

A photograph of two women in an office environment. The woman on the left is standing and leaning over the desk of the woman on the right. Both are wearing maroon-colored tops. The woman on the right is wearing a headset and smiling broadly at the camera. They appear to be looking at a computer monitor. The background is slightly blurred, showing office equipment and other people.

Financial Statements for the year ended 31 March 2019

Creating homes. Building lives.

 **new charter**
HOMES LIMITED

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Company Information

Registration number

Companies Act 2006

3807022

**Regulator of Social Housing
Registration Number**

L4487

Registered office

Cavendish 249, Cavendish Street
Ashton-under-Lyne
Tameside
Greater Manchester
OL6 7AT

Board members

R. Barker (chair, appointed April 2019)
M. Jassi (chair, resigned March 2019)
S. Akhtar
S. Bibi (co-optee, resigned March 2019)
W. Bray (resigned May 2018)
A. Leah
J. Mutch
H. Roberts (co-optee executive member,
appointed April 2019)
V. Ricci (resigned May 2018)
M. Richmond (resigned March 2019)
H. Roberts (co-optee executive member,
resigned March 2019)
J. Taylor (co-optee, resigned March 2019)

Senior management team

H. Roberts: Group Chief Executive
B. Moran: Company Secretary and Deputy
Chief Executive
A. Powell: Deputy Chief Executive (appointed
April 2018, resigned February 2019)
C. Amyes: Executive Director of
Organisational Transformation (appointed
April 2018, resigned June 2018)
P. Chisnell: Executive Director of Finance
D. Kelly: Group Director of Neighbourhoods
& Support (appointed July 2019)
A. Marshall: Group Director of Asset
Management
K. Marshall: Group Director of Development
I. Munro: Transformation Director (appointed
April 2018, resigned November 2018)
E. Wilson: Group Director of Neighbourhoods
(appointed April 2018, resigned March 2019)

Company Secretary

B. Moran

Bankers

National Westminster Bank Plc.
Manchester City Centre Branch
PO Box 305
Spring Gardens
Manchester
M60 2DB

Auditors

BDO LLP
3 Hardman Street
Manchester
M3 3AT

1. Introduction



Little Bikers

New Charter Homes part funded the 'Little Bikers project in Dukinfield.

Chair's Statement

On behalf of the board of management, I am very pleased to present the Report and Financial Statements for New Charter Homes Limited (NCH) for the 2018/19 financial year.

This document sets out a comprehensive account of our activities during 2018/19 and provides an insight into the efforts made by my colleagues on the board, our executive and by our staff to deliver the Association's objectives.

I would like to take this opportunity to highlight the progress we have made in delivering on our plans and also, looking ahead, to outline our position on the most pressing developing issues in our operating environment.

Delivering Our Plans

We began 2018/19 with a real enthusiasm to deliver on the benefits of the creation of Jigsaw Homes Group and we have maintained the impetus for change throughout the year. Early in the year, we adopted a *Corporate Plan* which identifies four priorities, providing a strategic framework for our efforts to progress the business. These are:

- Caring for our customers, our assets and neighbourhoods
- Building a strong corporate foundation
- Valuing staff
- Growing the business

It has certainly been an exceptionally busy year and there are too many individual initiatives and pieces of good work to highlight in this brief introduction. We set out a detailed account of our work to

deliver on each of our strategic priorities on pages 13–18.

I would however like to highlight here two high-level points which demonstrate the great strides already made in delivering on the promise of Jigsaw Homes Group:

Firstly, in the post-merger period, significant effort has been made to ensure that our new Group is placed on a solid foundation. It is therefore particularly pleasing to note that this work was recognised in July 2019 by our regulator who published ratings for our governance and viability of "G1 V1" following an *In Depth Assessment*.

Secondly, after our first year, together we are already c. £5m ahead of the Group's original business case for merger and this has enabled us to increase our plans to build more homes in the coming years.

The achievement of this level of savings has not been easy and some difficult decisions have had to be made during the last 12 months. In particular I would stress that the decisions to reduce staffing levels have not been taken lightly and I would like to thank our staff for getting on with the day job in what has been an unsettling period for some.

Looking to the Future

Risks Posed By Brexit

The UK's decision to leave the European Union will likely prove to be the defining domestic political issue of this generation. Our analysis indicates however that the Group should be relatively isolated from the potential financial and non-financial effects of *Brexit*.

In the event of a so-called "disorderly" or "disruptive" Brexit, our primary concern will

be to protect our supply chain to ensure that the health and safety of our tenants is not compromised. We have received assurances from our key suppliers on this point but will remain vigilant.

Regulation at a Crossroads

Housing association regulation would appear to be at a crossroads.

One path leads to a sector that will be more highly regulated on consumer issues than in recent years. This is the path that might be more readily anticipated from an analysis of August 2018's Housing Green Paper, *A New Deal for Housing*, and from the subsequent consultation responses submitted to the Green Paper.

Notably, Grenfell Forever and Shelter are not only seeking greater consumer regulation but are strongly lobbying for a new consumer regulator to be created.

Given the recent change in prime minister however it is not at all clear whether the path to greater consumer regulation will be taken. The prime minister is known to have strong deregulatory instincts and his advisors include the architects of the current regulatory settlement.

So we find ourselves in a period of regulatory uncertainty.

Regardless of the path taken by the government, the Association is committed to ensuring that our services are developed through a knowledge of our customer needs and demands gained through good customer intelligence, that we learn from complaints about our services, and that we are transparent about our activities.

We feel that we have already developed some leading work in this area, such as the innovative *Jigsaw Rewards* initiative which enables our tenants to take part online in a menu of consultation activities chosen at their convenience, ranging from photo

activities through to scrutiny panels. We are an 'early adopter' of the National Housing Federation's *Together with Tenants* project which seeks to strengthen the relationship between housing associations and their tenants and residents and we look forward to helping to shape this work in the coming year.

Roli Barker

Association Chair

Our vision:

We want everyone to live successfully in a home they can afford.

Our mission:

Creating homes. Building lives.

Our values and behaviours:



About Us

We are a member of Jigsaw Homes Group which was formed in 2018 through the merger of two of the housing sector's leading organisations: Adactus Housing Group and New Charter Housing Trust. Our new Group brings together 13 organisations working in unison to tackle inequality throughout the North West and East Midlands.

The principal members of the Group are:

- Adactus Housing Association Ltd.
- Aksa Housing Association Ltd.
- Beech Housing Association Ltd.
- Chorley Community Housing Ltd.
- Gedling Homes.
- New Charter Building Company Ltd.
- New Charter Homes Ltd.
- Threshold Housing Project Ltd.

As measured by financial turnover, Jigsaw is the 31st largest housing group in the country¹. The turnover of the Group's principal members is shown in Figure 1 on page 9.

Our Activities

The Association builds, renovates and manages low-cost housing for rent and sale.

The core of our business is centered on the management of 15,732 homes – principally social housing for rent. The location of the homes we manage is shown in Figure 2 on page 10. The Association is active in two local authority areas.

We work to help regenerate neighbourhoods and increase life opportunities for disadvantaged individuals and communities.

We also provide a range of supported housing services to help people live independently and to successfully maintain their tenancies. This work is often funded through external contracts which are delivered on a commercial basis.

Vision, Mission and Corporate Values

Vision

Our Vision is:

"We want everyone to live successfully in a home they can afford."

Mission

We will do this by:

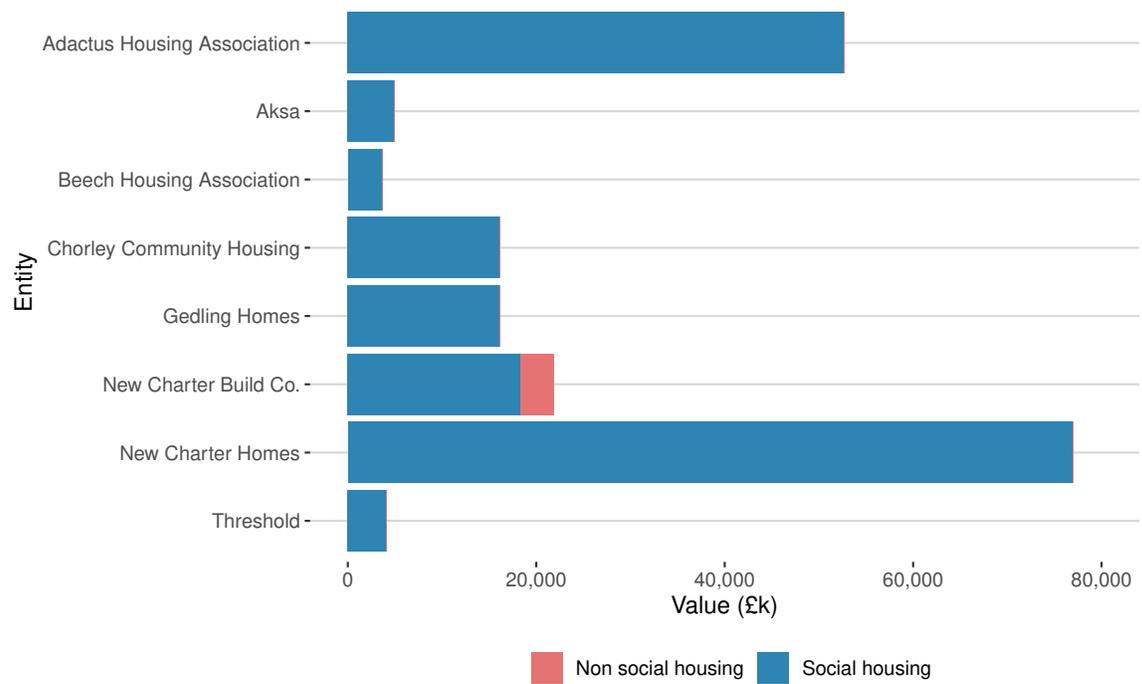
"Creating homes. Building lives."

Corporate Values

We will ensure that the following values are evident through our work:

- Empowerment
- Social Impact
- Efficiency
- Collaboration
- Innovation

¹<https://www.gov.uk/government/publications/2018-global-accounts-of-private-registered-providers>



Source: Financial Statements 2018/19.

Figure 1: Our turnover in comparison to other members of the Jigsaw Group.

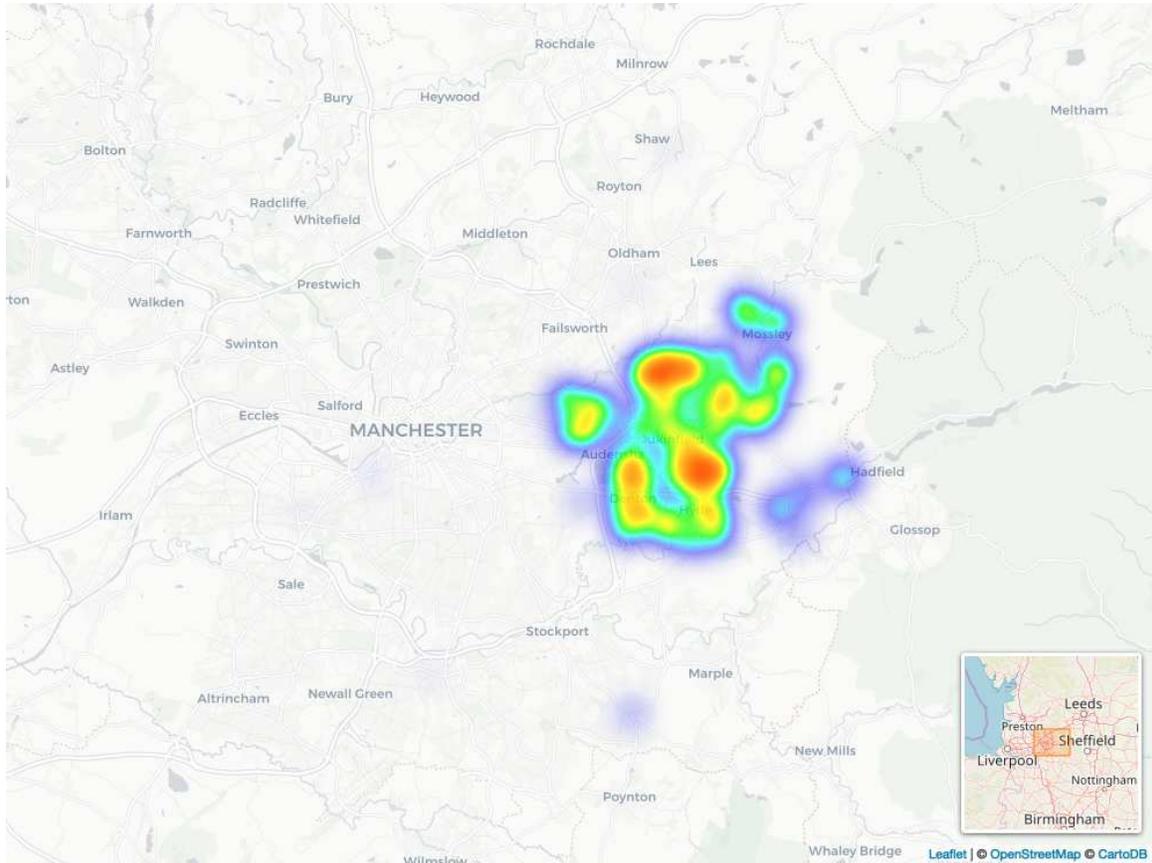


Figure 2: Location of housing stock – shading shows concentrations.

2. Strategic Report



Its a WIN for Motiv8
Motiv8 win at Housing Heroes Awards.

Review of the Year

Operational Performance

The Association has established a suite of performance measures to track performance against its corporate objectives. Year-end performance is shown in Table 1 on page 14 and is discussed below.

Caring for Our Customers, Our Assets and Neighbourhoods

Table 1 on the next page shows that 14 of the 17 KPIs established to monitor the delivery of this strategic objective were achieved in the year. Consequently, the board is satisfied with performance in this area and would highlight the following areas of particular note:

During the year, rent lost due to empty properties — (*Void Loss*) — was 0.78%, within the board's target of 1.01%². This supported the Association's ability to let homes effectively with 1,366 properties re-let in the year. We estimate the social value generated for tenants from new lettings in the year to be £1.6m.

Tenancy services are generally accessed via the Group's contact centre, Connect. *Lost Calls* performance was 6.9% against a target of 15%. More than 71.6% of all enquiries were resolved 'right first time' and customer satisfaction with the service stood at 92.1% at the year end.

Building a Strong Corporate Foundation

The board is pleased to report that Association remains financially robust, well managed and has made a strong start in its

first year of helping to deliver the Group's Business Case for Merger. Table 1 on the following page shows that four of the five KPIs established to monitor the delivery of this strategic objective were achieved in the year. As the out of target performance was only marginal, the board is very satisfied with performance in this area. *Operating Surplus* is in line with original forecasts and amounted to £22.7m or 29.5% of turnover.

A summary of the Association's recent financial results are shown in Table 2 on page 15 and highlights of the Association's financial position are shown in Table 3 on page 15.

The board is pleased to report that *Total Comprehensive Income* is above original forecasts and amounted to £4.4m or 5.7% of turnover.

Jigsaw holds a rating with Moody's Investors Service of "A3 with Positive Outlook".

With regard to loan finance, during the year the Association repaid £0m in line with agreed debt profiles. £0m of loan finance was draw-down in the year. At the year-end debt borrowings amounted to £325m, maturing as outlined in the notes to the Financial Statements on page 54.

Valuing Staff

KPIs for this strategic priority were established during year so that the board could monitor staff sentiment. In a year of radical change however, the board decided against setting targets.

With staff reductions across the Group during the year, the board recognises that this has understandably been a difficult period for some employees. It is pleased to

²Void loss KPI excludes non-residential, managed and low cost home ownership properties

Priority	KPI	Target	Actual
Caring for our customers, our assets and neighbourhoods			
Very high	Current Tenant Arrears	2.7%	2.5%
Very high	Customer Net Promoter Score	40	18
Very high	Income Collected	99%	100.3%
High	Out-of-date Fire Risk Assessments	0	0
High	Satisfaction with Repairs	88%	89.2%
High	Void loss	1.01%	0.78%
Medium	Average Time for Non-Emergency Repairs	15 days	12.4 days
Medium	Emergencies Attended and Made Safe within 24hrs	97%	97.8%
Medium	Energy Performance of Stock - No. Properties Below EPC Level D	-	15
Medium	Enquiry Resolved at First Point of Contact	70%	72.8%
Medium	Lost/Abandoned Calls	15%	6.6%
Medium	Median Void Loss - General Needs	£ 300	£ 329
Medium	Median Void Loss - Retirement Living	£ 400	£ 661
Medium	Median Void Loss - Supported	£ 100	£ 174
Medium	Progress of Planned Programme	4570	3645
Medium	Properties with Invalid Gas Certificates during Reporting Period	-	129
Medium	Responsive and Void Cost Per Unit	£ 593	£ 589
Medium	RIDDOR incidents	0	0
Medium	Satisfaction with handling of ASB Case	70%	77.5%
Building a strong corporate foundation			
● Very high	EBITDA MRI Interest Cover	137.8%	164.8%
● Very high	Gearing	65.6%	65.1%
● Very high	Headline Social Housing Cost Per Unit	£ 2,920	£ 2,791
● Very high	Operating Margin	31.0	30.4
● High	Return on Capital Employed	4.8%	4.9%
Valuing staff			
Medium	Staff Churn	-	4.7%
Medium	Staff Net Promoter Score	-	-
Medium	Staff Sickness	-	3.7%
Growing the business			
● High	New Supply Delivered	0.4%	0.8%
High	Units Delivered	127	124
● High	Reinvestment	3.2%	1.6%

● Value for Money metric
 Red text indicates out of target performance

NCH

Table 1: KPI performance at the year end.

Year	Turnover	Operating expenditure	Operating surplus	Total comp. income	Total comp. income
	£'000	£'000	%	£'000	%
2015	69,457	51,347	26	914	1
2016	72,257	49,304	29	2,619	4
2017	72,554	49,083	33	5,840	8
2018	75,267	52,007	27	2,712	4
2019	76,965	55,421	29	4,403	6

The above figures are extracted from previous Financial Statements based on accounting standards effective at those dates.

Table 2: Five-year financial performance

Year	2019	2018	2017	2016	2015
Housing properties at cost	520,760	476,565	468,398	460,171	454,349
Properties for sale	—	—	456	—	—
Cash at bank and short-term deposits	14,039	7,358	11,420	5,423	11,791
Creditors amounts falling due within one year	6,720	14,553	12,350	8,838	11,226
Net current assets / (liabilities)	21,064	8,899	15,322	15,081	14,939
Total assets less current liabilities	502,584	494,183	492,585	484,264	478,447
Creditors amounts falling due after more than one year	337,084	333,086	334,200	331,719	328,521
Capital and reserves	165,500	161,097	158,385	152,545	149,926

The above figures are extracted from previous Financial Statements based on accounting standards effective at those dates.

Table 3: Consolidated financial position.

report however that the Association's *Service Review* programme made good progress in 2018/19. Consequently 2019/20 will prove to be a less uncertain year for the Association's employees.

An estimate of the impact of the Association's development activity during the year is shown in Table 4 on this page and is clearly significant. 305 jobs are estimated to have been supported through the Association's investment in new development in the year.

Growing the Business

Table 1 shows that one of the three KPIs established to monitor the delivery of this strategic objective were achieved in the year.

In 2018/19 the Association delivered 124 units of affordable housing, as shown in Figure 3 on page 16.

The economic impact of housing development can be estimated through the National Housing Federation's CEBR database³.

Homes provided	Jobs supported	Impact
124	305	£13.6m

Table 4: Local economic impact of housing development 2018/19.

The Association's provision of new housing generates wider value for society as new housing provides people with better places to live.

The social value generated from improving the lives of tenants rehoused into the

³<http://www.housing.org.uk/topics/research/economic-impact-tool/>

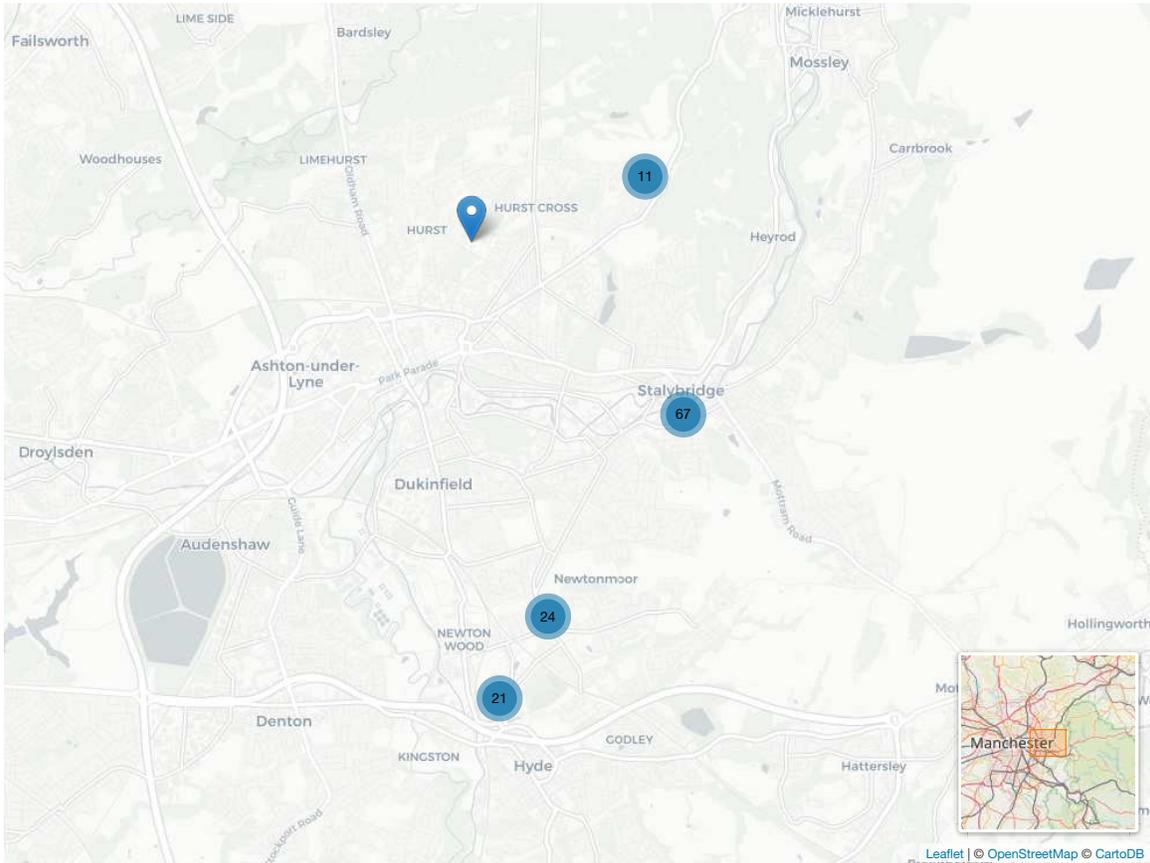


Figure 3: New affordable housing delivered in 2018/19.



Delivering new homes



 **new charter**
HOMES LIMITED



Figure 4: Good design in new housing 2018/19.

Association's new developments in the year is estimated to be in the region of £170,335 per annum.

Through careful architectural design, the Association's housing developments also contribute to improvements to the general built environment and towards efforts to reduce carbon emissions. Figure 4 on page 17 presents a selection of the new housing delivered by the Association in 2018/19, showcasing high design standards.

The Association's development strategy will yield 343 new affordable homes between 2019 and 2022.

This is expected to inject an additional £32.3m into the local economies, supporting in excess of 68.5 jobs per annum, and providing social value to new tenants of up to £1.2m per annum.

At 31 March 2019, 10 properties were on-site.

3. Governance



Summers Quay, Stalybridge
Burying a time capsule at the official launch event.

Governance Structure

New Charter Homes Limited is a subsidiary of Jigsaw Homes Group. The Group's current corporate and governance structure is shown in Figure 5 on page 22. Figure 5 highlights how the Group uses overlapped boards to simplify its governance arrangements and to make the best use of the shared skill-set of our board members, trustees, and directors.

A *Governance Review* was undertaken in 2018 with the aim of simplifying the Group's corporate structure. During 2019/20 we will implement the recommendations of the Review and work towards the implementation of a new corporate structure as shown in Figure 6 on the next page alongside further harmonisation of our governance arrangements.

Current Board Members

Roli Baker

Chair

Appointed April 2019

Roli is an experienced project manager who has worked on a range of projects from international corporate events to the London 2012 Olympic and Paralympic Games. Roli is currently working on the design, implementation and delivery of a £1.2 million project to transform Greater Manchester's private rented sector. During her career, Roli has been able to develop a range of skills, including working with local communities, developing relationships with key stakeholders and fundraising. Roli is a fellow of the Royal Society of Arts and a member of the Institute of Fundraising.

Shoab Akhtar

Attendance: 4/5 meetings

Shoab is currently employed by Onward Homes and has served as a councillor on Oldham Council since 2000, sitting on various committees and holding different cabinet portfolios. He was mayor of Oldham in 2008/09, and served as deputy leader from 2011 to 2014 and is currently a member of the planning committee. Shoab is also a governor at Oldham Sixth Form College and a member of the Oldham Enterprise Trust.

Andrew Leah

Attendance: 5/5 meetings

Andrew spent his career in local government. In 2000 he became responsible for all private sector housing functions within a local authority and was subsequently promoted to head of housing and planning before retiring in March 2013. In this role he was responsible for a range of council services and delivered performance improvements and significant efficiency savings during times of financial cuts.

Janet Mutch

Attendance: 4/5 meetings

Janet brings a wealth of customer service and employment knowledge to the Board through her role as retail manager for Willow Wood Hospice. Living and working in Tameside gives Janet a strong understanding of the issues facing our customers and the wider community.

Hilary Roberts

Group Chief Executive

Appointed as co-optee April 2019

Hilary is the group chief executive of Jigsaw. She has lead responsibility to work with the board of management to develop and implement corporate strategy.

She has a strong background in business growth and property development having



Figure 5: Corporate and governance structure — board meetings for organisations below the bold headings are held contemporaneously using overlapped meetings.

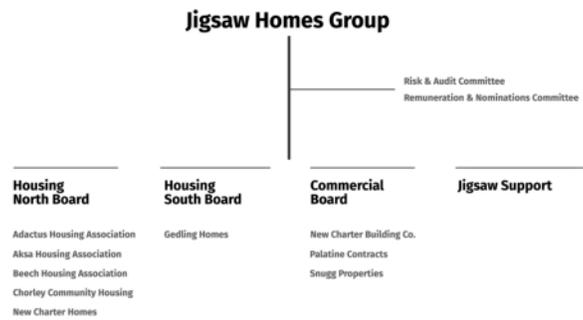


Figure 6: New corporate and governance structure — we will work towards implementing this simplified structure during 2019.

held senior roles in this area for over 20 years.

Corporate Responsibility

Employees

The Association recognises that the success of the business depends on the quality of its managers and staff. It is the policy of the Group and Association that training, career development and promotion opportunities should be available to all employees.

The board is aware of its responsibilities on all matters relating to health & safety. The Group has prepared detailed health & safety policies and provides staff training and education on health & safety matters.

Diversity and Inclusion

The Association recognises its responsibilities to provide equality of opportunity, eliminate discrimination and promote good relations in its activities as a landlord, managing agent, employer, contractor, partner and purchaser.

We are totally opposed to all forms of discrimination on the grounds of race, national origin, ethnic origin, nationality, religion, belief or lack of religion or belief, gender, gender reassignment status, being married or a civil partner, pregnancy or maternity, sexual orientation, disability or age.

The Association's policy in this area is available to download from the Jigsaw website: search for 'equality and diversity'.

Modern Slavery and Human Trafficking Statement

The Association is absolutely committed to preventing slavery and human trafficking in its corporate activities and to ensuring that

its supply chains are free from slavery and human trafficking.

The Association's policy in this area is available to download from the Jigsaw website: search for 'modern slavery'.

Risk Management and Internal Controls

The board has overall responsibility for the system of internal control and risk management across the Association and for reviewing its effectiveness. The board also take steps to ensure the Association adheres to the Regulator of Social Housing's Governance and Financial Viability Standard and its associated Code of Practice. The Risk & Audit Committee is responsible to the board for monitoring these arrangements and reporting on their effectiveness.

Risk Management

Figure 7 on page 24 summarises the Association's risk map at 31 March 2019. The assessment shows 39 risks which could impact on the delivery of the Association's corporate objectives.

The diagram shows how the Association controls work to mitigate the likelihood or impact of risks. As a result, the residual assessment of all risks falls within the acceptable levels defined in the Group's *Risk Management Strategy*.

Figure 7 also shows how the the Association's's risk register is dominated by 'People' risks – predominantly Health & Safety concerns. The Association has adopted a comprehensive *Health & Safety Policy* to ensure that these risks are given due attention.

Our most significant residual risks are:



The area of each rectangle is proportional to the assessment of Inherent Risk, darker shading indicates higher Residual Risk.

Figure 7: Risk analysis — significant risks are adequately controlled.

- Control failure leads to death or injury from fire.
- Control failure leads to death or injury from gas.
- Control failure leads to death or serious injury (staff/3rd party).
- Ineffective Safeguarding of staff, customers and third parties.

In accordance with the Group's *Risk Management Strategy*, the risk map is reviewed quarterly by the Group's Risk & Audit Committee and by board. The Committee presides over a programme of internal audit work which is based on the risks identified.

Internal Controls Assurance

The board acknowledges its overall responsibility for establishing and

maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is on-going and has been in place throughout the period commencing 1 April 2018 up to the date of approval of this document.

Key elements of the control framework include:

- Formal policies and procedures are in place, including the documentation of key processes and rules for the delegation of authorities (Scheme of Delegation). These policies and procedures are reviewed by the board

- and executive management team on an agreed cycle.
- A performance management framework is in place to provide monitoring information to the board and management. Employee progress against agreed, documented objectives is formally reviewed.
 - Management report regularly on risks and how these are managed.
 - The board receives quarterly information on the financial performance together with a summary of key performance indicators covering the main business risks.
 - Forecasts and budgets are prepared which allow the board and management to monitor financial objectives and risks. Monthly management accounts are prepared promptly and reported to board on a quarterly basis; with significant variances from budget investigated and accounted for. This reporting includes the monitoring of all loan covenants.
 - A robust approach to treasury management which is supported by third party advisors.
 - Regular monitoring of loan covenants and requirements of new loan facilities.
 - All significant new initiatives and projects are subject to formal appraisal and authorisation procedures by the appropriate board; with clear links to the requirements of the Risk Management Policy.
 - The Remuneration and Nominations Committee has oversight of the Association's approach to board appraisal, recruitment and succession.
 - Experienced and suitably qualified employees are responsible for important business functions.
 - A co-sourced Internal Audit service is provided by the Group, incorporating a team managed by a qualified, full-time employed audit manager complemented by third party expertise. The Risk & Audit Committee approves the annual audit plan and reviews Internal Audit reports as well as those from management and any third-party reviews including reports from tenant scrutiny.
 - The Risk & Audit Committee reports quarterly to the board and reviews the assurance procedures, ensuring that an appropriate range of techniques are used to obtain the level of assurance required by the board.
 - Risks are identified, assessed and documented in a risk register with details of how each risk will be managed. The risk register is reviewed on a quarterly basis by the executive management team and Risk & Audit Committee. Quarterly Risk Updates are also provided to each board within the Group. Internal audit independently reviews the risk identification procedures and control process implemented by management and reports to Risk & Audit Committee.
 - The executive management team also reports to the board on behalf of the senior management team on significant changes in the business and external environment which affect significant risks.
 - The Group's Probity and Anti-Fraud Policy clearly lays out the approach to be taken with respect to whistle-blowing, anti-corruption and fraud.

- The Risk & Audit Committee and board reviews and approves this statement of the Association's internal controls assurance.

A fraud register is maintained by the Group Company Secretary and any fraud is reported to the Risk & Audit Committee.

The Association uses various financial instruments including loans, cash and other items such as rent arrears and trade creditors that derive directly from its operations. The main purpose of these financial instruments is to raise finance for the delivery of the Association's objectives.

The existence of these financial instruments exposes the Association to a number of financial risks. The main risks arising from the Association's financial instruments are considered by board to be interest rate risk, liquidity risk and credit risk. The board as part of its overall Risk Management Strategy and Treasury Management Strategy reviews and agrees policies for managing each of these risks as summarised below.

Interest Rate Risk

The Association finances its operations through a mixture of retained surpluses and bank borrowings. The Association's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities.

The Association currently borrows from a variety of lenders at both fixed and floating rates of interest. The Association's Treasury Management Strategy targets the level of fixed rates of interest to be up to 100% of its loan portfolio. At the year-end 88% (2018: 89%) were at fixed rates between 4.4% and 7.6% with an average borrowing rate of 5.5%.

Liquidity Risk

The Association seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and wisely.

The Association has a clear focus on cash collection and monitors cash-flow forecasts closely and regularly, to ensure it has sufficient funds to meet its business objectives, pay liabilities when they fall due and ensure adequate liquidity with respect to emerging risks.

With respect to short term liquidity, at the year-end the Association had access to £14m (2018: £7.4m) of cash balances and in excess of £23.5m (2018: £21m) of undrawn committed bank facilities.

Credit Risk

The Association operates a prudent policy in respect of funding counterparties and aims to minimise the risk of financial loss or liquidity exposure associated with any counterparty. Short term investments are widely diversified and are kept at a minimum by temporarily repaying revolving credit facilities in order to manage working capital requirements. During 2019 all cash investments were held with counterparties which met the Group's Treasury Management Strategy.

The Association seeks to minimise the credit risk relating to tenant rent arrears through its robust recovery procedures, providing support to existing tenants where necessary and by pre-let screening applicants for new tenancies. The Group's financial inclusion service provides the necessary support to tenants and the Group's arrears recovery team closely monitors tenant arrears as a whole.

Compliance

This document has been prepared in accordance with applicable reporting standards and legislation. The board confirms that the Association has complied with the regulator's Governance and Financial Viability Standard.

NHF Code of Governance

The Association has adopted *Excellence in Governance* (National Housing Federation, 2015) as its Code of Governance. The board is pleased to report full compliance with the Code.

Statement of Responsibilities of the Board for the Report and Financial Statements

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Under the Companies Act 2006 and social housing legislation the board are required to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the *Statement of Recommended Practice: Accounting by registered social housing providers 2014* 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 group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Association and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the *Statement of Recommended Practice: Accounting by registered social housing providers 2014*.

Financial statements are published on the Association's website of in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Going Concern

The Financial Statements have been prepared on a going concern basis which

assumes an ability to continue operating for the foreseeable future.

Auditor

All of the current board members have taken the steps that they ought to have taken to ensure they are aware of any information needed by the Association's auditor for the purposes of their audit, and to establish that the auditor is aware of that information. The board members are not aware of any relevant audit information of which the auditor is not aware.

BDO LLP has expressed their willingness to continue in office as the Association's auditors.

Approved by the board on 23 September 2019.

Signed on their behalf:

Roli Barker

Association Chair



Litter Heroes

Bradley Green Primary Academy pupils become Litter Heroes.

4. Financial Statements

Independent Auditor's Report to the Members of New Charter Homes Limited

Opinion on the Financial Statements

We have audited the Financial Statements of New Charter Homes Limited ("the Association") for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 Association's affairs as at 31 March 2019 and of the and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Companies Act 2006, 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 members use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the board members 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 board are responsible for the other information. Other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does

not cover the other information 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 including the Strategic Report, 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 we are required by the Companies Act 2006 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the Financial Statements are prepared is not consistent with the Financial Statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association Financial Statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the board members responsibilities statement set out on page 27, 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 members 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 are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Companies Act 2006. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Knowles, Senior Statutory Auditor, For and on behalf of BDO LLP, Statutory Auditor Manchester Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

Year ended 31 March 2019		2019	2018
	Notes	£'000	£'000
Turnover	3	76,965	75,267
Cost of sales	3	-	(3,997)
Operating expenditure	3	(55,421)	(52,007)
Profit on disposal of fixed assets	3, 5	1,134	1,319
Operating surplus	8	22,678	20,582
Interest receivable	6	23	8
Interest and financing costs	7	(18,417)	(17,878)
Movement in fair value of Investment Properties	11	(260)	-
Gift Aid	24	379	-
Surplus for the year		4,403	2,712
Total comprehensive income for the year		4,403	2,712

The Financial Statements on pages 34 to 36 were approved and authorised for issue by the Board on 23 September 2019 and were signed on its behalf by:

R.Barker
Chair

B. Moran
Secretary

The results for the year relate wholly to continuing activities and the notes on pages 37 to 57 form an integral part of these Financial Statements.

Statement of Financial Position

At 31 March 2019		2019	2018
	Notes	£'000	£'000
			Restated
Fixed assets			
Tangible fixed assets	11	472,410	476,565
Other Tangible Fixed Assets	11	9,110	8,719
		481,520	485,284
Current assets			
Trade and other debtors	13	13,745	16,094
Cash and cash equivalents	15	14,039	7,358
		27,784	23,452
Less: Creditors: amounts falling due within one year	16	(6,720)	(14,553)
Net current assets		21,064	8,899
Total assets less current liabilities		502,584	494,183
Creditors: amounts falling due after more than one year	17	(337,084)	(333,086)
Total net assets		165,500	161,097
Reserves			
Non-equity share capital	20	-	-
Revenue reserve		165,500	161,097
Total reserves		165,500	161,097

The Financial Statements on pages 34 to 36 were approved and authorised for issue by the Board on 23 September 2019 and were signed on its behalf by:

R.Barker
Chair

B. Moran
Secretary

The notes on pages 37 to 57 form an integral part of these Financial Statements.

Statement of Changes in Equity

Year ended 31 March 2019	Non-equity share capital	Revenue reserve	Total
	£'000	£'000	£'000
Balance at 31 March 2018	-	161,097	161,097
Surplus from Statement of Comprehensive Income	-	4,403	4,403
Balance at 31 March 2019	-	165,500	165,500

The Financial Statements on pages 34 to 36 were approved and authorised for issue by the Board on 23 September 2019 and were signed on its behalf by:

R.Barker
Chair

B. Moran
Secretary

The notes on pages 37 to 57 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. Legal Status

New Charter Homes Limited is incorporated in England under the Companies Act 2006 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing.

The registered office is Cavendish 249, Cavendish Street, Ashton-under-Lyne, Tameside, OL6 7AT.

The Association is a member of the Jigsaw Homes Group Structure (the Group), of which Jigsaw Homes Group Limited is the parent company. Jigsaw Homes Group was created on 3rd April 2018 when there was a transfer of engagements of all the trade and assets, including ownership of all subsidiary undertakings, from New Charter Housing Trust Limited to Adactus Housing Group Limited. Following this merger Adactus Housing Group changed its name to Jigsaw Homes Group Limited. The Group comprises the following principal entities:

Name	Incorporation	RSH registration
Adactus Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Aksa Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Beech Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Chorley Community Housing Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Cavendish Property Developments Limited	Companies Act 2006	Non-registered
Family Support Charity	Charities Act 2011	Non-registered
Gedling Homes	Companies Act 2006	Registered
Great Neighbourhoods	Charities Act 2011	Non-registered
New Charter Building Company Limited	Companies Act 2006	Non-registered
New Charter Homes Limited	Companies Act 2006	Registered
Palatine Contracts Limited	Companies Act 2006	Non-registered
Snugg Properties Limited	Companies Act 2006	Non-registered
Threshold Housing Project Limited	Charities Act 2011	Non-registered

Table 5: Principal group members.

2. Principal Accounting Policies

Basis of Accounting

The Financial Statements, which have been prepared under the historic cost basis, have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for New Charter Homes Limited includes the Companies Act 2006, the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing

Providers 2014, “Accounting by registered social housing providers”, the Accounting Direction for Private Registered Providers of Social Housing 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association’s accounting policies.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association’s accounting policies.

The Association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Basic Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated Financial Statements of Jigsaw Homes Group Limited as at 31 March 2019 and these Financial Statements may be obtained from their registered office.

Going Concern

The Financial Statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

Judgements and Key Sources of Estimation Uncertainty

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

Development expenditure

The Association capitalises development expenditure in accordance with the accounting policy described on page 42. Initial capitalisation of costs is based on management’s judgement when a development scheme is confirmed, usually when board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Categorisation of housing properties

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals.

Impairment

The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Other key sources of estimation and assumptions:

Tangible fixed assets

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

Revaluation of investment properties

The Association carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Association engaged independent valuation specialists to determine fair value at 31 March 2019. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate.

Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Turnover and Revenue Recognition

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

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

Revenue is recognised on completion if the sale of goods or services is short-term in nature. Where this is not the case, revenue is recognised in proportion to the stage of completion at the reporting date. Revenue recognition commences only when the outcome of the goods and services rendered can be reliably measured, by reference to individual terms and conditions within each service contract, and it is probable that the economic

benefits associated with the contract will flow to the Association, otherwise it is recognised to the extent costs are incurred.

Supporting People contract income received from Administering Authorities is accounted for as 'Charges for support services'.

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years in consultation with residents. Until costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loan Interest Costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan Finance Issue Costs

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

Taxation

The Association has been granted exemption from taxation under the provision of Section 505 of the Income and Corporation Taxes Act 1988 because of its charitable status.

Value Added Tax

The Association charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the Financial Statements are inclusive of VAT to the extent that it is suffered by the Association and not recoverable.

Tangible Fixed Assets and Depreciation

Housing properties

Housing properties are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, e.g. a local authority, are included as an asset and equal liability in the Statement of Financial Position at the fair value less consideration paid.

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

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 the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Freehold land is not depreciated.

Major repairs to properties of a capital nature, which will result in an increase in the net rental income over the life of the property, are capitalised under the component accounting principles described below.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELS), each component is accounted for separately and depreciated over its individual UELs. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELS for identified components are as follows:

Component	Years
Boilers	15
Kitchens	20
Lifts	25
Bathrooms	30
Doors	30
Windows	30
Roofs	80
Structure	100

Table 6: Useful Economic Lives.

Other fixed assets

Other tangible fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following rates:

Asset type	Rate
Land & buildings	3.33% on cost or length of lease
Furniture, fixtures & fittings	10% per annum on cost
Office & computer equipment	25% per annum on cost
Motor vehicles	25% per annum on cost

Table 7: Fixed Asset Depreciation Rates.

Capitalisation of Interest and Administration Costs

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

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

Property Managed By Agents

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

Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Association. In both cases, the assets and associated liabilities are included in the Statement of Financial Position.

Leasing

Rental payments under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Assets held under finance leases are included in the Statement of Financial Position and depreciated in accordance with the Association's accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income statement for the period of the lease in proportion to the balance of capital repayments outstanding.

Investment Property

Investment property includes commercial and other properties not held for the social benefit of the Association.

Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the

reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Current Asset Investments

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

Stock and Properties Held for Sale

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

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

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

Debtors and Creditors

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

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

Financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in the Statement of Comprehensive Income immediately.

Social Housing Grant (SHG) and Other Government Grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover.

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

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

Grants due from government organisations or received in advance are included as current assets or liabilities.

Non-Government Grants

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

Recycling of Capital Grant

Where SHG is recycled, as described above, the SHG is credited to a fund which appears as a creditor in the Statement of Financial Position, until used to fund the acquisition of new

properties. Where recycled grant is known to be repayable it is shown as a creditor within one year in the Statement of Financial Position.

If there is no requirement to recycle or repay the grant on disposal of an asset any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Disposal Proceeds Fund (DPF)

Receipts from the sale of certain properties less the net book value of the property and the costs of disposal are credited to the DPF. In these cases, the creditor is carried forward until it is used to fund the acquisition of new social housing.

Financial Instruments

Financial assets and liabilities are measured at fair value (including transaction costs).

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

- The best evidence of fair value is a quoted price in an active market.
- When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Financial instruments held are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at cost less impairment.
- Financial liabilities such as loans are held at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity are held at cost less impairment.

3(A). Turnover, Cost of Sales, Operating Expenditure and Operating Surplus

	2019				
	Turnover	Cost of sales	Operating expenditure	Disposal of property, plant & equipment	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 3B)	70,676	-	(50,721)	-	19,955
Other social housing activities:					
Disposal of fixed assets (Note 5)	-	-	-	1,134	1,134
Other	6,290	-	(4,700)	-	1,590
Other non-social housing activities					
Other rental	(1)	-	-	-	(1)
Total	76,965	-	(55,421)	1,134	22,678

	2018				
	Turnover	Cost of sales	Operating expenditure	Disposal of property, plant & equipment	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 3B)	70,331	-	(52,007)	-	18,324
Other social housing activities:					
Disposal of fixed assets (Note 5)	-	-	-	1,319	1,319
Other	371	-	-	-	371
Other non-social housing activities					
Other rental	56	-	-	-	56
Other activities	4,509	(3,997)	-	-	512
Total	75,267	(3,997)	(52,007)	1,319	20,582

3(B). Turnover and Operating Expenditure

	General Housing £'000	Supported housing and housing for older people £'000	Total 2019 £'000	Total 2018 £'000
Income				
Rent receivable net of identifiable service charges and net of voids	63,491	2,782	66,273	66,089
Service charge income	2,772	1,516	4,288	4,142
Amortised government grants	115	-	115	100
Turnover from social housing lettings	66,378	4,298	70,676	70,331
Operating expenditure				
Management	18,384	1,192	19,576	16,109
Service charge costs	1,755	625	2,380	3,623
Routine maintenance	8,626	320	8,946	11,091
Planned maintenance	3,206	119	3,325	2,940
Major repairs expenditure	3,559	1,406	4,965	5,898
Bad debts	692	-	692	560
Depreciation of housing properties	10,275	446	10,721	11,640
Other costs	116	-	116	146
Operating expenditure on social housing lettings	46,613	4,108	50,721	52,007
Operating surplus on social housing lettings	19,765	189	19,955	18,324
Void losses	571	37	608	658

4. Accommodation Owned, Managed and in Development

	2019 No. of units Owned	2018 No. of units Owned
Social Housing		
General needs housing		
Social rent	12,106	12,362
Affordable rent	2,178	1,949
Market Rent	88	
Sheltered housing for older people	680	680
Supported housing	121	107
Properties managed for others	-	67
Leasehold where the Association owns the freehold	555	201
Low-cost home ownership	4	4
Total units social housing	15,732	15,370

In development	2019	2018
	No. of units	No. of units
Social Housing		
General needs housing		
Affordable rent	10	122
Total units social housing	10	122

Movement in the year (owned properties)	No.of units
Opening number of units at 1 April 2018	15,370
New units developed	123
New units acquired	1
Units sold	(32)
Other adjustments	270
Closing number of units at 31 March 2019	15,732

5. Profit on Disposal of Fixed Assets

	2019	2018
	£'000	£'000
Proceeds of sales	2,133	2,517
Carrying value	(999)	(1,198)
Total profit	1,134	1,319

6. Interest Receivable

	2019	2018
	£'000	£'000
Bank interest receivable	23	8
Total	23	8

7. Interest and Financing Costs

	2019	2018
	£'000	£'000
Loans and bank overdrafts	18,536	18,266
Amortisation of loan fees	83	83
Interest on DPF (Note 19)	-	7
Interest capitalised on housing properties under construction	(202)	(478)
Total	18,417	17,878

The weighted average interest on borrowings of 5.5% (2018: 4.8%) was used for calculating capitalised finance costs.

8. Operating Surplus

	2019	2018
	£'000	£'000
The operating surplus is stated after charging:		
Auditor's remuneration (excluding VAT):	11	13
Operating lease rentals:		
Depreciation:		
Depreciation of housing properties	10,721	11,640
Depreciation of other fixed assets	85	146

9. Directors' Remuneration

The group chief executive, executive directors and non-executive directors are remunerated by Jigsaw Homes Group Limited. Their costs are recharged to all Group subsidiaries on an on-going basis.

Directors (key management personnel) are defined as members of the Board, the group chief executive and any other person who is a member of the senior management team or its equivalent. There were no pension payments made in 2018/19 for the group chief executive, who was the highest paid director.

10. Employee Information

	2019	2018
	No.	No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Housing, support and care	28	80
Total	28	80

	2019	2018
	£'000	£'000
Staff costs		
Wages and salaries	1,997	1,869
Social security costs	181	167
Other pension costs	194	174
Total	2,372	2,210

During the year, there were no employees who received more than £60,000 per annum in salary payments (including pension and redundancy payments).

11. Tangible Fixed Assets

Housing properties	Social housing properties for letting completed £'000	Social housing properties for letting under construction £'000	Total housing properties £'000
Cost			
At start of the year	499,338	15,964	515,302
Additions to properties acquired	(56)	4,311	4,255
Capitalised administration costs	-	172	172
Interest capitalised	-	203	203
Transfers to/from investment properties	(736)	-	(736)
Component replacements	3,656	-	3,656
Components replaced	(1,024)	-	(1,024)
Schemes completed	18,258	(18,258)	-
Disposals	(1,068)	-	(1,068)
At end of the year	518,368	2,392	520,760
Depreciation and impairment			
At start of the year	38,737	-	38,737
Charge for the year	10,721	-	10,721
Components replaced	(1,024)	-	(1,024)
Disposals	(85)	-	(85)
At end of the year	48,349	-	48,349
Net book value:			
At 31 March 2019	470,019	2,392	472,411
At 31 March 2018	460,601	15,964	476,565

	2019 £'000	2018 £'000
Works to existing properties in the year:		
Improvement works capitalised	3,656	7,236
Amounts charged to expenditure	17,236	19,929
Total	20,892	27,165

Other fixed assets	Freehold premises	Investment Properties	Leasehold premises	IT equipment	Furniture and equipment	Total other fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At start of the year	9,440	1,154	401	65	39	11,099
Transfer from housing properties	-	736	-	-	-	736
Movement in value	-	(260)	-	-	-	(260)
At end of the year	9,440	1,630	401	65	39	11,575
Depreciation and impairment						
At start of the year	1,875	-	401	65	39	2,380
Charge for the year	85	-	-	-	-	85
Disposals	-	-	-	-	-	-
At end of the year	1,960	-	401	65	39	2,465
Net book value:						
At 31 March 2019	7,480	1,630	-	-	-	9,110
At 31 March 2018	7,565	1,154	-	-	-	8,719

12. Investment Properties

Investment properties relate to a property owned by the Association but leased to other group entities.

Fair value of the investment properties is based on a valuation on 31-Mar-19 by independent valuer Bruton Knowles. The valuer holds a Royal Institution of Chartered Surveyors qualification and has recent experience in the location and class of investment property being valued. The valuation was made on an existing use value basis in accordance with the RICS Valuation - Professional Standards January 2014 Global & UK Edition (as amended April 2015). A formal valuation is carried out every three years.

13. Trade and Other Debtors

	2019	2018
	£'000	£'000
Rent arrears	5,315	5,183
Less: provision for bad debts	(3,033)	(2,242)
Sub-total	2,282	2,941
Prepayments and accrued income	444	175
Amounts owed by group undertakings	10,177	11,480
Other debtors	842	1,498
Total due within one year	13,745	16,094

A number of tenants in arrears are in formal repayment agreements with the Association. An assessment of the net present value of those repayment agreements was carried out. The potential adjustment identified was insignificant and was less than the provision for

bad debts against those tenancies. On this basis, no adjustment has been made in the Financial Statements in relation to the net present value of the repayment agreements.

14. Investments

The investment relates to money held on deposit at various financial institutions.

15. Cash and Cash Equivalents

	2019	2018
	£'000	£'000
Cash at bank	14,039	7,358
Total	14,039	7,358

16. Creditors: Amounts Falling Due Within One Year

	2019	2018
	£'000	£'000
Loans and overdrafts (Note 17B)	-	2,843
Trade creditors	171	1,093
Social housing grant received in advance	434	893
Amounts owed to group undertakings	1,573	5,394
Rents and service charges paid in advance	1,429	1,246
Accruals and deferred income	1,715	2,397
Deferred capital grant (Note 18)	116	101
Other creditors	1,282	586
Total	6,720	14,553

17(A). Creditors: Amounts Falling Due After More than One Year

	2019	2018
	£'000	£'000
Social housing loans (Note 17B)	324,717	321,791
Deferred capital grant (Note 18)	11,090	9,823
Disposal proceeds fund (Note 19)	1,277	1,472
Total	337,084	333,086

17(B). Debt Analysis

	2019	2018
	£'000	£'000
Social housing loans		
Loans repayable by instalments:		
Within one year	-	2,843
In one year or more but less than two years	-	-
In two years or more but less than five years	30,637	28,349
In five years or more	295,913	295,359
Loans not repayable by instalments:		
Within one year	-	-
In one year or more but less than two years	-	-
In two years or more but less than five years	-	-
In five years or more	-	-
Fair value adjustment on financial instruments	-	-
Less: loan issue costs	(1,833)	(1,917)
Total loans	324,717	324,634

The interest rate profile of the Association at 31				Weighted	Weighted
March 2019 was:	Total	Variable rate	Fixed rate	average rate	average term
	£'000	£'000	£'000	%	Years
Instalment loans	326,550	39,394	287,156	5.50	13.9
Non-instalment loans	-	-	-	-	-
Total loans	326,550	39,394	287,156	5.50	13.9

Loans from external funders are secured by fixed charges on individual housing properties. Housing loans are repayable with interest chargeable at varying rates from 1.1% to 7.6% during the year.

At 31 March 2019 the Association had the following borrowing facilities:	£'000
Undrawn facilities	23,450
Total	23,450

18. Deferred Capital Grant

	2019	2018
	£'000	£'000
At start of the year	9,924	7,824
Grant received in the year	1,397	1,760
Released to income in the year	(115)	(100)
DPF Utilised	-	440
At end of the year	11,206	9,924
Amount due to be released within one year	116	101
Amount due to be released after more than one year	11,090	9,823
Total	11,206	9,924

19. Disposal Proceeds Fund

	2019	2018
	£'000	£'000
At the start of the year	1,472	1,905
Net preserved right to buy receipts	-	-
Use of fund - new developments	(195)	(440)
DPF interest	-	7
At the end of the year	1,277	1,472
Amount three years or older where repayment may be required	-	-

20. Non-Equity Share Capital

The Association is limited by guarantee and therefore has no share capital.

21. Capital Commitments

	2019	2018
	£'000	£'000
Capital expenditure contracted for but not provided for in the Financial Statements	1,929	2,898
Capital expenditure authorised by the Board but not yet been contracted for	51,766	41,244
Total	53,695	44,142
The Association expects these commitments to be financed with:		
Social housing grant	9,295	2,540
Proceeds from the sales of properties	4,243	-
Committed loan facilities and surpluses generated from operating activities	40,156	41,602
Total	53,694	44,142

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

22. Grant and Financial Assistance

	2019	2018
	£'000	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant (Note 18)	11,206	9,924
Recognised as income in Statement of Comprehensive Income	19,866	19,751
Total	31,072	29,675

23. Related Parties

The Jigsaw Group Structure is shown in Note 1.

Jigsaw Homes Group Limited provides core administration, finance, development, management and maintenance services for each of the Group's subsidiaries. All transactions are recharged from the Group under a management agreement at an agreed return on cost.

Charges in the year were:

	Income	Expenditure	Debtors/ (Creditors)
	£'000	£'000	£'000
Jigsaw Homes Group Ltd	43	23,309	10,064
Adactus Housing Association	-	-	(8)
Aksa Homes	44	171	(88)
Cavendish Property Developments	-	4,352	(790)
Threshold Housing Project	53	98	64
Gedling Homes	28	6	(10)
New Charter Building Company	2,525	18,130	(668)

24. Gift Aid

Gift aid of £379k (2018: nil) was received during the year from Group member New Charter Building Company Limited.

25. Financial Instruments

	2019	2018
	£'000	£'000
Financial assets		
Financial assets measured at historical cost		
Trade receivables	2,282	2,941
Other receivables	11,462	13,153
Cash and cash equivalents	14,039	7,358
Total financial assets	27,784	23,452
Financial liabilities		
Financial liabilities measured at amortised cost		
Loans payable	324,717	324,634
Financial liabilities measured at historical cost		
Trade creditors	171	1,093
Other creditors	18,916	21,912
	343,804	347,639

26. Ultimate Controlling Party

The ultimate controlling party of the Association is Jigsaw Homes Group Limited, which is an entity registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing under the Housing Act. The consolidated accounts of Jigsaw Homes Group Limited can be obtained from Cavendish 249, Cavendish Street, Ashton-under-Lyne, Tameside, OL6 7AT or via the Group's website at www.jigsawhomes.org.uk.



Creating homes. Building lives.

Jigsaw Homes Group Ltd.

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Regulated by the Regulator of Social Housing Registration No. LH 4345

Registered under the Co-operative and Community Benefit Societies Act 2014 Registration No. 29433R