covenants with the Board monitoring compliance on a quarterly basis
- sufficient liquidity to meet contractual commitments
- sufficient headroom to meet development plans
- an effective system of internal controls which are tested by internal audit
- an asset and liability register
- a fraud register, regularly reviewed by the Finance, Audit and Risk Committee

The Board has reviewed the effectiveness of the system of internal financial control. No weaknesses have been found during the period covered by this report.

The Association has a policy in place regarding the reporting of fraud. No instances of fraud or attempted fraud have been reported.

Information for Auditor

We the members of the Board who held office at the date of approval of these financial statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the Auditor is unaware; and that we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

GREENOAK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

Auditor

On 31st March 2019, Knox Cropper, the Society's auditor, transferred its business to Knox Cropper LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Board has consented to treating the appointment of Knox Cropper as extending to Knox Cropper LLP.

The Report of the Board of Management was approved on 24 September 2019 and signed on its behalf by the Chair.

Jane Vessey Board Member

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREENOAK HOUSING ASSOCIATION LIMITED**

Opinion

We have audited the financial statements of Greenoak Housing Association for the year ended 31st March 2019, which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 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 Greenoak Housing Association's affairs as at 31st March 2019 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the board report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREENOAK HOUSING ASSOCIATION LIMITED (continued)**

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities, set out on pages 7 and 8, the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

**Knox Cropper LLP
Chartered Accountants
Statutory Auditor**

**65 Leadenhall Street
London
EC3A 2AD**

Date: 25 September 2019

GREENOAK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st MARCH 2019

	Notes	2019 £	2018 £
TURNOVER	2	2,536,864	2,534,927
Operating Costs	2	<u>(1,870,983)</u>	<u>(1,716,536)</u>
OPERATING SURPLUS	2	665,881	818,391
Net Assets on Transfer of Engagements	3	-	560,769
Interest Receivable and Similar Income	5	37,856	31,027
Interest Payable and Similar Charges	6	<u>(308,553)</u>	<u>(306,042)</u>
SURPLUS FOR THE YEAR		395,184	1,104,145
Other comprehensive income			
Initial Recognition of multi-employer defined benefit scheme		(14,412)	-
Actuarial loss on pension scheme	22	(37,000)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>£343,772</u>	<u>£1,104,145</u>

STATEMENT OF CHANGES IN RESERVES

AS AT 31st MARCH 2019

	Revenue reserve £	Pension reserve £	Total £
Balance at 1 April 2018	7,310,100	-	7,310,100
Total comprehensive income for the year	520,772	(177,000)	343,772
Balance as at 31 March 2019	<u>7,830,872</u>	<u>(177,000)</u>	<u>7,653,872</u>

CONTINUING OPERATIONS

All of the activities derived from continuing operations in each of the above two financial years.

GREENOAK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31st MARCH 2019

	Notes	£	2019 £	£	2018 £
FIXED ASSETS					
Housing Properties	7(a)		17,637,134		17,434,370
Other Tangible Fixed Assets	8		<u>251,394</u>		<u>241,937</u>
			17,888,528		17,676,307
CURRENT ASSETS					
Debtors	9	173,195		496,973	
Cash at Bank and in Hand	21	<u>5,672,545</u>		<u>4,962,962</u>	
		5,845,740		5,459,935	
LESS CREDITORS					
Amounts falling due within one year	10	<u>(825,255)</u>		<u>(473,505)</u>	
Net Current Assets			<u>5,020,485</u>		<u>4,986,430</u>
Total Assets Less Current Liabilities			<u>22,909,013</u>		<u>22,662,737</u>
CREDITORS					
Amounts falling due after more than one year	11		(15,078,132)		(15,242,939)
Provision for liabilities					
Pension Provision	11		-		(109,689)
Pension liability	22		(177,000)		-
Total Net Assets			<u>£7,653,881</u>		<u>£7,310,109</u>
Capital and Reserves					
Called-up Share Capital	12		9		9
Revenue Reserve	13		7,830,872		7,310,100
Pension reserve	22		<u>(177,000)</u>		<u>-</u>
			<u>£7,653,881</u>		<u>£7,310,109</u>

The financial statements were approved by the Board of Management and were signed on its behalf by:

Board Member Gordon Mattocks

Board Member Louisa Martin

Secretary D Kingdon FCG

Date: 24 September 2019

GREENOAK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

AS AT 31st MARCH 2019

	Notes	2019 £	2018 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	20	1,275,101	965,133
CASH FLOW FROM INVESTING ACTIVITIES			
Property expenditure		(483,578)	(168,802)
Interest received		37,856	31,027
		(445,722)	(137,775)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance charges		(308,553)	(306,042)
Loans repaid		(127,012)	(182,160)
Cancellation of shares		-	(4)
		(435,565)	(488,206)
CASH FLOW FROM TRANSFER OF ENGAGEMENTS		315,769	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		709,583	339,152
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,962,962	4,623,810
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	£5,672,545	£4,962,962

GREENOAK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st MARCH 2019****1. ACCOUNTING POLICIES**

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

a) Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice for social housing providers 2014, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015). Greenoak Housing Association is a public benefit entity and applies FRS 102 accordingly.

The accounts comply with the Housing and Regeneration Act 2008 and with the Accounting Direction for Private Registered Providers of Social Housing (April 2015). The accounts are prepared in accordance with the historical cost basis of accounting.

The accounts are prepared on the going concern basis as there is a reasonable expectation that the Association will continue to operate for the foreseeable future.

b) Turnover

Turnover represents rental income receivable net of rent losses from voids, service charges receivable, bank interest and other income.

c) Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office property	2.0% on cost
Housing furniture and fittings	10.0 - 20.0% on cost
Office furniture and equipment	20.0% on cost

d) Housing Properties

Housing properties are stated at depreciated cost. The cost of completed housing properties is depreciated over the life of the properties. Development costs in connection with the acquisition and refurbishment of properties is capitalised, but not depreciated until the asset is brought into use.

In accordance with the requirements of SORP 2014, properties are accounted for on a component basis with each component being depreciated over its estimated life. The principal components identified and the depreciation rate applied to each component are set out below:

Land	-	Not depreciated
Main Fabric	-	Over 100 years
Roof structure and covering	-	Over 70 years
Window & external doors	-	Over 30 years
Gas boilers/fires	-	Over 15 years
Kitchens	-	Over 20 years
Bathroom/WC's	-	Over 30 years
Mechanical systems (heating, ventilation & plumbing)	-	Over 30 years
Electrics	-	Over 40 years
Lifts	-	Over 20 years

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2019

1. ACCOUNTING POLICIES (Continued)

e) Social Housing Grant

Where developments have been financed wholly or partly by social housing grant, the grant received is recognised in income over the expected useful life of the housing property structure under the accruals model.

Housing Association grant is repayable in the following circumstances:

- (i) If a property is sold.
- (ii) If the development of a property is not completed.

f) Works to Existing Properties

Works to existing properties are capitalised when replacing existing components or where the works provide an enhancement to the property's economic benefits in excess of the standard of performance anticipated when originally acquired or constructed.

g) Leased Assets

Rentals payable under operating leases are charged to the Income and Expenditure account as incurred.

Assets obtained under hire purchase or finance leases are capitalised in the balance sheet. Those held under hire purchase are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives, or the lease term, whichever is shorter.

The interest element of those obligations is charged to the profit and loss account over the relevant period. The capital element is treated as a liability.

h) Interest Payable

Interest payable is charged to the income and expenditure account in the year to which it relates.

i) Pension Costs

Certain of the Association's employees are entitled to join the Social Housing Pension Scheme – a defined benefit funded scheme. The scheme is a multi-employer scheme and, historically, the actuary confirmed that it was not practical to allocate the assets and liabilities of the scheme between participating employers. Therefore, the scheme was reflected in the accounts as if it were a defined contribution scheme, recognising the charge when payments to the pension scheme fall due.

Under this approach, where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement, the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

Following a number of changes to the administration of the scheme, sufficient information has now become available to allocate the Association's share of assets and liabilities of the scheme and apply defined benefit accounting. In accordance with the approach proposed by FRED 71 and FRS 102, the deficit funding liability has been replaced by the defined benefit liability with effect from the relevant date, being 1 April 2018, when sufficient evidence became available. Further details are included in note 22.

j) Financial Instruments

Financial Instruments which meet the criteria of a basic financial instrument, as defined in section 11 of FRS 102, are accounted for under the amortised cost model.

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2019

1. **ACCOUNTING POLICIES** (Continued)

k) **Significant management judgements and estimation uncertainties**

Impairment:

Properties are assessed for impairment when there is an indication that the property has been impaired. This includes properties in the course of development. The assessment is carried out by comparing the carrying value of the property with its recoverable amount (taking into account service potential), and, where applicable, the property is written down to its recoverable amount. No impairment reviews were necessary this year.

Depreciation:

The depreciation of property components is based on management's estimate of their useful lives which is kept under review.

Doubtful Debts provision:

The provision for doubtful debts is based on management's estimate of the recoverability of tenant arrears. The total provision at 31st March 2019 is £5,992.

Pension obligations:

Multi-employer pension obligations – the Association's obligation in respect of past service deficits on the SHPS is calculated by the scheme actuary taking into account the Association's membership and liability profile and based on assumptions determined by the actuary relating to the discount rate, inflation, life expectancy and salary growth. Ultimately, the Association's directors are responsible for choosing the assumptions for inclusion in its financial statements that most accurately reflect its financial position.

On 26 October 2018, the High Court ruled that schemes must equalise for the effect of Guaranteed Minimum Pensions (GMPs) providing benefits from different ages of men and women. The outcome of this judgement will be an increase in liabilities in respect of some benefits earned between 17 May 1990 and 5 April 1997 which may, typically, result in an increase in liabilities of between 1% and 2% for employers with defined benefit accruals between these dates.

l) **Taxation**

The Association is not registered for VAT and its expenditure is therefore VAT inclusive. As an exempt charity, the Association is entitled to the exemptions from corporation tax available to charities.

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2019

2. TURNOVER, OPERATING COSTS, AND OPERATING SURPLUS

	Turnover	2019 Operating Costs	Operating Surplus (Deficit)	Turnover	2018 Operating Costs	Operating Surplus (Deficit)
	£	£	£	£	£	£
Income Expenditure from Lettings						
Housing Accommodation	2,346,006	(1,735,249)	610,757	2,349,062	(1,606,927)	742,135
	<u>£2,346,006</u>	<u>£(1,735,249)</u>	<u>£610,757</u>	<u>£2,349,062</u>	<u>£(1,606,927)</u>	<u>£742,135</u>
Other Income & Expenditure						
Development and New Business	-	(66,594)	(66,594)	-	(46,208)	(46,208)
Management Services	79,207	(50,693)	28,514	83,758	(53,605)	30,153
Sustainability Project	-	-	-	-	(897)	(897)
Amortisation of Grants	93,204	-	93,204	93,204	-	93,204
Other	18,447	(18,447)	-	8,903	(8,899)	4
	<u>190,858</u>	<u>(135,734)</u>	<u>55,124</u>	<u>185,865</u>	<u>(109,609)</u>	<u>76,256</u>
Total	<u>£2,536,864</u>	<u>£(1,870,983)</u>	<u>£665,881</u>	<u>£2,534,927</u>	<u>£(1,716,536)</u>	<u>£818,391</u>

INCOME AND EXPENDITURE FROM LETTINGS

	General Needs	Supported Housing & Housing for Older People	2019 Total	2018 Total
	£	£	£	£
Income from Lettings				
Rent receivable net of identifiable Service Charge	1,376,310	618,295	1,994,605	1,982,757
Service charges receivable	78,567	178,318	256,885	280,248
Support and heating charges receivable	21,982	72,534	94,516	86,057
Net rents receivable	<u>1,476,859</u>	<u>869,147</u>	<u>2,346,006</u>	<u>2,349,062</u>
Expenditure on letting activities				
Services	180,715	157,491	338,206	317,989
Management	238,557	106,312	344,869	237,116
Leasehold Rents	148,495	100,247	248,742	261,318
Routine Maintenance	278,639	138,697	417,336	413,337
Planned Maintenance	103,447	46,589	150,036	102,641
Major Repairs	-	-	-	-
Bad Debts	5,427	-	5,427	6,982
Housing Property Depreciation	189,797	40,836	230,633	267,544
Total expenditure on lettings	<u>1,145,077</u>	<u>590,172</u>	<u>1,735,249</u>	<u>1,606,927</u>
Operating Surplus on Lettings	<u>£331,782</u>	<u>£278,975</u>	<u>£610,757</u>	<u>£742,135</u>
Voids	<u>£2,357</u>	<u>£7,249</u>	<u>£9,606</u>	<u>£13,974</u>

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2019

3. TRANSFER OF ENGAGEMENTS

	2019	2018
	£	£
Housing properties transferred at valuation	-	245,000
Cash at Bank and in Hand transferred after year end	-	309,927
Monies transferred before year end	-	5,842
	<u>£ -</u>	<u>£560,769</u>

The above net assets were received from Bolney Housing Association as a Transfer of Engagements registered by the FCA on 30 January 2018, the effective date of the transfer. The Housing Properties received were valued by Savills at Existing Use Value for Social Housing (EUV-SH).

4. OPERATING SURPLUS

	2019	2018
	£	£
Operating Surplus is stated after charging:		
Auditor's remuneration (including VAT)		
Audit Services	6,059	6,069
Non Audit Services	3,062	1,092
Depreciation of housing assets	230,633	267,545
Depreciation of other fixed assets	8,872	9,265
Loss on disposal of tangible fixed assets	31,851	-
Amortisation of housing association grants	93,204	93,204

5. INTEREST RECEIVABLE

Bank Interest	<u>37,856</u>	<u>31,027</u>
	<u>£37,856</u>	<u>£31,027</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

Loan Interest	299,066	298,373
Bank Charges and Interest	9,487	7,669
	<u>£308,553</u>	<u>£306,042</u>

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2019

7(a) TANGIBLE FIXED ASSETS: HOUSING PROPERTIES

	Housing Properties held for Letting	Properties Under Construction	Total Properties
	£	£	£
COST			
At 1 st April 2018	19,502,317	127,541	19,629,858
Additions	179,176	286,072	465,248
Disposals	(82,674)	-	(82,674)
At 31 st March 2019	19,598,819	413,613	20,012,432
DEPRECIATION			
At 1 st April 2018	2,195,488	-	2,195,488
Charge for the Year	230,633	-	230,633
Disposals	(50,823)	-	(50,823)
At 31 st March 2019	2,375,298	-	2,375,298
NET BOOK VALUE			
At 31 st March 2019	£17,223,521	£413,613	£17,637,134
At 31 st March 2018	£17,306,829	£127,541	£17,434,370
7(b) SOCIAL HOUSING GRANT (Note 11)			
At 1 st April 2018	9,320,418	-	9,320,418
Received in Year	-	-	-
At 31 st March 2019	9,320,418	-	9,320,418
AMORTISATION			
At 1 st April 2018	960,880	-	960,880
Received in Year	-	-	-
Released to Income in 2019	93,204	-	93,204
	1,054,084	-	1,054,084
CARRYING VALUE			
At 31 st March 2019	£8,266,334	-	£8,266,334
At 31 st March 2018	£8,359,538	-	£8,359,538

Social Housing Grant is disclosed in the Balance Sheet within creditors as deferred income (Note 11)

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2019

8. TANGIBLE FIXED ASSETS: OTHER

	Freehold Office Property £	Housing Furniture & Fittings £	Office Furniture & Equipment £	Total £
COST				
At 1 st April 2018	289,354	218,149	120,313	627,816
Additions	-	-	18,330	18,330
At 31 st March 2019	289,354	218,149	138,643	646,146
DEPRECIATION				
At 1 st April 2018	80,000	191,703	114,176	385,879
Charge for the Year	5,000	2,645	1,228	8,873
At 31 st March 2019	85,000	194,348	115,404	394,752
NET BOOK VALUE				
At 31 st March 2019	£204,354	£23,801	£23,239	£251,394
At 31 st March 2018	£209,354	£26,446	£6,137	£241,937

9. DEBTORS

	2019 £	2018 £
Amounts falling due within one year		
Rent arrears	57,798	92,008
Less : Provision for bad debts	(5,992)	(25,579)
	51,806	66,429
Other debtors and prepayments	121,389	120,617
Amounts due from Bolney Housing Association (see Note 3)	-	309,927
	£173,195	£496,973

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade Creditors	83,747	81,106
Rents in Advance	71,651	65,425
Housing Loans (Note 11)	72,688	128,099
Oxted, Limpsfield & District Housing Association	351,645	-
Other Creditors	60,261	42,640
Accruals	72,845	25,256
Taxation and Social Security	19,214	15,876
Defined Benefit Pension Deficit Provision	-	21,899
Social Housing Grant (Note 11)	93,204	93,204
	£825,255	£473,505

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2019

11. CREDITORS

	2019	2018
	£	£
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Social Housing Grant	8,079,924	8,173,130
Housing Loans	6,998,208	7,069,809
	<u>£15,078,132</u>	<u>£15,242,939</u>
PROVISION FOR LIABILITIES		
Defined Benefit Pension Deficit Provision	-	131,588
Less amounts due within one year	-	(21,899)
	<u>£ -</u>	<u>£109,689</u>
	<u>£15,078,132</u>	<u>£15,352,628</u>
<u>Social Housing Grant</u> (Note 7b)		
To be amortised within one year	93,204	93,204
To be amortised in more than one year	8,079,924	8,173,130
	<u>£8,173,128</u>	<u>£8,266,334</u>
<u>Housing Loans</u>		
Housing loans brought forward	7,197,908	7,380,068
Repayments during the year	(127,012)	(182,160)
Housing Loans carried forward	<u>£7,070,896</u>	<u>£7,197,908</u>
Amount payable in less than one year	72,688	128,099
Amount payable in greater than one year	6,998,208	7,069,809
	<u>£7,070,896</u>	<u>£7,197,908</u>

Housing loans comprise a bond issued by the Housing Finance Corporation in 2014 and bank loans.

The bond, which has a nominal value of £3.5m is repayable in 2044 and has an interest rate of 5.2%. The bond was issued at a premium, with net proceeds amounting to £3,850,830. The premium is being effectively amortised over the life of the loan reducing the nominal interest charge. The balance of the bond at the year end, including the unamortised premium, amounts to £3,786,639.

Bank loans are repayable by monthly, quarterly or six-monthly instalments of principal and interest and are for terms of between 25 and 40 years at interest rates of between 1.21% to 14.26%, the last of which falls to be repaid on dates between 2019 and 2043.

Loans are secured by charges on housing properties.

12. NON EQUITY SHARE CAPITAL

	2019	2018
	£	£
Shares of £1 each issued and fully paid		
At 1 st April 2018	9	13
Shares issued during the year	-	-
Cancellations of shares	-	(4)
At 31 st March 2019	<u>£9</u>	<u>£9</u>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up. Each member holds one share of £1 which carries one vote.

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2019

13. RESERVES

	2019	2018
	£	£
REVENUE RESERVES		
At 1 st April 2018	7,310,100	6,205,955
Total comprehensive income for the year	<u>520,772</u>	<u>1,104,145</u>
At 31 st March 2019	<u><u>£7,830,872</u></u>	<u><u>£7,310,100</u></u>

14. KEY MANAGEMENT PERSONNEL

Key Management Personnel

Key management personnel comprise the Board of Management and the senior management team. The senior management team comprised the Chief Executive and, from January 2019, the Finance Director and the Operations Director.

Emoluments (including benefits in kind)	173,396	127,679
Pension contributions	<u>14,249</u>	<u>12,164</u>
	<u><u>£187,645</u></u>	<u><u>£139,843</u></u>

Non-executive Board members were reimbursed expenses of £289 (2018: £211) for the year.

Chief Executive

The aggregate remuneration paid to the Chief Executive, who was the highest paid employee was:

Emoluments (including benefits in kind and excluding pension contributions)	<u>£117,497</u>	<u>£110,366</u>
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Pension contributions for the Chief Executive amounted to £12,989 (2018: £12,164)

The Chief Executive participated in the SHPS scheme.

15. EMPLOYEE INFORMATION

	2019	2018
	No.	No.
The average weekly number of persons (including the Chief Executive and non-executive Board Members excluding temporary agency staff) employed during the year was:	<u>18</u>	<u>16</u>
	2019	2018
	£	£
STAFF COSTS (FOR THE ABOVE PERSONS)		
Wages and Salaries	674,750	557,132
Social Security Costs	68,672	57,291
Settlement	23,903	-
Pension Costs	<u>28,310</u>	<u>21,378</u>
	<u><u>£795,635</u></u>	<u><u>£635,801</u></u>

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2019

16. UNITS

The number of housing properties in management at 31st March 2019

	2019	2018
Housing accommodation	225	225
Supported Housing and housing for older people	164	164
Housing accommodation let at sub-market rent	5	5
Accommodation managed on behalf of others	144	144
Leaseholds RTB	3	3
	<u>541</u>	<u>541</u>

17. FINANCIAL COMMITMENTS

Capital Commitments

At 31st March 2019 there were no contractual capital commitments made by the Board. The Board had authorised the purchase of properties for consideration of up to £1.97 million.

18. POST BALANCE SHEET EVENTS

With effect from 1 April 2019 the Association received a transfer of engagement from Oxted, Limpsfield & District Housing Association.

	£
Housing properties transferred at valuation	1,340,000
Monies transferred before year end	351,645
	<u>£1,691,645</u>

19. RELATED PARTY TRANSACTIONS

There were no related party transactions.

20. CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of surplus to net cash inflow from operating activities

	2019	2018
	£	£
Total comprehensive income for the year	343,772	1,104,145
Adjustments for non-cash items:		
Depreciation	239,506	276,810
Loss on disposal of tangible fixed assets	31,851	-
(Increase)/Decrease in trade and other debtors	8,009	(14,328)
Increase/(Decrease) in trade and other creditors	429,058	(1,473)
Increase/(Decrease) in pension provisions	(131,588)	(21,063)
Increase in pension liability	177,000	-
Receipt of donated land/assets	-	(560,769)
Adjustments for investing or financing activities:		
Government grants utilised during the year	(93,204)	(93,204)
Interest Receivable	(37,856)	(31,027)
Interest Payable	308,553	306,042
Net Cash Inflow from Operating Activities	<u>1,275,101</u>	<u>965,133</u>

GREENOAK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st MARCH 2019****21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	1 April 2018	Cash flow	Non-cash Items	31 March 2019
	£	£	£	£
Cash at bank and in hand	4,962,962	709,583	-	5,672,545

22. PENSION OBLIGATIONS NOTE – SHPS SCHEME

The Association participates in the Social Housing Pension Scheme (SHPS) a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

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

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

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The Association is currently receiving actuarial advice on whether to buy-out its interest in the scheme or introduce a new employee, as currently there are no employees contributing to the Scheme.

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2019

22. PENSION OBLIGATIONS NOTE – SHPS SCHEME (CONTINUED)

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT LIABILITY

	31 March 2019	31 March 2018
	£'000	£'000
Fair Value of Plan Assets	510	477
Present Value of Defined Benefit Obligation	(687)	(623)
(Deficit) in Plan	(177)	(146)
Net defined benefit liability to be recognised	(177)	(146)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	31 March 2019
	£'000
Defined benefit obligation at start of period	623
Current Service Cost	26
Expenses	2
Interest expense	16
Contributions by employees	10
Actuarial gains due to scheme experience	(21)
Actuarial losses due to changes in demographic assumptions	2
Actuarial losses due to changes in financial assumptions	38
Benefits paid and expenses	(9)
Defined benefit obligation at end of period	687

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	31 March 2019
	£'000
Fair value of plan assets at start of period	477
Interest income	13
Experience on plan assets (excluding amounts included in interest income) - loss	(18)
Contributions by employer	37
Contributions by employees	10
Benefits paid and expenses	(9)
Fair value of plan assets at end of period	510

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2019

22. PENSION OBLIGATIONS NOTE – SHPS SCHEME (CONTINUED)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

	31 March 2019
	£'000
Current service costs	26
Expenses	2
Net interest expense	3
Defined benefit costs recognised in statement of comprehensive income	<u>31</u>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	31 March 2019
	£'000
Experience on plan assets (excluding amounts included in net interest cost) - loss	(18)
Experience gains and losses arising on the plan liabilities – gain	21
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – loss	(2)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - loss	(38)
Total actuarial losses in respect of defined benefit scheme	(37)
Total amount recognised in other comprehensive income - loss	(37)

ASSUMPTIONS

	31 March 2019
	% per annum
Rate of discount	2.28
Inflation (RPI)	3.30
Inflation (CPI)	2.30
Salary Growth	3.30

Allowance for Commutation of Pension for Cash at 75% of maximum Retirement allowance

GREENOAK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 MARCH 2019****22. PENSION OBLIGATIONS NOTE – SHPS SCHEME (CONTINUED)**

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

23. PENSION OBLIGATIONS NOTE – GROWTH PLAN

- a) The Association participated in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state Scheme. The plan is a multi-employer pension plan.
- b) It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the assets are co-mingled for investment purposes and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS102 represents the employer contribution payable.
- c) The Trustee commissions an actuarial valuation of the plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
- d) The Scheme Actuary is currently undertaking the Triennial valuation of the Scheme as at 30 September 2018. The latest figures indicate a funding level of 86%. Under the current and future recovery plan the Association is not required to make any deficit contributions.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the plan as at 30th September 2018. As of this date the estimated employer debt for the association was £7,119.

GREENOAK HOUSING ASSOCIATION LTD
Board Members

Name	Occupation/ Employer	Relevant experience & skills
Paul Calland Chair	Senior Executive	Interim CEO of Harrison Housing Association. Consultant to Redditch Borough Council. Senior executive for over 20 years, leading and managing a variety of successful and complex commercial third sector and public organisations including as Group Director of Assets Grand Union Housing & MD of South Northants up to 2016.
Rowan Carstairs CABE Vice Chair	Consultant and Property entrepreneur	A highly experienced entrepreneur with a proven skill set and a track record in both property and education.
Peju Fabunmi CIHCM	Housing Development Consultant	Peju has over 20 years involvement in the housing sector as a manager and consultant with specific experience in planning, property development and acquisitions. Peju initially qualified as Urban planner and has post graduate diplomas in both Urban Design and Property Development & Planning (RICS accredited). Peju is also a career mentor and CIH Chartered Member.
Robert Hughes	Retired Senior Executive	A qualified housing professional with experience of Chair and NED roles in local and national Registered Providers. Extensive experience as a regulator of social housing for the Housing Corporation. Chair of Mole Valley Housing Association, Board Member of Circle Housing. Former Head of Quality and Improvement and Business Improvement Director with Amicus Horizon Housing Group, and Assistant Director of Housing with South London Family Housing Association.
Martin Large	Retired CEO	CEO to Dec 15 of GLE Group, a leading SME focused property regeneration and business services organisation. Significant senior management and board experience. Former NED at Pocket Living Limited and Hexagon Housing Association. Current NED and chair of Assets and Development at Selwood Housing Society Limited
Louisa Martin	Executive Director & Board Advisor	Louisa has specialised in Capital Markets for 22 years. She is an ex Director at Citigroup and ABN AMRO, and held senior roles at Societe Generale and Daiwa, advising asset manager clients on investment, risk and strategy. She was Director at a Toronto-based real estate brokerage and advisory, and founded an insurance start-up. Louisa is a Director of BIGbleu, a London-based property business, and is a Trustee and Committee Chair at Citizens Advice Brent.

GREENOAK HOUSING ASSOCIATION LTD
Board Members continued

Name	Occupation/ Employer	Relevant experience & skills
Gordon Mattocks CPFA	Retired Accountant	40 years' experience in public sector finance and audit. Worked in new towns, local government, higher education and latterly for 15 years in social housing. Member of various boards/ audit/ risk/ finance committees, including currently Board member of Inquilab and Ekaya housing associations. Audit committee member of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Treasurer/ Executive Committee member of the Housing Internal Audit Forum, the trade association for housing internal audit.
Julia Tyson CIPD (FCIPD)	Executive Director	Portfolio of NED, interim and coaching assignments following over 30 years of large corporate experience at Executive Director level with expertise in HR, strategy and Governance and a passion to use business for good. Significant roles include GHRD at HKA, HR and Communications Director with LV Group and Group HR Director with Wates Group Ltd. Currently NED and Chair of Remuneration Committee at UFI Charitable Trust and Trustee Governor and Chair of Remuneration and Staffing Committee at St Michaels School. Previously NED and Member of Remuneration and Audit Committee at Gibbs and Dandy PLC.
Jane Vessey CFA	Non-Executive Director and University Lecturer	Qualified as CFA (Chartered Financial Analyst). 18 years' experience as fund manager and investment director in Europe and Asia. Non-executive experience in fund management and voluntary sectors. Wide knowledge of investment industry and lectures on investment on Masters degree courses at leading business schools. Owner and MD of Wentworth Advisors; NED and Chair of Risk Committee at Margetts Fund Management; previously Governor of Tolworth Girls' School & 6 th form, NED and served on Risk and Audit committee at Inquilab HA, board member of CFA UK in London