

Derwent Housing Association Limited

Consolidated Financial Statements

For the year ended

31st March 2021

Derwent Housing Association Limited

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for the year ended 31 March 2021

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Derwent Housing Association Limited

EXECUTIVES AND ADVISERS

for the year ended 31 March 2021

BOARD

A Daniel (appointed 01 May 2021)
A Winstanley (appointed 01 May 2021)
D Cowans (appointed 01 May 2021)
D Good (resigned 01 May 2021)
D Marriott-Lavery
G Kitchen (resigned 28 February 2021 and reappointed 01 May 2021)
G Waddell (appointed 01 May 2021)
L Lackey (appointed 01 March 2021)
N Hopkins (appointed 01 May 2021)
R Docker (Chair) (resigned 01 May 2021)
R Finn (appointed 01 May 2021)
R Gregory (appointed 01 May 2021)
S Black (appointed 01 May 2021)
T Weightman (appointed 01 May 2021)
Y Taylor (resigned 01 May 2021)

SECRETARY AND HEAD OFFICE

C Martin
Places for People
80 Cheapside
London
EC2V 6EE

PRINCIPAL SOLICITOR

Devonshires Solicitors
30 Finsbury Circus
London
EC2M 7DT

PRINCIPAL BANKER

Barclays Plc
3 Hardman Street
Spinningfields
Manchester
M3 3HF

AUDITOR

KPMG LLP
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Report of the Board

The board of Directors is pleased to present its report and the audited financial statements for the year ended 31 March 2021.

Nature of the Association

The Association is a Registered Provider based in Derby. As note 24 to the Financial Statements indicates, the Association has a diverse social housing stock that is located in an area from Milton Keynes in the south to Sheffield in the north. The student business is operated nationally.

Results

The Association's surplus for the year before taxation was £7.2m (2020: £29.9m).

The Association's key performance indicators and principal risks and uncertainties are aligned with those of the ultimate parent undertaking, Places for People Group Limited, and are included in the consolidated Group accounts.

The Association's strategy is aligned to that of the parent company Places for People Group Limited, as such the Financial Viability Statement and Value for Money information appropriate to the Association can be found in the Group financial statements that can be obtained from the Group's registered office at 80 Cheapside, London, EC2V 6EE.

Review of the year

The turnover for the Association for the year ended 31 March 2021 was £59.4m (2020: £57.3m). The operating profit has decreased year on year at £24.0m (2020: £47.0m). The underlying operating profit, excluding sale of fixed assets and revaluation of investment properties, has increased by 4% from £23.3m to £24.1m. The underlying operating margin has dropped to 40.6% (2020: 40.7%). During the COVID-19 pandemic, Derwent Housing Association Limited was still able to continue to safely deliver services to its customers and maintain its performance margins.

Future Developments

The Association had 56 units under development at the year end. This included a development of 22 units at a site in Swadlincote, South Derbyshire. The current business plan includes a net spend on development of £4.5m in 2021/22 and £0.4m in 2022/23.

Customer Participation

A comprehensive set of structures exists to ensure that there is effective communication between the Association and its customers.

Internal Control

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2021 and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

Board and Committee Structure

The board of Directors of Places for People Group ("the Group") is responsible for setting strategies and budgets for the whole Group and co-ordinating the Group's activities. Places for People Group Limited exercises control over Derwent Housing Association Limited through an Independence and Responsibilities Agreement, a Service Level Agreement and powers granted to Places for People Group Limited in its rules.

The Group board has delegated certain matters to committees of the board of Places for People Group.

Derwent Housing Association Limited
REPORT OF THE BOARD
for the year ended 31 March 2021

Corporate Governance

The board has regard to the UKCG code when setting their corporate governance, by which they govern the organisation. In doing so the Board closely follows the principles followed by Group.

Linked to the above, the Association has adhered to these principles except for Code provisions 3, 4, 5 and 18.

Provisions 3, 4, and 18 contemplate dialogue with external shareholders or decisions being referred to shareholders on matters of director appointments, auditor appointments, director remuneration and the use of the AGM to communicate with investors.

The Association has an Audit & Risk Committee, a Remuneration & Nominations Committee, a Development Committee and a Treasury Committee. The remit of those committees extends to the Association and its business. The committees draw members from and report to the Group Board. During the year, it was agreed that the Group Board should take direct responsibility for oversight of the Affordable Housing business conducted through the Group's regulated subsidiaries. On 1 May 2021, the members of the Group Board were appointed members of the board of the Association and now have full oversight of the operations of the Association. This will further ensure that the provisions of the Code are met in respect of the Association.

Provision 5 states that the board should understand the views of other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 (duty to promote the success of the company) of the Companies Act 2006 (the 2006 Act) have been considered in board discussions and decision-making. The Association is a registered society rather than a company and so the specific reporting requirements under section 172 of the 2006 Act do not apply to it. However, the Association's parent company, Places for People Group Limited, publishes consolidated group accounts which do contain a section 172 statement within its Strategic report. That statement addresses the issue of identification of key stakeholders and engagement with their views across the whole Group including the Association.

Provision 5 also prescribes the options for workforce engagement. The board has concluded that its methods for engagement described in the Investing in our colleagues section of Group's Annual report are effective and more suited to the Group's overall needs than any of the Code's prescribed mechanisms.

The Group Annual report contains a Governance report that details the governance arrangements of the Group, and how the Code is applied at Group Board level.

Board members consider the report and accounts, taken as a whole, to be fair, balanced and understandable.

The board has referred to the UKCG code when setting their corporate governance arrangements, by which the Association is governed. In doing so the board closely follows the principles followed by Group.

Going concern statement

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

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate company, Places for People Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate company, Places for People Group Limited, not seeking repayment of the amounts currently due to the group, which at 31 March 2021 amounted to £156.9m. Places for People Group Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Viability statement

The UK Corporate Governance Code requires the directors to make a statement with regard to the viability of the Group. This requires consideration of solvency and liquidity over a longer period than the going concern assessment. The Group's strategic plan covers a 10-year period, over which the directors have made assumptions regarding revenues, operating costs and cash requirements.

The projections for the first three years of the plan are based on current opportunities and include an expectation of the rental incomes. There is inherently less certainty in the projections from years four to ten. Consistent with prior years, the directors have therefore determined that three years is an appropriate period for this viability statement.

In assessing the Group's prospects and resilience, the management produced projections which considered the Group's current business position and risk appetite. The projections have undergone rigorous single and multi-variate stress testing through consideration of several events, scenarios and mitigation factors, which identify the mix of extreme circumstances that could create challenging conditions for the Group, including a downturn in the housing market. These events and scenarios have been selected from an analysis of the operating environment; policy and politics; the regulatory framework; the Group risk register; and analysis of economic and financial market trends and risks. The results confirmed that the Group would continue to be able to settle projected liabilities as they fall due over a three-year period.

Having assessed the prospects of the Group, including the Group's current funding, forecast requirements, existing committed borrowing facilities, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to March 2024.

In making this statement the directors understand that there is inherent uncertainty in all business planning and therefore as a result it is not possible to consider every risk and eventuality that the Group may face. The Board is satisfied that the stress testing that is performed on the Group's business plan includes all the major risks that the Group may face and therefore provides strong assurance of the Group's financial viability.

Compliance with the Regulator of Social Housing's Governance and Financial Viability Standard

The Association has assessed the position and confirms that it has complied with The Regulator of Social Housing's Governance and Financial Viability Standard.

Statement of Disclosure to the Auditors

At the time of approval of this report:

- a) so far as the Board Members are aware, there is no relevant audit information of which the Association's auditor is unaware, and
- b) the Board Members have taken all steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Statement of Board's responsibilities in respect of the Board's report and the financial statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

By order of the Board



C Martin
Secretary

1 September 2021

Opinion

We have audited the financial statements of Derwent Housing Association Limited (“the association”) for the year ended 31 March 2021 which comprise the Group and Association Statements of Comprehensive Income, Group and Association Statements of Financial Position, Group and Association Statements of Changes in Reserves, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the Group and the Association as at 31 March 2021 and the income and expenditure of the Group and the Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association’s Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group’s and the Association’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the Board’s conclusions, we considered the inherent risks to the Group’s business model and analysed how those risks might affect the Group’s and the Association’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board’s assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and the Association’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet internal performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from property sales is overstated and the risk that Association management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unexpected individuals, journals containing specific words, journals posted to seldom used accounts, and journals posted to cash, borrowings and turnover that were considered outside of the normal course of business.
- Assessing whether revenue transactions either side of the year end were recognised in the correct period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Fraud and breaches of laws and regulations – ability to detect (continued)

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related cooperative & community benefit society legislation), taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, money-laundering, employment law and certain aspects of co-operative & community benefit society legislation recognising the nature of the Association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Other information

The Group's Board is responsible for the other information, which comprises the Report of the Board. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 5, the Group's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.



Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

24 September 2021

Derwent Housing Association Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Notes	GROUP		ASSOCIATION	
		Year to	Year to	Year to	Year to
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		£'000	£'000	£'000	£'000
TURNOVER	1	70,544	68,540	59,398	57,257
Operating costs	1	(46,083)	(44,539)	(35,263)	(33,950)
Gains on disposal of fixed assets	3	1,937	1,795	1,945	1,795
Movement in fair value of Investment Properties	11	(2,109)	21,908	(2,109)	21,908
OPERATING SURPLUS		24,289	47,704	23,971	47,010
Share of operating surplus of joint ventures	1b	201	125	-	-
Investment income receivable	6a	735	1,123	-	-
Interest receivable	6b	4	34	344	349
Interest payable and similar charges	7	(17,151)	(17,509)	(17,151)	(17,475)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		8,078	31,477	7,164	29,884
Taxation charge on surplus on ordinary activities	9	(535)	(1,705)	(350)	(1,400)
TOTAL INCOME FOR THE YEAR		7,543	29,772	6,814	28,484
Actuarial gain or loss on defined benefit scheme	18(e)	(3,397)	1,075	(3,397)	1,075
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,146	30,847	3,417	29,559

The surplus for the year arises from the Group's and the Association's continuing activities

The financial statements on pages 10 to 56 were approved by the Board and authorised for issue on 1 September 2021 and are signed on its behalf by:

Derwent Housing Association Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

ASSETS AND LIABILITIES	Notes	GROUP		ASSOCIATION	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible Fixed Assets					
- Housing properties	10	534,576	533,863	523,490	522,597
- Other tangible fixed assets	12	2,918	2,958	2,856	2,898
Investment properties	11	70,121	71,691	70,121	71,691
Fixed asset investments	13	9,382	9,458	-	-
Subsidiary undertakings	14	-	-	5,085	5,085
		<u>616,997</u>	<u>617,970</u>	<u>601,552</u>	<u>602,271</u>
CURRENT ASSETS					
Stock	15	487	2,747	487	2,747
Inventory		163	170	-	-
Debtors	16	7,806	9,644	16,079	15,264
Cash and cash equivalents		6,971	5,804	2,218	3,187
		<u>15,427</u>	<u>18,365</u>	<u>18,784</u>	<u>21,198</u>
CREDITORS: Amounts falling due within one year	17	(193,491)	(37,693)	(193,129)	(35,838)
NET CURRENT LIABILITIES		<u>(178,064)</u>	<u>(19,328)</u>	<u>(174,345)</u>	<u>(14,640)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>438,933</u>	<u>598,642</u>	<u>427,207</u>	<u>587,631</u>
CREDITORS: Amounts falling due after more than one year	18a	(342,543)	(506,398)	(339,441)	(503,282)
NET ASSETS		<u>96,390</u>	<u>92,244</u>	<u>87,766</u>	<u>84,349</u>
CAPITAL AND RESERVES					
Share capital (non-equity)	20	-	-	-	-
Revenue reserve		96,390	92,244	87,766	84,349
		<u>96,390</u>	<u>92,244</u>	<u>87,766</u>	<u>84,349</u>

The financial statements on pages 10 to 56 were approved by the Board and authorised for issue on 1 September 2021 and are signed on its behalf by:

R Gregory
Chair

D Cowans
Board member

C Martin
Secretary

Derwent Housing Association Limited
 STATEMENT OF CHANGES IN RESERVES
 for the year ended 31 March 2021

	GROUP			ASSOCIATION		
	Share capital	Revenue reserve	Total	Share capital	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2020	-	92,244	92,244	-	84,349	84,349
Total comprehensive income for the year	-	4,146	4,146	-	3,417	3,417
Balance as at 31 March 2021	<u>-</u>	<u>96,390</u>	<u>96,390</u>	<u>-</u>	<u>87,766</u>	<u>87,766</u>

The accompanying notes form part of these financial statements.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

LEGAL STATUS

Derwent Housing Association Limited is registered under the Co-Operative and Community Benefit Societies Act 2014. The address of the Association's registered office is 80 Cheapside, London, EC2V 6EE.

The Group's principal activities can be found within the Report of the Board section of the financial statements.

BASIS OF ACCOUNTING

These statements have been prepared in accordance with applicable Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the Statement of Recommended Practice, "Accounting by Registered Social Landlords 2018" (SORP 2018), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of non-core freehold housing and fair value of derivatives.

The Association's ultimate parent undertaking, Places for People Group Limited, includes the Association in its consolidated financial statements. The consolidated financial statements of Places for People Group Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. The Association is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102.1.11 and FRS 102.1.12.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Derwent Housing Association Limited and all of its subsidiary undertakings for the year.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. The excess of the purchase price of a business combination and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Where the non-controlling interest of a consolidated subsidiary is purchased the fair value of the consideration paid is recognised directly in equity.

All group companies employ consistent accounting policies for the purposes of the consolidated financial statements.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

GOING CONCERN

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

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate company, Places for People Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate company, Places for People Group Limited, not seeking repayment of the amounts currently due to the group, which at 31 March 2021 amounted to £156.9m. Places for People Group Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

TURNOVER

Turnover comprises rental, service charge and management charge income receivable, revenue grants receivable from third parties, amortisation of capital grants, proceeds of first tranche shared ownership sales and facilities management fees.

Rental income on student properties are credited in the month to which they relate.

OTHER INCOME

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

SERVICE CHARGES

Service charges on rented properties are recognised in the financial statements when the weekly rent debit is raised. Service charges on shared ownership properties are credited monthly, but the amount recognised in the financial statements is adjusted to reflect either additional amounts to be collected or amounts to be repaid based on the costs incurred in the year.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Freehold land is not depreciated. During the transition to FRS 102, the option was exercised to revalue a section of the property portfolio to give a deemed cost figure instead of historic cost.

Costs of works to existing properties are capitalised where they result in an enhancement of economic benefits, for example, an increase in rental income, a reduction in future management costs or significant extension of life, and where components are replaced. Otherwise costs are charged to the Statement of Comprehensive Income.

During 2018/19, management revised its estimates of residual value of shared ownership housing properties from nil to cost. This change in estimate reduced depreciation by £0.2m in the current year.

Depreciation is provided on housing property held for letting at rates calculated to write off the cost of each asset component to its residual value over its useful economic life (UEL) on a straight line basis. The UELs applied are as follows:

Component	Years
Structure (up to)	125
Kitchen	20
Bathroom	20
Roof	45
Windows	30
Fixtures and fittings	10-40

Depreciation is provided on shared ownership properties at rates calculated to write off the cost of each property to its estimated residual value over its UEL on a straight line basis. The UEL applied is as follows:

Properties	100-125 years
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Depreciation is charged on other tangible fixed assets at rates calculated to write down each asset to its estimated residual value evenly over its expected UEL. The following annual rates have been applied:

Freehold offices	2% of cost
Short leasehold properties	Length of lease
Fixtures and fittings, computer equipment and computer software	10-33% of cost
Motor vehicles	20% of cost

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

INVESTMENT PROPERTIES

Properties held for rental income or capital appreciation that are not held primarily for the provision of social benefit are held as investment properties at fair value, with changes to fair value recognised in the statement of comprehensive income.

INVESTMENTS

Fixed Asset Investments

Fixed asset investments are measured at cost. An annual review is carried out by management to assess if there are any triggers that would lead to an impairment review. In the event of any impairment, the investment is measured at the lower of its recoverable amount or its value in use. Investments in joint ventures are recognised initially at cost and subsequently measured using the equity method.

Associates

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the Associate's management accounts to 31 March 2021.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the Group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the Group.

Jointly Controlled Entities

Entities in which the Group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method, as described in the accounting policy for associates above.

IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairment losses.

Recognised impairment losses are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income or, for revalued assets, as a revaluation gain in Other Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount less any residual value over its remaining useful economic life.

HOUSING PROPERTIES UNDER CONSTRUCTION

Housing properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

SHARED OWNERSHIP AND TRY BEFORE YOU BUY

Development of shared ownership housing properties is accounted for in fixed assets in the same manner as for general needs housing properties, except that costs relating to first tranche sales are recognised in current assets and only costs relating to the remaining tranches are capitalised as fixed assets under construction and transferred to shared ownership properties on completion.

Under shared ownership arrangements, the Association disposes of the long lease of shared ownership housing units to persons who occupy them, at a premium of between 25% and 75% of the value of the whole property. The occupier has the right to purchase at valuation further proportions up to 100%.

Upon sale, first tranche proceeds are included within turnover and related standard costs charged to operating costs. Disposals of the second and subsequent staircasing tranches are treated as fixed asset disposals in the normal manner, and the resultant profit is shown within Surplus On Sale Of Housing Properties.

Try Before You Buy properties are intended for the same customers as shared ownership properties, but the initial disposal is deferred to a future date. Where it becomes probable that no sale in Try Before You Buy properties will happen in the foreseeable future, the cost of the initial shares is transferred to fixed assets. At the point this decision is reversed, the net book value of such properties is transferred back to current assets.

Where the initial tranche sale is less than 50%, the amount remaining in current assets is transferred to fixed assets. Where the initial tranche sale is greater than 50%, the fixed asset balance is reduced accordingly.

SOCIAL HOUSING GRANT

Housing Association Grant (HAG) was a capital grant made to the Association prior to the 1996 Housing Act.

Social Housing Grant (SHG) is a similar capital grant made to the Association towards the cost of acquiring and/or building additional housing for rent or sale. Both SHG and HAG are referred to collectively as SHG or Social Housing Grant within the financial statements.

Under FRS 102 these grants are now classified as Deferred Social Housing Grant and recognised in turnover over the expected useful life of the asset to which they relate. When a property with grant is disposed of, grant previously amortised is written back as an expense in the disposal proceeds calculation.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

RECYCLED CAPITAL GRANT FUND

Social Housing Grant which relates to housing properties sold outright or via staircasing arrangements is credited to the Recycled Capital Grant Fund in so far as it is not required to cover a loss arising on the sale. The net amount credited to the fund at the reporting date is shown separately within creditors.

The fund can be used to develop additional social housing, to allow shared ownership leaseholders to revert to assured tenants (reverse staircasing), or to fund certain adaptation and major repair costs. Transfers from the fund, equivalent to the SHG entitlement under existing grant arrangements, can be made to offset in part the costs incurred.

PENSION COSTS

The Association participates in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme. For financial years ending on or before 28 February 2019, it had 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 Group has previously accounted for SHPS as a defined contribution scheme. For financial years ending on or after 31 March 2019, it was possible to obtain sufficient information to enable the company to account for the scheme as a defined benefit scheme. The in-year movement in the scheme deficit is split between operating charges, finance costs and, in other comprehensive income, actuarial gains and losses.

The Association is applying these amendments early as permitted by the standard.

The Association also pays contributions for members in the Social Housing Defined Contribution Scheme and the Group also participates in defined contribution pension schemes. Contributions to these schemes are charged to the Statement of Comprehensive Income in the period in which they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

DEVELOPMENT INTERESTS AND ADMINISTRATION COSTS

Where a property is developed, interest is capitalised during the development period.

Development administration costs relating to development activity are capitalised only where the costs are directly related to bringing the properties into working condition for their intended use.

Direct asset management administration costs relating to component replacements are capitalised within additions.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

RESULTS OF MANAGING AGENTS

The Association owns properties in respect of hostel schemes which are run by third-party agencies. Where the agencies carry the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Association. Other income and expenditure of the hostels is excluded from the Statement of Comprehensive Income.

The Association monitors the agencies and maintains the properties for which it retains a portion of the revenue grants.

VALUE ADDED TAX

The Group is VAT registered but a large proportion of its income is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. The consolidated financial statements include VAT to the extent that it is suffered by the Group and is not recoverable. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

ALLOCATION OF EXPENSES AND FINANCE COSTS

As far as possible, expenses are allocated directly to the activity to which they relate. Other overheads are allocated in proportion to the split of head office salary costs.

Salary costs are allocated, by individual, to the activities in which each staff member is engaged. This apportionment is reached by discussion with staff and tested for reasonableness against transactional finance costs. In so far as they relate to new development activity, costs are charged to that activity. All other finance costs are charged as indirect overheads and apportioned in the manner set out above.

LEASES

Finance leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

All other leases are operating leases and the annual rentals are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

LEASE AND LEASEBACK TRANSACTIONS

Where housing properties are purchased via a lease and leaseback transaction, such that the group has rights approximating to ownership, the housing properties are shown as fixed assets and the lease premium proceeds are recorded as a liability to the lessor. Rental payments to the lessor are treated as consisting of capital and interest elements and the interest is charged to the Statement of Comprehensive Income in proportion to the remaining balance outstanding.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

FINANCIAL INSTRUMENTS

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Trade investments

Trade investments are equity investments over which the Association has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through the Statement of Comprehensive Income when transaction costs are expensed to the Statement of Comprehensive Income as incurred.

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in the Statement of Comprehensive Income.

Derwent Housing Association Limited

ACCOUNTING POLICIES

for the year ended 31 March 2021

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

SIGNIFICANT ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are shown below.

The bad debt provision is estimated using historical knowledge of the individual and environment.

The discount rate used for the past deficit pension liability is that agreed with the Pension Trust, and is deemed appropriate for use in calculating the liability.

For shared ownership properties 50% of the cost is disclosed as a current asset until the first tranche sale is made. Management reviews this on a yearly basis and deems it to be appropriate at the year end.

In respect of the investment properties, in addition to judging whether or not properties are categorised as investment properties, the PfP Group is also required to estimate the fair value of the investment properties on an annual basis. To facilitate this estimation, the PfP Group engaged Savills, a leading professional adviser to use RICs guidance and the requirements of the Red Book to complete a full valuation of the Group's investment properties. The results of the valuation exercise have been subjected to management scrutiny and challenge.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the group as lessee, or to the lessee, where the group is lessor.

Within the capitalised figure for properties, management allocate time spent by the development team and major repair team. Staff costs and other direct costs, which are incurred as a result of these programmes are capitalised.

An impairment review is undertaken in line with the accounting policy and no properties have been judged to require an impairment at the balance sheet date.

Derwent Housing Association Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2021

1 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

GROUP	Year to 31.03.2021				Year to 31.03.2020			
	Turnover £'000	Operating costs £'000	Other Operating costs	Operating surplus £'000	Turnover £'000	Operating costs £'000	Other Operating costs	Operating surplus £'000
SOCIAL HOUSING LETTINGS								
General needs housing	37,050	(17,065)	-	19,985	35,358	(14,902)	-	20,456
You Buy	3,013	(2,289)	-	724	2,706	(2,536)	-	170
Keyworker accommodation	1,683	(1,011)	-	672	1,672	(1,022)	-	650
	<u>41,746</u>	<u>(20,365)</u>	<u>-</u>	<u>21,381</u>	<u>39,736</u>	<u>(18,460)</u>	<u>-</u>	<u>21,276</u>
OTHER INCOME AND EXPENDITURE								
Social housing	1,087	(165)	-	922	670	(282)	-	388
SHG amortisation	1,452	-	-	1,452	937	-	-	937
Other	27	(330)	-	(303)	18	(312)	-	(294)
First tranche sales	3,447	(2,321)	-	1,126	3,645	(3,253)	-	392
Fair value gains on investment properties	-	-	(2,109)	(2,109)	-	-	21,908	21,908
Surplus on sale of housing properties	-	-	1,937	1,937	-	-	1,795	1,795
Development costs	-	(1,305)	-	(1,305)	-	(1,061)	-	(1,061)
Facilities management	16,784	(16,585)	-	199	16,802	(16,315)	-	487
	<u>64,543</u>	<u>(41,071)</u>	<u>(172)</u>	<u>23,300</u>	<u>61,808</u>	<u>(39,683)</u>	<u>23,703</u>	<u>45,828</u>
NON SOCIAL HOUSING LETTINGS								
Market rental accommodation	1,826	(2,007)	-	(181)	1,690	(1,684)	-	6
Student accommodation	4,175	(3,005)	-	1,170	5,042	(3,172)	-	1,870
	<u>70,544</u>	<u>(46,083)</u>	<u>(172)</u>	<u>24,289</u>	<u>68,540</u>	<u>(44,539)</u>	<u>23,703</u>	<u>47,704</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

1a) TURNOVER, OPERATING COSTS AND OPERATING SURPLUS (continued)

ASSOCIATION	Year to 31.03.2021				Year to 31.03.2020			
	Turnover £'000	Operating costs £'000	Other Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Other Operating costs £'000	Operating surplus £'000
SOCIAL HOUSING LETTINGS								
General needs housing	36,647	(16,799)	-	19,848	35,004	(14,811)	-	20,193
You Buy	2,997	(2,282)	-	715	2,690	(2,536)	-	154
Keyworker accommodation	1,683	(1,011)	-	672	1,672	(1,022)	-	650
	<u>41,327</u>	<u>(20,092)</u>	<u>-</u>	<u>21,235</u>	<u>39,366</u>	<u>(18,369)</u>	<u>-</u>	<u>20,997</u>
OTHER INCOME AND EXPENDITURE								
Social housing	1,230	(286)	-	944	757	(282)	-	475
SHG amortisation	1,421	-	-	1,421	921	-	-	921
Other	17	(292)	-	(275)	18	(312)	-	(294)
First tranche sales	3,447	(2,321)	-	1,126	3,645	(3,252)	-	393
Fair value gains on investment properties	-	-	(2,109)	(2,109)	-	-	21,908	21,908
Surplus on sale of housing properties	-	-	1,945	1,945	-	-	1,795	1,795
Development costs	-	(1,305)	-	(1,305)	-	(1,061)	-	(1,061)
Facilities management	5,955	(5,955)	-	-	5,818	(5,818)	-	-
Pension deficit payment charge	-	-	-	-	-	-	-	-
	<u>53,397</u>	<u>(30,251)</u>	<u>(164)</u>	<u>22,982</u>	<u>50,525</u>	<u>(29,094)</u>	<u>23,703</u>	<u>45,134</u>
NON SOCIAL HOUSING LETTINGS								
Market rental accommodation	1,826	(2,007)	-	(181)	1,690	(1,684)	-	6
Student accommodation	4,175	(3,005)	-	1,170	5,042	(3,172)	-	1,870
	<u>59,398</u>	<u>(35,263)</u>	<u>(164)</u>	<u>23,971</u>	<u>57,257</u>	<u>(33,950)</u>	<u>23,703</u>	<u>47,010</u>

1b) SHARE OF OPERATING SURPLUS OF JOINT VENTURES - GROUP

	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
Eione LLP	201	125
	<u>201</u>	<u>125</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

2 INCOME AND EXPENDITURE FROM LETTINGS - SOCIAL HOUSING ONLY

GROUP	General needs housing £'000	Shared Ownership accomodat- ion £'000	Keyworker accomodat- ion £'000	Total Year to 31.03.2021 £'000	Total Year to 31.03.2020 £'000
GROSS INCOME FROM LETTINGS					
Rents receivable net of identifiable service charges	34,647	2,411	1,768	38,826	36,972
Service charges receivable	2,647	667	-	3,314	3,223
	<u>37,294</u>	<u>3,078</u>	<u>1,768</u>	<u>42,140</u>	<u>40,195</u>
GROSS RENTS RECEIVABLE					
Rent losses from voids	(244)	(65)	(85)	(394)	(459)
	<u>37,050</u>	<u>3,013</u>	<u>1,683</u>	<u>41,746</u>	<u>39,736</u>
EXPENDITURE ON LETTING ACTIVITIES					
Management and services	5,614	1,392	835	7,841	6,925
Routine maintenance	5,651	633	143	6,427	5,544
Rent losses from bad debts	50	31	(6)	75	232
Major repairs expenditure	747	-	39	786	681
Depreciation and impairment of housing properties	5,003	233	-	5,236	5,078
	<u>17,065</u>	<u>2,289</u>	<u>1,011</u>	<u>20,365</u>	<u>18,460</u>
OPERATING SURPLUS ON LETTING ACTIVITIES					
	<u>19,985</u>	<u>724</u>	<u>672</u>	<u>21,381</u>	<u>21,276</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

2 INCOME AND EXPENDITURE FROM LETTINGS - SOCIAL HOUSING ONLY (continued)

ASSOCIATION	General needs housing £'000	Shared Ownership accomodat- ion £'000	Keyworker accomodat- ion £'000	Total Year to 31.03.2021 £'000	Total Year to 31.03.2020 £'000
GROSS INCOME FROM LETTINGS					
Rents receivable net of identifiable service charges	34,254	2,395	1,768	38,417	36,607
Service charges receivable	2,636	667	-	3,303	3,214
	<u>36,890</u>	<u>3,062</u>	<u>1,768</u>	<u>41,720</u>	<u>39,821</u>
GROSS RENTS RECEIVABLE					
Rent losses from voids	(243)	(65)	(85)	(393)	(455)
	<u>36,647</u>	<u>2,997</u>	<u>1,683</u>	<u>41,327</u>	<u>39,366</u>
EXPENDITURE ON LETTING ACTIVITIES					
Management and services	5,446	1,385	835	7,666	6,924
Routine maintenance	5,623	633	143	6,399	5,515
Rent losses from bad debts	49	31	(6)	74	229
Major repairs expenditure	747	-	39	786	681
Depreciation and impairment of housing properties	4,934	233	-	5,167	5,020
	<u>16,799</u>	<u>2,282</u>	<u>1,011</u>	<u>20,092</u>	<u>18,369</u>
OPERATING SURPLUS ON LETTING ACTIVITIES					
	<u><u>19,848</u></u>	<u><u>715</u></u>	<u><u>672</u></u>	<u><u>21,235</u></u>	<u><u>20,997</u></u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

3 SURPLUS ON SALE OF
 HOUSING PROPERTIES

GROUP	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
Net proceeds of sales	6,173	4,795
Cost of sales	(4,236)	(3,000)
	<u>1,937</u>	<u>1,795</u>
	<u><u>1,937</u></u>	<u><u>1,795</u></u>
ASSOCIATION	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
Net proceeds of sales	6,075	4,795
Cost of sales	(4,130)	(3,000)
	<u>1,945</u>	<u>1,795</u>
	<u><u>1,945</u></u>	<u><u>1,795</u></u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

4 DIRECTORS' EMOLUMENTS

ASSOCIATION

The directors are defined as the members of the Board and the Chief Executive.

	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
The aggregate emoluments paid to or receivable by the executive director including pension contributions	-	294

During the period ex-gratia payments totalling £nil (2020: £79,089) were paid to directors for compensation of loss of office.

The Association made £nil (2020: £12,258) of pension contributions into the Social Housing Pension Scheme in relation to the Chief Executive, who is also the highest paid director. The Chief Executive is an ordinary member of the Scheme and no enhanced or special terms apply.

	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
The remuneration paid to the highest paid director of the Association excluding pension contributions	-	282
Aggregate amount of directors' pension contributions	-	12
Number of directors receiving pension contributions	-	1

The total cost of key management personnel, defined as the Board and executive directors including remuneration, pension contributions and employers national insurance contributions was £4,000 (2020: £343,500).

Derwent Housing Association Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2021

5 EMPLOYEE INFORMATION

	Year to 31.03.2021 Group No.	Year to 31.03.2021 Association No.	Year to 31.03.2020 Group No.	Year to 31.03.2020 Association No.
GROUP AND ASSOCIATION				
The average monthly number of persons (including directors) employed during this year was:				
Central administration services	88	64	102	84
Managing housing services	221	50	192	41
	<u>309</u>	<u>114</u>	<u>294</u>	<u>125</u>

Average monthly employee numbers are calculated using a full-time equivalent of 37 hours per week and applying a daily pro rata percentage for starters and leavers in the year.

Staff costs (for the above persons)	Year to 31.03.2021 Group £'000	Year to 31.03.2021 Association £'000	Year to 31.03.2020 Group £'000	Year to 31.03.2020 Association £'000
Wages and salaries	8,985	3,458	8,745	3,958
Social security costs	769	308	759	352
Other pension costs	204	60	361	204
	<u>9,958</u>	<u>3,826</u>	<u>9,865</u>	<u>4,514</u>

Salary bandings	Year to 31.03.2021 Group No.	Year to 31.03.2021 Association No.	Year to 31.03.2020 Group No.	Year to 31.03.2020 Association No.
£60,000 - £69,999	5	2	4	1
£70,000 - £79,999	2	1	5	4
£80,000 - £89,999	-	-	2	1
£90,000 - £99,999	1	-	-	-
£100,000 - £109,999	-	-	-	-
£110,000 - £119,999	1	-	1	-
£170,000 - £179,999	-	-	-	-
£290,000 - £299,999	-	-	1	1
	<u>9</u>	<u>3</u>	<u>13</u>	<u>7</u>

Included in the above bandings are gross wages, pensions and ex-gratia payments. Directors have been excluded.

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

6a)	INVESTMENT INCOME RECEIVABLE				
			Year to	Year to	
			31.03.2021	31.03.2020	
			£'000	£'000	
	GROUP				
	Investment income		735	1,123	
			<u>735</u>	<u>1,123</u>	
6b)	INTEREST RECEIVABLE				
			Year to	Year to	
			31.03.2021	31.03.2020	
			£'000	£'000	
	GROUP				
	Interest receivable from bank and building society deposits		3	34	
	Other interest receivable		1	-	
			<u>4</u>	<u>34</u>	
	ASSOCIATION				
	Interest receivable from bank and building society deposits		-	14	
	Interest receivable from group companies		344	335	
			<u>344</u>	<u>349</u>	
7	INTEREST PAYABLE AND SIMILAR CHARGES				
		Group		Association	
		Year to	Year to	Year to	Year to
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		£'000	£'000	£'000	£'000
	On bank loans	8,547	8,906	8,547	8,872
	On Aviva sale and leaseback agreements	3,652	3,652	3,652	3,652
	Other loans	459	466	459	466
	Unwinding of discount on pension deficit liability	69	114	69	114
	Other loans from group companies	4,746	4,684	4,746	4,684
	Less: Capitalised interest	<u>(321)</u>	<u>(313)</u>	<u>(321)</u>	<u>(313)</u>
		<u>17,151</u>	<u>17,509</u>	<u>17,151</u>	<u>17,475</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

8) SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST AND INVESTMENT INCOME

	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
GROUP		
This is arrived at after charging;		
Lease rentals - land and buildings	1,925	1,969
Lease rentals - plant and machinery	11	16
Depreciation and impairment of housing properties	5,238	5,082
Depreciation of other fixed assets	216	215
Auditor's remuneration (excluding VAT)		
- in its capacity as auditor	69	74
- other	40	38
	<u><u> </u></u>	<u><u> </u></u>
ASSOCIATION		
This is arrived at after charging;		
Lease rentals - land and buildings	1,925	1,864
Lease rentals - plant and machinery	11	16
Depreciation and impairment of housing properties	5,169	5,023
Depreciation of other fixed assets	195	185
Auditor's remuneration (excluding VAT)		
- in its capacity as auditor	52	50
- other	40	38
	<u><u> </u></u>	<u><u> </u></u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

9 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES

	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
GROUP		
United Kingdom corporation tax		
Current tax	1,095	1,027
Prior period tax credit	(502)	(61)
	<hr/>	<hr/>
Total corporation tax charge	593	966
Deferred taxation (credit)/charge	(61)	708
Prior period tax charge	2	75
Effect of tax rate change on opening balance	-	(44)
	<hr/>	<hr/>
Total deferred tax (credit)/charge	(59)	739
	<hr/>	<hr/>
Total tax charge	535	1,705
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting current tax position for the year:

The tax assessed for the year is different than the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below:

Surplus on ordinary activities before tax	8,078	31,477
	<hr/>	<hr/>
Tax on surplus on ordinary activities at 19% (2020: 19%)	1,535	5,981
Expenses not deductible/income not taxable	139	(4,413)
Fixed asset differences	216	476
Adjustments to brought forward values	(467)	(719)
Amounts (charged)/ credited directly to SOCI	(791)	349
Adjustments to tax charge in respect of previous periods	(502)	
Prior period adjustment	2	15
Chargeable gains or losses	404	60
Deferred tax rate adjustment	-	(44)
Deferred tax not provided	-	
	<hr/>	<hr/>
	535	1,705
	<hr/> <hr/>	<hr/> <hr/>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

9 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES (continued)

	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
ASSOCIATION		
United Kingdom corporation tax		
Current tax	931	692
Prior period tax charge	(505)	(61)
	<hr/>	<hr/>
Total corporation tax charge	426	631
Deferred taxation charge	(78)	731
Prior period tax charge	2	75
Effect of tax rate change on opening balance	-	(37)
	<hr/>	<hr/>
Total deferred tax charge	(76)	769
	<hr/>	<hr/>
Total tax charge	350	1,400
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting current tax position for the year:		
The tax assessed for the year is different than the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below:		
Surplus on ordinary activities before tax	7,164	29,884
	<hr/>	<hr/>
Tax on surplus on ordinary activities at 19% (2020: 19%)	1,361	5,678
Expenses not deductible/income not taxable	131	(4,397)
Fixed asset differences	216	477
Chargeable gains / (losses)	404	60
Adjustments to brought forward values	(467)	(744)
Amounts (charged)/credited directly to SOCI	(791)	350
Prior period adjustment	(503)	13
Deferred tax rate adjustment	-	(37)
	<hr/>	<hr/>
	350	1,400
	<hr/> <hr/>	<hr/> <hr/>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

10 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

GROUP	Housing properties held for letting £'000	Try Before You Buy/ shared ownership properties £'000	Housing properties under construction £'000	Shared ownership properties under construction £'000	Total £'000
COST					
1 April 2020	536,111	53,420	5,874	835	596,240
Additions	-	-	8,497	1,041	9,538
Disposals of properties	(2,897)	(1,474)	-	-	(4,371)
Transfers between property classes	13,077	1,650	(13,077)	(1,650)	-
Change of classification	(81)	250	(10)	3	162
31 March 2021	546,210	53,846	1,284	229	601,569
DEPRECIATION AND IMPAIRMENT					
1 April 2020	60,041	2,336	-	-	62,377
Charged in the year	5,236	2	-	-	5,238
On disposals	(551)	(71)	-	-	(622)
31 March 2021	64,726	2,267	-	-	66,993
Carrying amount:					
31 March 2021	481,484	51,579	1,284	229	534,576
1 April 2020	476,070	51,084	5,874	835	533,863

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

10 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (continued)

ASSOCIATION	Housing properties held for letting £'000	Try Before You Buy/ shared ownership properties £'000	Housing properties under construction £'000	Shared ownership properties under construction £'000	Total £'000
COST					
1 April 2020	524,936	53,122	5,878	835	584,771
Additions	-	-	8,422	1,041	9,463
Disposals of properties	(2,790)	(1,474)	-	-	(4,264)
Transfers between property classes	13,002	1,650	(13,002)	(1,650)	-
Change of classification	-	250	(10)	3	243
31 March 2021	<u>535,148</u>	<u>53,548</u>	<u>1,288</u>	<u>229</u>	<u>590,213</u>
DEPRECIATION AND IMPAIRMENT					
1 April 2020	59,840	2,334	-	-	62,174
Charged in the year	5,167	2	-	-	5,169
On disposals	(549)	(71)	-	-	(620)
31 March 2021	<u>64,458</u>	<u>2,265</u>	<u>-</u>	<u>-</u>	<u>66,723</u>
Carrying amount:					
31 March 2021	<u>470,690</u>	<u>51,283</u>	<u>1,288</u>	<u>229</u>	<u>523,490</u>
1 April 2020	<u>465,096</u>	<u>50,788</u>	<u>5,878</u>	<u>835</u>	<u>522,597</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

10 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (continued)

GROUP		31.03.2021	31.03.2020
The cost of housing properties including those under construction comprises:		£'000	£'000
Freehold		570,077	564,629
Long leasehold		31,263	31,388
Short leasehold		229	223
		<u>601,569</u>	<u>596,240</u>
		<u><u>601,569</u></u>	<u><u>596,240</u></u>
ASSOCIATION		31.03.2021	31.03.2020
The cost of housing properties including those under construction comprises:		£'000	£'000
Freehold		558,721	553,245
Long leasehold		31,263	31,303
Short leasehold		229	223
		<u>590,213</u>	<u>584,771</u>
		<u><u>590,213</u></u>	<u><u>584,771</u></u>

Additions to housing properties in the course of construction during the year include an apportionment of staff time directly spent on the administration of development activities amounting to £0.5m (2020: £0.4m).

Expenditure on major works to existing properties during the year was £3.4m (2020: £3.7m).

SOCIAL HOUSING GRANT	GROUP		ASSOCIATION	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	£'000	£'000	£'000	£'000
Held as deferred Social Housing Grant	103,172	105,958	100,093	102,923
Released to Revenue Reserves	39,641	38,189	39,575	38,154
	<u>142,813</u>	<u>144,147</u>	<u>139,668</u>	<u>141,077</u>
	<u><u>142,813</u></u>	<u><u>144,147</u></u>	<u><u>139,668</u></u>	<u><u>141,077</u></u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

11 INVESTMENT PROPERTIES

GROUP	Completed Properties £'000	Properties held in the course of construction £'000	Total £'000
VALUATION			
1 April 2020	71,689	2	71,691
Additions	-	541	541
Change of tenure	-	(2)	(2)
Transfers at cost	541	(541)	-
Revaluation	(2,109)	-	(2,109)
31 March 2021	70,121	-	70,121

ASSOCIATION	Completed Properties £'000	Properties held in the course of construction £'000	Total £'000
VALUATION			
1 April 2020	71,689	2	71,691
Additions	-	541	541
Change of tenure	-	(2)	(2)
Transfers at cost	541	(541)	-
Revaluation	(2,109)	-	(2,109)
31 March 2021	70,121	-	70,121

For the year ended 31 March 2021, the Group has obtained an independent valuation of the investment property portfolio. This was performed in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (a "red book" valuation). The valuation was undertaken by Savills, who are independent, RICS qualified, have a strong professional reputation with and considerable experience in producing red book valuations.

A discounted cash flow method was used to estimate the fair value of the portfolio. This used up-to-date information on net operating cash flows and applied an appropriate yield to this data based on an understanding of the market and the individual circumstances of each part of the portfolio. Comparisons have also been made with similar properties in recent transactions to give additional comfort around valuations. Where applicable, an assessment is made on a similar basis for any related commercial income in respect of these properties. Management interrogation and challenge has been applied to both the valuation methods and the assumptions used, including in respect of cash flows, CPI and HPI as appropriate. The valuation was performed as at 31 March 2021.

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

12 OTHER TANGIBLE FIXED ASSETS

GROUP	Land £'000	Freehold offices £'000	Fixtures and equipment £'000	Computer equipment and software £'000	Motor vehicles £'000	Total £'000
COST						
1 April 2020	-	3,208	388	1,706	10	5,312
Additions	-	46	60	70	-	176
Disposals	-	-	-	-	(10)	(10)
31 March 2021	-	3,254	448	1,776	-	5,478
ACCUMULATED DEPRECIATION						
1 April 2020	-	807	225	1,312	10	2,354
Charged in the year	-	30	27	159	-	216
Eliminated on disposals	-	-	-	-	(10)	(10)
31 March 2021	-	837	252	1,471	-	2,560
Carrying amount:						
31 March 2021	-	2,417	196	305	-	2,918
1 April 2020	-	2,401	163	394	-	2,958

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

12 OTHER TANGIBLE FIXED ASSETS (continued)

ASSOCIATION	Land £'000	Freehold offices £'000	Fixtures and equipment £'000	Computer equipment and software £'000	Motor vehicles £'000	Total £'000
COST						
1 April 2020	-	3,208	256	1,125	10	4,599
Additions	-	46	60	47	-	153
Disposals	-	-	-	-	(10)	(10)
31 March 2021	-	3,254	316	1,172	-	4,742
ACCUMULATED DEPRECIATION						
1 April 2020	-	807	92	792	10	1,701
Charged in the year	-	30	27	138	-	195
Eliminated on disposals	-	-	-	-	(10)	(10)
31 March 2021	-	837	119	930	-	1,886
Carrying amount:						
31 March 2021	-	2,417	197	242	-	2,856
1 April 2020	-	2,401	164	333	-	2,898

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

13 FIXED ASSET INVESTMENTS

GROUP	Shares in trade investments £'000	Loans £'000	Total £'000
COST			
1 April 2020	11	9,447	9,458
Disposals		(76)	(76)
31 March 2021	11	9,371	9,382
		31.03.2021	31.03.2020
		£'000	£'000
Represented by:			
Loan investment in Uliving@Essex Holdco (Phase 2)		594	670
Trade equity investment in Uliving@Essex Holdco (Phase 2)		5	5
Trade equity investment in Uliving@Hertfordshire Holdco		6	6
Investment in Eione LLP (£40)		-	-
Loan investment in Uliving@Hertfordshire Holdco		7,744	7,744
Shares in Uliving@Gloucestershire Holdco (£5)		-	-
Loan investment in Uliving@Gloucestershire Holdco		1,033	1,033
		9,382	9,458

Derwent Housing Association Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2021

14 SUBSIDIARY UNDERTAKINGS

ASSOCIATION	31.03.2021	31.03.2020
	£'000	£'000
Represented by at cost:		
Centro Place Investments Limited	5,000	5,000
Derwent Partnership Limited (£2)	-	-
Centro Place Management Limited	85	85
Derwent Community Housing Association Limited (£2)	-	-
	<hr/>	<hr/>
31 March 2021	5,085	5,085
	<hr/> <hr/>	<hr/> <hr/>

At 31 March 2021 the Association had shareholdings, directly unless stated otherwise, in the following subsidiaries which are incorporated in England and Wales:

	% held	Activity
Centro Place Investments Limited	100	Investment company
Centro Place Management Limited	100	Property management
Derwent Facilities Management Limited*	100	Facilities management
Derwent Community Housing Association Limited	100	Registered provider of social housing

* Held by Centro Place Investments Limited

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

15 STOCK

	GROUP		ASSOCIATION	
	31.03.2021 £'000	31.03.2020 £'000	31.03.2021 £'000	31.03.2020 £'000
Shared ownership completed properties	379	2,246	379	2,246
Shared ownership under construction	108	501	108	501
	<u>487</u>	<u>2,747</u>	<u>487</u>	<u>2,747</u>

16 DEBTORS

	GROUP		ASSOCIATION	
	31.03.2021 £'000	31.03.2020 £'000	31.03.2021 £'000	31.03.2020 £'000
Arrears of rent and service charges	3,629	2,899	3,629	2,899
Provision for bad debts	(1,188)	(1,415)	(1,188)	(1,415)
	<u>2,441</u>	<u>1,484</u>	<u>2,441</u>	<u>1,484</u>
Trade debtors	1,840	4,355	-	-
Amounts due from parent company	-	1,119	-	905
Amounts due from subsidiaries	-	-	11,569	11,296
Amounts due from joint venture	163	236	-	-
	<u>4,444</u>	<u>7,194</u>	<u>14,010</u>	<u>13,685</u>
Prepayments and accrued income	3,298	2,369	2,069	1,579
Deferred tax (note 19)	64	81	-	-
	<u>7,806</u>	<u>9,644</u>	<u>16,079</u>	<u>15,264</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

17 CREDITORS: Amounts falling due within one year

	GROUP		ASSOCIATION	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	£'000	£'000	£'000	£'000
Housing loans (note 18b)	5,920	11,530	5,920	11,530
Trade creditors	4,371	5,085	5,200	4,564
Amounts owed to group companies	156,866	2	157,206	2
Amounts owed to subsidiary undertakings	2,992	-	4,761	1,919
Amounts owed to joint venture	32	16	-	-
Rent received in advance	2,754	3,626	2,754	3,626
Corporation tax	556	471	442	293
Deferred taxation	237	377	301	377
Taxation and social security costs	382	429	71	123
Accruals and deferred income	17,047	15,135	14,140	12,398
Recycled capital grant fund (note 18d)	975	-	975	-
Pension contributions	72	83	72	83
Deferred Social Housing Grant	1,287	939	1,287	923
	<u>193,491</u>	<u>37,693</u>	<u>193,129</u>	<u>35,838</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18a) CREDITORS: Amounts falling due after more than one year

	GROUP		ASSOCIATION	
	31.03.2021 £'000	31.03.2020 £'000	31.03.2021 £'000	31.03.2020 £'000
Housing loans (note 18b)	164,327	170,505	164,327	170,505
Amounts owed to related undertakings	-	157,868	-	157,868
Obligations under finance leases (note 18c)	68,383	68,383	68,383	68,383
Recycled capital grant fund (note 18d)	2,047	1,718	2,024	1,718
Pension deficit (note 18e)	5,901	3,103	5,901	3,103
Deferred Social Housing Grant	101,885	104,821	98,806	101,705
	<u>342,543</u>	<u>506,398</u>	<u>339,441</u>	<u>503,282</u>

18b) HOUSING LOANS

	GROUP		ASSOCIATION	
	31.03.2021 £'000	31.03.2020 £'000	31.03.2021 £'000	31.03.2020 £'000
Housing loans are due for repayment as follows:				
In one year or less	5,920	11,530	5,920	11,530
Between one and two years	6,279	5,920	6,279	5,920
Between two and five years	22,726	21,324	22,726	21,324
In five years or more	135,322	143,261	135,322	143,261
	<u>170,247</u>	<u>182,035</u>	<u>170,247</u>	<u>182,035</u>
Less amounts falling due in less than 1 year	(5,920)	(11,530)	(5,920)	(11,530)
	<u>164,327</u>	<u>170,505</u>	<u>164,327</u>	<u>170,505</u>

All housing loans are secured by specific charges on the Group's housing properties. These are repayable at varying rates of interest between 0.35% - 6.99% except for £4.3m with Orchardbrook which has an interest rate of 11.95%.

Of the total £170m (2020: £182m) housing loans, £37m (2020: £37m) is due wholly after 5 years. The remainder have amounts due in less than 5 years or after 5 years on an installment basis.

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

18c) OBLIGATIONS UNDER FINANCE LEASES AND SALE AND LEASEBACK AGREEMENTS

	31.03.2021	31.03.2020
	£'000	£'000
GROUP		
Wholly repayable in more than 5 years	68,383	68,383
	<u>68,383</u>	<u>68,383</u>
ASSOCIATION		
Wholly repayable in more than 5 years	68,383	68,383
	<u>68,383</u>	<u>68,383</u>

18d) RECYCLED CAPITAL GRANT FUND

		HE
	31.03.2021	31.03.2020
	£'000	£'000
GROUP		
At 1 April 2020	1,718	1,161
Inputs to RCGF:		
Grant recycled	1,302	549
Interest Accrued	2	8
Transfers from other group members	-	409
Recycling of grant:		
New Build	-	(409)
Major repairs and works to existing stock	-	-
Transfers to other group members	-	-
Other	-	-
Repayment of grant to the HCA/GLA	-	-
At 31 March 2021	<u>3,022</u>	<u>1,718</u>
Amounts 3 years old or older where repayment may be required	<u>975</u>	<u>495</u>

		HE
	31.03.2021	31.03.2020
	£'000	£'000
ASSOCIATION		
At 1 April 2020	1,718	1,161
Inputs to RCGF:		
Grant recycled	1,279	549
Interest Accrued	2	8
Transfers from other group members	-	409
Recycling of grant:		
New Build	-	(409)
Major repairs and works to existing stock	-	-
Transfers to other group members	-	-
Other	-	-
Repayment of grant to the HCA/GLA	-	-
At 31 March 2021	<u>2,999</u>	<u>1,718</u>
Amounts 3 years old or older where repayment may be required	<u>975</u>	<u>495</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

18e) PENSIONS (ASSOCIATION)

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

	31.03.2021 £'000	31.03.2020 £'000
Fair value of plan assets	21,833	19,883
Present value of defined benefit obligation	27,734	22,986
Deficit in plan	(5,901)	(3,103)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(5,901)	(3,103)
Deferred tax	-	-
Net Defined benefit liability to be recognised	(5,901)	(3,103)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31.03.2021 £'000
Defined benefit obligation at start of period	22,986
Expenses	18
Interest expense	561
Actuarial losses (gains) due to scheme experience	(321)
Actuarial losses (gains) due to changes in demographic assumptions	100
Actuarial losses (gains) due to changes in financial assumptions	5,479
Benefits paid and expenses	(1,089)
Defined benefit obligation at end of period	<u>27,734</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

18e) PENSIONS (ASSOCIATION) (continued)

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

	Period ended 31.03.2021 £'000
Fair value of plan assets at start of period	19,883
Interest income	492
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,861
Contributions by the employer	686
Benefits paid and expenses	(1,089)
Fair value of plan assets at end of period	<u>21,833</u>

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 1 April 2020 to 31 March 2021 £'000
Expenses	18
Net interest expense	<u>69</u>
Defined benefit costs recognised in statement of comprehensive income (SOCI)	<u>87</u>

Derwent Housing Association Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2021

18e) PENSIONS (ASSOCIATION) (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period from 1 April 2020 to 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(1,861)
Experience gains and losses arising on the plan liabilities - gain (loss)	321
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(100)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(5,479)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	<u>(3,397)</u>
Total amount recognised in other comprehensive income - gain (loss)	<u><u>(3,397)</u></u>

ASSETS

	31.03.2021 £'000	31.03.2020 £'000
Global Equity	3,480	2,908
Absolute Return	1,205	1,037
Distressed Opportunities	630	383
Credit Relative Value	687	545
Alternative Risk Premia	822	1,390
Fund of Hedge Funds	2	12
Emerging Markets Debt	881	602
Risk Sharing	795	671
Insurance-Linked Securities	524	611
Property	453	438
Infrastructure	1,456	1,480
Private Debt	521	401
Opportunistic Illiquid Credit	555	481
Corporate Bond Fund	1,290	1,134
High Yield	654	-
Opportunistic Credit	599	-
Liquid Credit	261	8
Long Lease Property	428	344
Secured Income	908	754
Liability Driven Investment	5,549	6,599
Net Current Assets	133	85
Total assets	<u><u>21,833</u></u>	<u><u>19,883</u></u>

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

Derwent Housing Association Limited
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18e) PENSIONS (ASSOCIATION) (continued)

KEY ASSUMPTIONS

	31.03.2021	31.03.2020
	% per annum	% per annum
Discount Rate	2.10	2.50
Inflation (RPI)	3.30	2.86
Inflation (CPI)	2.60	1.86
Salary Growth	3.87	2.56
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

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19 DEFERRED TAXATION

GROUP	31.03.2021 £'000	31.03.2020 £'000
Accelerated capital allowances	2,980	3,370
Short term timing differences	(4,765)	(5,035)
Other timing differences	2,022	1,961
	237	296
	237	296

ASSOCIATION	31.03.2021 £'000	31.03.2020 £'000
Accelerated capital allowances	3,038	3,438
Short term timing differences	(4,759)	(5,022)
Other timing differences	2,022	1,961
	301	377
	301	377

The movement in deferred taxation provision is set out below:

GROUP	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
1 April 2020	296	(443)
Charged to Statement of Comprehensive Income (note 9)	(59)	739
	237	296
	237	296
ASSOCIATION	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
1 April 2020	377	(392)
Charged to Statement of Comprehensive Income (note 9)	(76)	769
	301	377
	301	377

Derwent Housing Association Limited
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20 SHARE CAPITAL

	31.03.2021	31.03.2020
ASSOCIATION	£	£
Shares of £1 each allotted, issued and fully paid;	6	6

The share capital of the Association consists of shares with nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid up thereon, becomes the property of the Association. Therefore all shareholdings relate to non-equity interests; there are no equity interests in the Association.

Derwent Housing Association Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

21 CAPITAL COMMITMENTS

GROUP	31.03.2021 £'000	31.03.2020 £'000
Capital expenditure that has been contracted for but not provided for in the financial statements	141	154
Capital expenditure that has been authorised by the Board but has not yet been contracted for	24,579	111,919
ASSOCIATION		
Capital expenditure that has been contracted for but not provided for in the financial statements	141	154
Capital expenditure that has been authorised by the Board but has not yet been contracted for	24,579	111,919

The above commitments will be financed in accordance with our treasury management policy which is detailed in the Places for People Group consolidated accounts.

22 LEGISLATIVE PROVISIONS

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider of social housing with the Regulator of Social Housing under the Housing Act 1996.

Derwent Housing Association Limited
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for the year ended 31 March 2021

23 RELATED PARTY TRANSACTIONS

The Group had the following transactions and period end balances with Eione LLP, a 49% joint venture of Derwent Facilities Management Limited.

	Year to 31.03.2021	Year to 31.03.2020
	£	£
Investment balance in Eione LLP by Derwent Facilities Management Limited	40	40
Amounts invoiced to Eione LLP by Derwent Facilities Management Limited	1,150,614	1,035,533
Amounts due from Eione LLP to Derwent Facilities Management Limited	162,855	236,307
Amounts invoiced from Eione LLP to Derwent Facilities Management Limited	449,687	257,320
Amounts due to Eione LLP from Derwent Facilities Management Limited	31,905	16,219
	<u> </u>	<u> </u>

The Association also has contracts whereby the work is sub-contracted to Derwent Facilities Management Limited at no surplus or deficit to the Association. The “pass through” of this contract income and related operating costs to the third party customers totalled £5.95m (2020: £5.82m). Interest is charged on the inter-company loan to Centro Place Investments Limited at 3% per annum, this equated to £0.12m in the 12 months to 31 March 2021 (2020:£0.12m).

The Association has taken advantage of the exemption in FRS 102 not to disclose transactions with other group companies which are 100% owned.

The Pensions Trust are a related party through the defined benefit pension scheme. Details of all transactions can be found within note 18e.

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

24 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	Year to 31.03.2021 £'000	Year to 31.03.2020 £'000
a) Reconciliation of surplus on activities after taxation to net cash from operating activities		
Surplus for the year	7,543	30,847
Depreciation and amortisation charges	5,454	5,238
Impairment of investments	-	-
Fair value losses/(gains) on investment property	2,109	(21,908)
Amortisation of Social Housing Grant	(1,421)	(921)
Investment income including Joint Venture share of surplus	(936)	(1,248)
Fair value gains on financial instruments	-	-
Pension adjustment	(669)	(1,659)
Surplus on sale of property	(1,937)	(1,795)
Interest receivable	(4)	(34)
Interest payable	17,151	17,509
Taxation	535	1,705
Change in stock	7	(36)
Change in debtors	1,842	2,537
Change in creditors	4,234	4,500
Change in completed and under construction properties held for resale	2,420	3,110
	<u>36,328</u>	<u>37,845</u>

	At 1 April 2020 £'000	Cash inflows £'000	Other cash movements £'000	At 31 March 2021 £'000
b) Reconciliation of net cash flow to movement in net debt				
Cash	5,397	(2,641)	-	2,756
Short term investments	407	24	-	431
	<u>5,804</u>	<u>(2,617)</u>	<u>-</u>	<u>3,187</u>
Overdraft facilities	-	-	-	-
Housing loans due within one year	(11,530)	4,354	(11,530)	(18,706)
Housing loans due in greater than one year	(170,505)	824	11,530	(158,151)
Finance lease obligations	(68,383)	-	-	(68,383)
	<u>(244,614)</u>	<u>2,561</u>	<u>-</u>	<u>(242,053)</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

24 STOCK MANAGED

GROUP	2020	No	Units developed	Units disposed of	Other	2021 No
Social housing owned						
General housing:						
Social (including intermediate)	5,748		44	(25)	352	6,119
Affordable rent	650		33	(7)	1	677
Housing for older people	650		-	-	(5)	645
Low cost home ownership	1,363		20	(25)	13	1,371
Total social housing owned	8,411		97	(57)	361	8,812
Social housing managed						
General housing:						
Social (including intermediate)	6,087		44	(25)	9	6,115
Affordable rent	650		33	(6)	-	677
Housing for older people	586		-	-	1	587
Low cost home ownership	1,527		33	(31)	-	1,529
Total social housing managed	8,850		110	(62)	10	8,908
					2021	2020
					No.	No.
Non social housing managed					233	239
Market rentals (incl Key worker)					777	777
Student accommodation					116	112
Leasehold					11,489	11,188
Facilities management					12,615	12,316
Total social housing managed					8,908	8,850
Total housing managed					21,523	21,166
Total housing owned but managed by another body					134	140
Total housing owned or managed					21,657	21,306

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

24 STOCK MANAGED

ASSOCIATION	2020	No	Units developed	Units disposed of	Other	2021 No
Social housing owned						
General housing:						
Social (including intermediate)	5,730		44	(25)	352	6,101
Affordable rent	572		33	(6)	1	600
Housing for older people	650		-	-	(5)	645
Low cost home ownership	1,357		20	(25)	13	1,365
Total social housing owned	<u>8,309</u>		<u>97</u>	<u>(56)</u>	<u>361</u>	<u>8,711</u>
Social housing managed						
General housing:						
Social (including intermediate)	6,087		44	(25)	9	6,115
Affordable rent	650		33	(6)	-	677
Housing for older people	586		-	-	1	587
Low cost home ownership	1,527		33	(31)	-	1,529
Total social housing managed	<u>8,850</u>		<u>110</u>	<u>(62)</u>	<u>10</u>	<u>8,908</u>
					2021	2020
Non social housing managed					No.	No.
Market rentals (incl Key worker)					233	239
Student accommodation					777	777
Leasehold					116	112
					<u>1,126</u>	<u>1,128</u>
Total social housing managed					8,908	8,850
Total housing managed					<u>10,034</u>	<u>9,978</u>
Total housing owned but managed by another body					134	140
Total housing owned or managed					<u>10,168</u>	<u>10,118</u>

Derwent Housing Association Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 March 2021

25 COMMITMENTS UNDER OPERATING LEASES

The Group's and Association's total future minimal lease payments under non-cancellable operating leases for fixed assets are as follows:

GROUP	31.03.2021 £'000	31.03.2020 £'000
Land and buildings		
Operating leases expiring:		
Within one year	1,956	1,969
Between one and five years	7,987	7,761
After five years	12,165	13,545
	<u>22,108</u>	<u>23,275</u>
Plant and machinery		
Amounts due		
Within one year	4	16
Between one and five years	100	5
	<u>104</u>	<u>21</u>
ASSOCIATION	31.03.2021 £'000	31.03.2020 £'000
Land and buildings:		
Operating leases expiring:		
Within one year	1,956	1,864
Between one and five years	7,824	7,456
After five years	12,165	13,545
	<u>21,945</u>	<u>22,865</u>
Plant and machinery		
Amounts due		
Within one year	4	16
Between one and five years	-	5
	<u>4</u>	<u>21</u>