



the
guinness
partnership

GUINNESS TRUST BUILDINGS

Financial Statements

2018-19



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Our year in numbers

<div>Group turnover</div> <div>£360.5m</div>	<div>Governance and Financial Viability regulatory ratings</div> <div>G1 V1</div>	<div>Homes in management at 31 March</div> <div>64,944</div>
<div>Group operating surplus</div> <div>£155.8m</div>	<div>Tenant satisfaction (TGPL)</div> <div>76%</div>	<div>New homes starting on site</div> <div>483</div>
<div>Social housing cost per home – TGPL</div> <div>£3,232</div>	<div>Employee engagement</div> <div>86%</div>	<div>New affordable homes completed</div> <div>501</div>
<div>Credit ratings</div> <div>Standard & Poor's A (negative)</div> <div>Moody's A2 (stable)</div>	<div>Safety compliance: Gas, fire, electricity, water, asbestos</div> <div>100%</div>	<div>Grant secured through Strategic Partnerships</div> <div>£224m</div>
<div>TGPL operating margin – social housing lettings</div> <div>29%</div>	<div>Rent arrears as a percentage of rent debit (social housing)</div> <div>3.4%</div>	<div>Secured pipeline – new homes</div> <div>5,000</div>

we want our homes to be **safe** and **secure**, places our customers are **proud** to live

Strategic Report and Report of the Board

Statement from the Chair and the Chief Executive



Welcome to Guinness's Financial Statements for the year to March 2019. These set out our financial position, how we are performing, our progress delivering our Strategy, and how Guinness is placed to face the challenges ahead.

With a clear social purpose, Guinness is confident in what, and who, we are here for. In 2018/19 we launched our Guinness 2023 Strategy, reaffirming our vision, and setting a direction to deliver much needed great homes and great services to our customers, to be a great place to work and a great business.

With a committed and engaged people, strong financials, and a sizeable development pipeline, we are well placed to deliver our vision and ambitions. We maintain our G1/V1 ratings from the Regulator of Social Housing, and we continue to have strong credit ratings. In 2018/19 we delivered an operating margin of 29% on social housing lettings. We manage our gearing effectively and have the liquidity to meet our future plans.

Our financial strength and long-term investment horizon, and robust approach to risk management, mean we can continue to build new homes despite an uncertain operating environment, including the backdrop of Brexit and a fragile housing market. Our ability to invest at scale is underpinned by grant. We welcomed Government's funding announcements during the year and were pleased to achieve Strategic Partner status with both Homes England (together with Stonewater HA) and the Greater London Authority. This helped us acquire over 2,900 plots including major sites in Leeds and London. We completed 501 affordable homes, and the years ahead will be ones of significant construction activity for Guinness.

Our growth is focused in those areas where we have a significant presence. This will further increase our operational efficiency, enable us to better target our investment in customers, and develop even stronger relationships with local stakeholders. In 2018/19 we further concentrated our geographic footprint by transferring some homes to other housing associations, but we remain a truly national organisation.

Dame Judith Hackitt's Review on Building Regulations and Fire Safety (the Hackitt Report) is of critical importance for all housing providers. All Guinness homes must be high quality, and it is fundamental to this that they are safe. We invested £89m in maintaining our existing homes, and we have a strong building compliance record. We will continue to invest, and increase the level of investment, in coming years to ensure that Guinness homes are always safe, warm and secure.

We achieve good levels of tenant satisfaction in four of our six operating regions, and where there are improvements to be made we are working actively

and drawing on customer insight to ensure these are delivered. We know that repairs are a significant driver of satisfaction and we work collaboratively with our contractors to ensure this key service meets the needs of our customers. Our ongoing investment in technology enables us to provide increasing choice and control for customers in the way they access our services. For example, many of our customers can now book repairs appointments online. This is an important part of our service offering, and is in addition to our commitment to providing face to face contact, which our customers and employees have told us they really value.


Our relationship with our customers and our commitment to service is at the heart of our business. We welcome the focus on the landlord-tenant relationship, and on transparency and scrutiny, which were features of the Government's Social Housing Green Paper published in August 2018, and we await the Green Paper Action Plan. Guinness is an early adopter of the National Housing Federation's Together With Tenants Charter. We support meaningful engagement with customers alongside strong regulation of the social housing sector.

We provide services to a wide range of customers living in different types of housing across the country, as well as older customers who receive care services in their own homes. Our Care at Home services generate good customer satisfaction and are well rated by the CQC, as was our landmark Extra Care housing scheme in Totnes, Devon. We continue to extend our offering for older customers, with the launch of a new care service in Cheshire during the year, and a new service in Stockport in 2019/20. We also plan to build more Extra Care housing for older people in coming years.

We were able to achieve all of this during 2018/19 because Guinness is a strong business with great people. We will ensure that continues through our strategy period and beyond. In 2018/19 we launched a new People Strategy, and our first Diversity & Inclusion Strategy, setting a goal of being an inclusive organisation where everyone is supported, challenged and enabled to do their best for our customers.

Our workforce comprises a vast range of different roles from repairs engineers to customer liaison officers, IT developers to home care workers, building surveyors to financial analysts, and many many more. All serve our customers. Our thanks for their commitment and skill. Our thanks also for the commitment of our partners nationally and locally, who we look forward to continuing to work with to provide services to our customers, support communities and deliver the social housing that the country needs.


Neil Braithwaite (Chair)


Catriona Simons (CEO)

Strategic Report

Who we are

The Guinness Partnership is a national housing provider with a strong social purpose, providing great homes and services to over 140,000 people across the country. Founded in 1890, we have a long and proud history which drives us today in continuing to deliver our social purpose to improve people's lives and create possibilities for them. We provide homes and housing services to nearly 65,000 households and deliver over 400,000 care hours each year through our subsidiary Guinness Care.

We are a customer service organisation because it is our customers that we're here for – the people we provide homes to today, our tenants and leaseholders, the people we provide care and support services to, and, our future customers.

What we do

As a regulated charitable housing association our core activities are the provision of housing for social and affordable rent, affordable home ownership and, housing for older people and a range of care services, including domiciliary and extra care.

The work that housing associations do is important and there is an extraordinary demand for our homes and services. We want to do as much as possible to meet that demand, and to be here for as many people as possible. We aim to achieve this by providing great service, great homes, by being a great place to work and a great business.

Where we operate

Guinness is a national organisation with nearly 65,000 homes in 150 Local Authority areas across England, and we have a clear ambition to grow.

The location of our current homes and those local authority areas where we have the greatest number of homes are shown below:

Top 10 Local Authorities	Number of Homes	% total
London local authorities	5,793	9%
Cheshire East	5,650	9%
Milton Keynes	5,161	8%
Havant	3,892	6%
Manchester	3,800	6%
Sheffield	2,579	4%
Rochdale	2,173	3%
Stockport	1,603	2%
Oldham	1,359	2%
Gloucester	1,217	2%

We launched our new five year Strategy, Guinness 2023, in April 2018 and this strategy recognises that there are opportunities to rationalise, consolidate and grow and that this could be through development, stock rationalisation or inorganic growth. Successfully realising these opportunities will lead to improved service delivery to customers, improved operating efficiency and increased strategic influence.



Our Structure

The Guinness Partnership Limited (TGPL) is the charitable parent which undertakes the majority of our social housing activity. The Group does, however, include a number of other trading entities and subsidiaries as shown above. Details of the principal activities of each entity is provided below with a full list of the Group subsidiaries and their activities set out in note 33 of these financial statements.

- Guinness Care and Support Limited (trading as Guinness Care) – provider of care and support services.
- Guinness Housing Association Limited – non-charitable registered provider.
- City Response Limited (trading as Guinness Property) – provider of responsive and planned maintenance services to the Group.
- Guinness Developments Limited and Guinness Platform Limited – delivery of design and build contract services in respect of the Group's development programme.
- Guinness Homes Limited – market sale activity.
- Hallco 1397 Limited – freehold interest of a residential housing estate in the City of London.

Our Vision and Strategy

Our vision is for Guinness to:

- Deliver **great service** – to be one of the best service providers in the housing and care sectors.
- Provide **great homes** – to provide as many high quality homes as possible, and to play a significant part in tackling the country's housing crisis.
- Be a **great place to work** – to be one of the best employers in the country.

And to:

- Be a **great business** – to be a strong and efficient business that does things well, and that people can trust and rely on.

Our headline targets for 2023 are:

- Achieving 85% customer satisfaction.
- Delivering 7,500 new homes, of which two thirds will be affordable.
- Increasing employee engagement to 85%.
- Maintaining our financial performance with a 30% operating margin.

Our five year strategy, Guinness 2023, which we launched in April 2018, sets out the path for achieving our vision.

Our Strategic Resources and Relationships

Resources

A skilled workforce and experienced leadership team

Everyone at Guinness has a role to play in our success, is valued and has a voice. We believe that all our people are talented and make a vital contribution and we ensure we attract, develop and retain talented people who give their best to Guinness. Our organisation is led by people who share a vision, who care about our customers and our people and who are highly skilled. Our Board and Executive Team have the experience and breadth of skills to lead Guinness to deliver our strategy.

Financial strength and control

We are financially strong and our vision is supported by sound financials and excellent credit ratings. We maintain our focus on efficiency and value for money to ensure we identify and put in place better and more cost effective ways of doing things. We have a target to achieve an operating margin of 30% by the end of March 2023, achieving a balance between what we spend day to day and what we generate to re-invest in existing and new homes.

Governance

We have a governance structure and an assurance framework which is appropriate to the range of activities that the Group is engaged in. We adopt the National Housing Federation (NHF) Code of Governance and review compliance with this code each year. We review our governance structures regularly to ensure they remain fit for purpose as our external and internal operating environment changes. These structures ensure that we meet our legal and regulatory requirements and that we continue to have a strong compliance record.

Investing in our homes and other assets

Our assets, which include our homes, land and associated infrastructure, some commercial properties and plant and equipment, give us the capacity to meet our targets to provide great

homes and services to our customers. We carefully manage these assets ensuring we invest appropriately to keep them in good condition. We invest in our homes ensuring they meet or exceed the Decent Homes Standard and building safety requirements at all times.

Investing in technology

We invest in technology to make things easier for our customers and our people to access and deliver high quality services. We ensure that our networks, systems and data are secure in accordance with best practice. Our recent technology investments seek to improve the information we hold about our homes and customers, support our investment and growth strategies, and enable us to offer services in a way that maximises customer choice and control. We have invested in and continue to explore, smart technologies to enable us to understand how our homes are performing and when improvement work is needed.

Sustainability

Guinness's commitment to environmental sustainability recognises the need to preserve natural resources and to benefit our customers by tackling the growing issues of fuel poverty and affordable warmth. We continue to improve the energy and water efficiency of our existing and new homes, ensuring that they are affordable for our customers to run. Our scheme at Quayside in Totnes, recently won Heat Network Project of the Year at the Network awards.

Relationships

Customers

We describe ourselves as a customer service organisation because we are here for our customers. Customer voice has always been important at Guinness, but it has never been more important than it is now as we know that to be good at what we do we must listen to our customers. We go beyond asking our customers to help shape and improve our offer as we also focus on how our homes and services make them feel, which matters because our customers are relying on us to be a trusted long-term service provider.



we are committed to creating a **great employee experience**, making Guinness a great place to work, **learn** and **succeed**

Employees

We are committed to creating a great employee experience, making Guinness a great place to work, learn and succeed. We want Guinness to be an organisation where people share a vision, have a real sense of our social purpose and feel really valued. Our approach to health and wellbeing goes beyond our responsibilities as an employer to ensure everyone can do their job safely, and includes a range of initiatives to ensure our people are healthy and happy in their roles. We are a diverse and highly inclusive organisation and are committed to delivering a great customer experience. We believe that great ideas and the best business solutions come from bringing together a wide range of perspectives and that by harnessing diverse viewpoints and talents we will do more for our customers and the communities in which we work.

Communities

At Guinness we want to make a real difference to the lives of our customers. We continue to focus on addressing antisocial behaviour and on promoting activities which create cohesion, so our communities and neighbourhoods are pleasant and safe places for everyone who lives there. We also work in partnership with others locally to maximise our impact, improving skills and employment opportunities for our customers. Our continued focus on social value in our communities encompasses work on fuel poverty, consumables poverty and financial inclusion.

Key stakeholders

We rely on good relationships with our key stakeholders in order to ensure we have their trust and support to deliver value to our customers and communities. Our relationships with local authorities, MPs and government agencies are central to our work in communities as are our relationships with suppliers, contractors, lenders and partners. Our relationships with Homes England and the GLA have enabled us to successfully apply for grants to further our ambitions to develop new affordable housing. We work with our peers to contribute to many sector-wide issues including the work to develop the Together with Tenants Charter which was led by the National Housing Federation.

Suppliers

We build strong relationships with our contractors and suppliers across our core areas of operation so we can deliver the levels of service and value for money expected by our customers. Our approach to governance of contract award means we are able to offer our stakeholders the necessary regulatory and commercial assurances. In order to maximise operational and commercial effectiveness we retain in-house provision of certain services in some geographies, including grounds maintenance and property repairs.

Funders

We work closely with our lenders and investors to ensure we have appropriate funds available to support our development and growth ambitions. Our funders include a range of banks, building societies and capital market investors with whom we have long term relationships.

Government and Regulators

We value our relationships with the Government, working constructively with them on aspects of housing policy and meeting regularly with officials in the Ministry of Housing, Communities and Local Government. The Regulator for Social Housing (RSH) and the Care Quality Commission (CQC) regulate us and we currently have the highest governance (G1) and viability (V1) ratings from the RSH. Of our 12 regulated care services, all but one are rated Good by the CQC. We are subject to the Charities Act 2011 including the obligation to prove that our aims are for public benefit and our Board is satisfied that we create social and financial opportunities to benefit our customers.

How we performed in the year

Each year we set a Business Plan and associated performance targets against each of the four key areas outlined in our Strategy. Our targets are linked to our corporate objectives with performance monitored by the Executive Team and the Board. Targets are set at the start of the year which seek to balance ambition with deliverability.

We have summarised overleaf our performance and progress in achieving our key objectives in 2018/19, this includes an assessment against key performance indicators that allows us to monitor, evaluate and demonstrate delivery.

Strategic Report

and Report of the Board



In our Strategy we say that **great service** is about getting things done, making things easy, and how we make our customers feel. It's about listening. It's about customers knowing they can trust us.

Performance indicators [March 2023 target: 85% Customer Satisfaction]	2018/19 Performance	Target
Overall satisfaction with the service we provide (tenants)	76%	80%
Overall satisfaction with the service we provide (homeowners)	50%	55%
Overall satisfaction with the service we provide (care)	93%	92%
Satisfaction with the last completed repair	85%	90%

76%
tenant customer satisfaction

Customer satisfaction is important to us as a customer service organisation and we know we have more to do to meet our aspirations in this area. Satisfaction for tenants was 76% for 2018/19, 2% lower than the previous year, following two years of steady improvement and 4% below the target of 80% for the year.

Satisfaction with repairs of 85% reflects service delivery issues we experienced with our repairs service during the year both in respect of our in-house service and some of our third party contractors. We have included a number of actions to address these issues in our Business Plan for 2019/20, together with other actions to improve the speed and quality of our response when things go wrong.

Homeowner satisfaction was 50% for 2018/19, which represents an improvement of 1% on 2018, but was below our target of 55% for the year. The new Customer Liaison Service which serves both tenants and homeowners has received good feedback from customers and satisfaction has improved towards the end of the year.

Customer satisfaction with our care service remains high at 93%, a 2% improvement on 2018.

During 2018/19 we:

- Launched our new Customer Liaison Service and our new Customer Services and Asset Management operating regions, receiving positive feedback from our customers.
- Registered almost 15,000 customers for MyGuinness online services and took 6,000 online repair bookings.
- Extended the roll-out of our Customer Relationship Management (CRM) tool, including to our retirement living service in Cheshire, and built our new complaints module.
- Helped secure over £8.8m of additional benefits for customers experiencing financial hardship.
- Provided emergency financial support to 550 customers in immediate need.
- Started a pilot project to refurbish the communal areas of a number of our Housing for Older People schemes.
- Received a rating of 'Good' from the CQC for all but one of our care schemes.
- Launched our new Care at Home service for private payers in Cheshire and prepared to launch a similar service in Stockport.

In our Strategy, we say that a **great home** is one that is safe and secure, warm and dry, and where everything works. A great home is affordable and is a place people are proud to live.

Performance indicators [March 2023 target: 7,500 new homes]	2018/19 Performance	Target
Gas certification compliance	100%	100%
Electricity, fire risk assessment, asbestos, water safety compliance	100%	100%
% homes meeting the Decent Homes Standard	100%	100%
Emergency repairs completed in the time agreed	94%	100%
Re-let turnaround time (days)	28	20
Total starts on site	483	1,000
Number of new homes completed	501	700

We continue to put safety and compliance first this is reflected in 100% compliance for gas and electrical certification and 100% compliance for fire risk assessments, asbestos surveys, water safety assessments, passenger lift servicing and community alarm monitoring inspections.

We are pleased that 100% of our homes meet the Decent Homes Standard and our significant investment programme for 2019/20 will ensure our homes continue to do so.

We experienced challenges during the year in meeting our targets for completing emergency repairs in the time agreed, achieving 94.1% against a target of 100%. Similarly, our turnaround time for empty homes was at 28 days which fell short of our target of 20 days. Performance issues are being addressed and we delivered incremental, but sustained, improvements during the final quarter of the year and this has continued into 2019/20.

During the year we completed 501 new homes which was below our target of 700, but was an increase on the 376 homes completed in the previous year. All of the homes completed in the year were affordable homes with 358 for rent and 143 for shared ownership. We also started on site with a further 483 homes during the year, with 420 of these being for affordable tenures.

During 2018/19 we:

- Updated our Building Safety Plan to reflect the Hackitt review, and completed 60% of the actions.
- Invested £60.5m in the planned maintenance of our homes.
- Awarded and mobilised new contracts for our planned maintenance activities.
- Agreed a Footprint Strategy outlining priority areas for future growth.
- Transferred 1,800 homes to other providers, enabling reinvestment in new and existing homes.
- Signed Strategic Partnership contracts with Homes England and the Greater London Authority which together have secured £224m of grant funding to support our development plans.
- Purchased land with planning permission for 2,900 homes, including major sites in East London, Leeds, Stevenage and Bristol which has increased our secured pipeline to nearly 5,000 homes.
- Launched our Quayside Extra Care development in Totnes and achieved a 'Good' CQC rating for it.

100%
statutory checks completed

100%
of our homes meet the Decent Homes Standard

501
new homes



Strategic Report and Report of the Board



In our Strategy we say that a **great place to work** is one where people share a vision, have a real sense of purpose and feel really valued. It's a place where people are proud to work.

Performance indicators [March 2023 target: 85% engagement]	2018/19 Performance	Target
Employee engagement – TGPL	86%	78%
Employee engagement – Guinness Care	77%	75%
Employee engagement – Guinness Property	78%	70%
Employee turnover	13.4%	15.0%

In our Strategy we say a **great business** is one which performs, and is strong and resilient. It invests in the future and it does things well.

Performance indicators [March 2023 target: 30% operating margin]	2018/19 Performance	Target
Operating margin (excluding property sales)	26%	30%
Compliance with loan covenants	100%	100%
Rent arrears	3.4%	3.6%
Regulatory Governance and Financial Viability ratings	G1/V1	G1/V1

3.4%
level of
rent arrears

G1/V1
RSH Governance
and Financial
Viability ratings

26%
operating margin
(excluding
property sales)



86%
employee
engagement
–TGPL

13.4%
employee
turnover

Maintaining a highly engaged workforce is crucial to delivery of our Strategy as it is our people who ensure our success. During the year we significantly exceeded our target for employee engagement with a score of 86% for TGPL and 83% for the Group as a whole, demonstrating that Guinness is a highly engaged organisation where everyone is committed to our vision and social purpose. This was a significant achievement as it followed a number of years of significant internal change and it demonstrates our commitment to and investment in our people.

We are an accredited Investors in People (IiP) employer and currently hold Gold accreditation for TGPL, Silver accreditation for Guinness Property and the Standard (Bronze) accreditation for Guinness Care. TGPL and Guinness Care will be re-accredited during 2019/20.

During 2018/19 we:

- Published our new People Strategy and our first Diversity & Inclusion Strategy entitled “Everyone”.
- Introduced the new Guinness Behaviours Awards and celebrated success at our employee Star Awards.
- Launched our new Health & Wellbeing campaign, promoting Mental Health Awareness week and trained a number of new Mental Health First Aiders.
- Developed and prepared to launch our new intranet.
- Completed improvement works to our offices in Oldham, Bristol and Exeter.
- Provided more ways to communicate with, and get feedback from, our people.
- Held Staff Forum elections and introduced a network of Employee Supporters.

Our financial position and performance remain strong despite our operating surplus being below target for the year following our decision to invest additional sums in our repairs service during the year. Further information on our Financial Performance for the year is provided in the Financial Review section on page 28.

We successfully reduced the level of rent arrears during the year to 3.41% despite an increase in the number of our customers now being in receipt of Universal Credit. We have continued to increase the number of our customers paying their rent by direct debit and our Customer Support Team continues to support our customers in accessing the right benefits.

Following our In Depth Assessment by the Regulator of Social Housing at the end of the last financial year we were pleased to have our ratings for Governance and Viability confirmed as G1 and V1 in May 2018, recognising our commitment to high standards of governance and our ongoing financial strength.

During 2018/19 we:

- Launched our Guinness 2023 Strategy, setting out our plans and targets for the next five years.
- Made progress delivering our Procurement Strategy, completing a further 34 procurement projects which will deliver annual savings of £4.2m.
- Reviewed our loan portfolio, increasing capacity to provide on-lending to our subsidiaries and revised a number of our loan covenants to achieve greater consistency across our portfolio.
- Introduced our new Asset Management System which will enable more effective management and planning of our investment programmes.
- Completed a Group-wide review and update of our IT Disaster Recovery Plan and Service area Business Continuity Plans.
- Completed our exit from residential care.



Going further in our communities

Our social purpose extends beyond providing high quality affordable homes. We want to make a difference in the communities we work in. We invest in activities that support our communities and open up opportunities for our customers to improve their lives. We work closely with partners across a number of sectors to maximise our impact. We have provided some examples of our work below:

Customer support

In 2018/19 we continued to provide additional support to our customers when they needed us referring over 7,000 customers who needed help to sustain their tenancy to our Customer Support Team. The work of the Customer Support Team helped our customers to secure additional benefits totalling £8.8m. We have also helped 550 customers through our £100,000 hardship fund.

Over the last five years we have awarded Aspire Award grants to more than 270 customers. These grants help our customers to support community projects or help pay for education courses, training and equipment. The grants have helped Guinness customers to further their careers and progress their talents. We have also backed community projects which range from creating art pieces to turning unused space into allotments, and, a summer activity project for young people in Havant.

Tackling homelessness

In September 2018 Guinness signed up to offer 30 homes for homeless people in Manchester as part of a project with other housing associations to tackle homelessness across the city. The project, supported by the Ministry for Housing, Communities and Local Government and the Mayor of Greater Manchester, pledges to remove barriers to housing for rough sleepers, providing a safe home away from the streets.

Consumables poverty

Guinness is a partner in three food pantry schemes across the country. We provide emergency food and consumables to customers in extreme hardship. We also support the food poverty charity The Trussell Trust, and as in previous years Guinness and its staff have donated food and goods to their food banks across the country. During 2018/19 as part of our International Women's Day activities we helped raise funds for and launched our partnership with Binti, a charity which aims to end period poverty.

A dementia-friendly organisation

We are a dementia-friendly organisation and through our Housing and Dementia Project, we focus on raising awareness about dementia both internally and externally. We believe in sharing best practice and knowledge, working closely with agencies including the Alzheimer's Society and Dementia Action Alliance. As a result, we helped to shape the national Dementia-friendly Housing Charter which was launched during the year. We now have 1,250 Dementia Friends and 11 Dementia Champions at Guinness – our staff receive dementia focused training relevant to their roles which enables them to develop the skills and knowledge needed to deliver appropriate physical and sensory responses to dementia.

Support for 'Give Us a Chance'

During the year, we renewed our commitment to Give us a Chance (GUAC) – the national consortium that brings housing and employment services together. Along with 50 other housing associations, GUAC represents over one million households across England and Wales – working-age people living in social housing have higher rates of unemployment than any other type of tenure. Through our membership of GUAC we are working with government agencies and partners to ensure that we can support our customers into employment.

Domestic abuse

In July 2018 Guinness made a commitment to tackling domestic abuse by signing the 'Make a Stand' pledge which is supported by the Chartered Institute of Housing and the Domestic Abuse Housing Alliance (DAHA).

1,250
Dementia Friends
at Guinness

550
customers
helped through
hardship fund

£8.8m
additional
benefits secured
for customers
facing hardship



Strategic Report and Report of the Board



Value for Money and the Sector Scorecard

How we ensure we deliver value for money

At Guinness we are committed to delivering and demonstrating Value for Money (VfM) in everything that we do for our customers and the communities which we serve. This commitment is led by the Board but is shared across the whole organisation and is embedded in our five year Strategy Guinness 2023. Our approach is delivered by our people, through our culture of customer service and VfM, supported by strong leadership, training, individual objective setting and rigorous financial management.

The Board sets the strategy for Guinness, into which the approach to delivering VfM is embedded through our strategic goals, annual budgets and operational targets, which cascade throughout the business. We have a clear, comprehensive and strategic approach to achieving VfM which includes:

- Setting budgets which deliver the optimum balance of expenditure between investing in services, new and existing homes, and communities.
- The measurement and regular reporting of performance against Key Performance Indicators which focus on the quality and efficiency of services provided.
- Rigorous appraisal of all significant projects, including the potential benefits in alternative delivery models.
- A robust assessment process for development and investment opportunities which includes consideration of alignment with our strategic objectives, likely returns on investment, demand for the products and external market conditions.
- An established Procurement Strategy.
- Focus and follow-up on planned savings by the Executive Team and the Board, including regular updates on the progress of forecast savings across relevant projects.
- Robust self-assessment of performance against the VfM Standard to demonstrate compliance with it, including an assessment of performance which covers customer satisfaction, new homes built, employee engagement and operating margin.

- Benchmarking our performance against our peers and the sector as a whole; and,
- Review of performance over time to identify trends and areas for further scrutiny.

Reporting on value for money

In April 2018 the new VfM Standard issued by the Regulator of Social Housing came into effect, this new Standard requires Guinness, as a registered social housing provider, to publish performance against the seven metrics defined by the Regulator in the new Standard, our own metrics and targets, and to provide a comparison against our peers where relevant.

Guinness Care provides a separate value for money statement within its strategic report.

Value for money performance

The use of benchmarking information is an important way for us to challenge and understand our performance and costs. We compare how we are doing in a number of ways:

- Against other Registered Providers (RPs) through participation in the **Sector Scorecard** where we compare our performance against the median for all participating Housing Associations and for a peer group of large providers who, like Guinness, work across the country; and
- Using the **Global Accounts**, where the performance of the whole sector against the seven metrics contained in the VfM Standard is published.

Whilst a year lag exists between available benchmarks and our published financial results, they do still provide an effective comparison of our performance to that of our peers. The 15 measures included within the Sector Scorecard are grouped into Business Health, Development – Capacity and Supply, Outcomes Delivered, Effective Asset Management and Operating Efficiencies. The Sector Scorecard metrics continue to include the metrics contained within the VfM Standard.

The performance of TGPL against the Sector Scorecard and VfM Standard metrics is provided on the following pages with the metrics grouped as they are in the Sector Scorecard.

Business health

Scorecard metric	2019	2018	2017	National median benchmark 2018	National Provider benchmark 2018
Operating margin (overall)*	26.0%	31.5%	37.3%	29.7%	23.4%
Operating margin (social housing lettings)*	29.0%	32.9%	36.7%	32.5%	27.8%
EBITDA-MRI (as % interest)*	148.3%	182.9%	240.2%	203%	192.5%

* these indicators are those included within the VfM Regulatory Standard.

Operating margins are a key indicator of financial health. TGPL's operating margin for 2019 is lower than the 2018 national median but above the 2018 national provider benchmark.

Our reduced operating margins this year reflect the additional investment made in our repairs service and the continued reduction in our rents. As a national organisation with a significant proportion of our homes located outside London and the South East we recognise that rent levels and margins will be lower than for many organisations which are located predominantly in the South.

Our Guinness 2023 Strategy targets achievement of a 30% operating margin by March 2023. We will deliver this through improvements to our technology infrastructure and processes, changes to our repairs service, and through our ongoing procurement programmes.

As we experience some pressure on our operating margin, our EBITDA – MRI performance has decreased. It remains strong however, and with significant levels of our borrowings being at fixed rates, we are comfortable with our exposure.



Strategic Report and Report of the Board



£224m
strategic
partnership
with HE and
Stonewater HA

£74m
strategic
partnership
with GLA

5,000
plots in pipeline

A (negative)
Standard & Poors
A2 (stable)
Moody's
credit rating

Development – capacity and supply

Scorecard metric	2019	2018	2017	National median benchmark 2018	National Provider benchmark 2018
New supply % (social) *	0.81%	0.48%	0.79%	1.00%	1.5%
New supply % (non-social) *	0.00%	0.11%	0.11%	0.00%	0.2%
Gearing*	40.5%	40.5%	38.4%	43.7%	39.8%

* these indicators are those included within the VfM Regulatory Standard.

During the year we completed 501 new homes, which represented 0.81 % of the total homes in our ownership.

Whilst this level of delivery remains lower than national benchmarks and that of our national peers we have made good progress during the year securing over 2,900 plots with planning permission and now have additional grant certainty under our Strategic Partnerships with Homes England and the GLA – all of which put us in a good place to increase delivery in future years.

We are increasing our development programme so that we will be delivering over 2,000 new homes each year by the end of 2023 which would lead to new supply of over 2% of our total homes each year, which would exceed current benchmark levels. During 2019/20 we aim to complete 1,000 new homes and start on site with a further 2,000.

We did not complete any homes for outright sale during the year but will deliver a number on our larger mixed tenure sites across the country in the coming years in order to provide cross-subsidy for the development of affordable homes. This is subject to market conditions and we keep the tenure mix of our programme under constant review.

Our gearing levels have remained unchanged year-on-year as we have made use of our cash reserves, which in 2018/19 included the receipts from the sale of homes to other housing associations to fund our development programme and associated site acquisitions.

In 2019/20 we will raise new finance to ensure appropriate liquidity is in place to support our development programme over the Guinness 2023 Strategy period and beyond, so we expect to see a modest increase in our level of gearing as our plans progress.

Outcomes delivered

Scorecard metric	2019	2018	2017	National median benchmark 2018	National Provider benchmark 2018
Customer satisfaction	76%	78%	77%	88%	81%
Reinvestment *	5.18%	4.18%	6.66%	5.80%	5.00%
Investment in communities	£1,088,000	£1,423,000	£1,562,000	N/A	£1,659,500

* these indicators are those included within the VfM Regulatory Standard.

Our levels of customer satisfaction fell by 2% during the year to 76% after two years of steady improvement.

Our performance in this area does not compare well to our peers and is therefore an area which requires particular focus. We know that the quality of our repairs service is really important to our customers and that our performance in this area fell below target during the year.

We already have plans in place which aim to improve both the quality and cost of the repairs service which began to deliver results in the final quarter of the year and which we expect to lead to improved levels of customer satisfaction.

We are targeting achievement of 78% customer satisfaction in 2019/20.

The level of reinvestment in our existing homes has increased to 5.18% during the year reflecting our ongoing commitment to the quality and safety of our homes.

We plan to further increase investment in our existing homes during 2019/20 and therefore expect our reinvestment percentage to increase further during 2019/20.

We have continued to invest in our communities over and above our expenditure on social housing activities – some of the specific areas and activities in which we have invested are detailed on page 15 of this Strategic Report. This investment will continue and is expected to increase as the funding secured from suppliers through our planned maintenance procurement process is invested.

76%
customer
satisfaction

501
new homes

29%
operating margin
on social housing
lettings – TGPL

86%
employee
engagement
– TGPL



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98.9%
occupancy
of our homes

4.7%
ROCE

£89.5m
investment in our
existing homes

Effective asset management

Scorecard metric	2019	2018	2017	National median benchmark 2018	National Provider benchmark 2018
Return on capital employed (ROCE) *	4.7%	3.6%	4.5%	4.1%	4.4%
Occupancy	98.9%	99.0%	99.3%	99.4%	98.9%
Ratio of responsive repairs to planned maintenance	0.74	0.57	0.68	0.61	1.21

* these indicators are those included within the VfM Regulatory Standard.

The return on capital employed (ROCE) compares our surplus to the value of properties held on our balance sheet.

TGPL's ROCE is higher than both the national median and the national provider benchmarks and is just below the upper quartile result for all RPs who participate in the Sector Scorecard.

Our plans to improve operating margin to 30% by March 2023 and the robust evaluation criteria used when appraising new development and investment opportunities will ensure continued good performance for this metric.

As in previous years we have maintained high levels of occupancy in our homes at 98.9%, in line with our national peers, although slightly lower than the national benchmark of all housing providers.

We have homes located across the country and this means we will always have some homes which require major works or which are more difficult to let. We consistently aim to minimize the time a property is unoccupied, with our repairs and lettings teams targeting improvements in turnaround times for our homes in 2019/20, both through process review and a review of contracting arrangements.

We successfully completed a procurement process to establish a new national planned maintenance contractor framework during the year and have plans to significantly increase planned maintenance expenditure in 2019/20, as well as making improvements to the cost and quality of our responsive repairs service.

We expect these activities to contribute to a reduced ratio of responsive to planned maintenance in future years.

Operating efficiencies

Scorecard metric	2019	2018	2017	National median benchmark 2018	National Provider benchmark 2018
Headline social housing cost per unit *	£3,323	£3,159	£2,830	£3,360	£4,392
Rent collected	100.5%	100.5%	100.4%	99.90%	99.2%
Overheads as % of adjusted turnover	14.4%	14.7%	14.8%	12.03%	14.6%

* these indicators are those included within the VfM Regulatory Standard.

Our headline social housing cost per unit of £3,323 compares well with our peers and the sector as a whole.

Our cost per unit has increased this year as we have transferred over 1,800 tenanted homes to other housing associations during the year, as well as investing more in maintaining our homes. This reduced the number of LA's we operate in to 150.

The Guinness 2023 Strategy sets out our ambitious growth plans with these being focussed on particular geographies to ensure that we achieve greater concentration of homes so we can improve the efficiency and impact of our service delivery.

As we grow we aim to reduce the running cost of our technology infrastructure and spread our fixed and overhead costs across a greater number of homes, therefore we expect our unit costs and overhead percentage of adjusted turnover to fall accordingly.

Our rent collection performance has continued to be good and compares well to our peers. We collected 100.5% of rents due which has enabled us to reduce our level of rent arrears to 3.41% despite more of our customers being in receipt of Universal Credit.

We have a robust but supportive approach to rent collection which we will continue to employ as more of our customers move to Universal Credit in the year ahead.

100.5%
of rent due
was collected

1,800
homes transferred
as part of stock
rationalisation

£3,323
social housing
cost per unit



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Our plans and targets for 2019/20

The year to 31 March 2020 will be the second year of our Guinness 2023 Strategy and we have agreed a Business Plan with the Board which will ensure that we build on the investment we have already made in our people, our systems, and how we work together, for our customers.

Great service – we will sustain and continue to improve our customer satisfaction and ensure we deliver the right value for money for our customers.

In 2019/20 we will:

- Give our customers more choice and control by extending our digital offer.
- Ensure that our repairs service provides great repairs at the right cost and at the standards we expect.
- Implement our new Homeowner Strategy which will improve our communal repairs service and enhance our communication with homeowners.
- Research and develop options for the design and management of large mixed tenure schemes, considering how we can best provide service on these estates.
- Continue to help customers sustain their tenancies, using data to identify where we can proactively intervene and support them.
- Maximise our impact on Anti-Social Behaviour in our customers' communities in line with best practice.
- Implement the Domestic Abuse Housing Alliance commitments.
- Continue to focus on improving services for customers living with dementia.
- Maximise the impact of our investment in wider community based initiatives, continuing our work on fuel and consumables poverty, and, improving financial inclusion, skills and employment opportunities for our customers.
- Provide even more ways for our customers to be heard by us, and for us to communicate with them through delivery of our Customer Engagement Strategy and Tenant Scrutiny Action Plan.

- Ensure all our care services achieve CQC ratings of 'Good' or 'Outstanding' to enable us to sustain our high customer satisfaction levels in this area.

Great homes – we will continue to provide high quality and safe homes that people are proud to live in.

In 2019/20 we will:

- Deliver a significant programme of planned investment in our existing homes ensuring they continue to comply with statutory requirements and are good quality, safe, secure and warm places to live.
- Continue to ensure that the safety of our customers remains paramount as we deliver our Building Safety Action Plan.
- Ensure we are on track to deliver 7,500 new homes (including at least 5,000 social/affordable homes) by 2023, and our Homes England and GLA programmes for delivery by 2024.
- Deliver 1,000 new homes, start 2,000 new homes, and, acquire land for a further 2,000 homes.
- Update our Design Guide to ensure all our new homes meet or exceed our standards for space, function, sustainability, warmth, building design and design of communal spaces.
- Roll out our programme of upgrades to housing for older people and consult with our customers on a new technology offer in our homes for older customers.
- Identify sites and funding for new extra care housing and continue to ensure our repairs service is sensitive and responsive to the needs of our older customers.

A great place to work – we will create a great employee experience, making Guinness a great place to work, learn and succeed.

In 2019/20 we will:

- Ensure our people feel valued, support their learning and development and continue to celebrate their successes, hard work and dedication to our customers.

- Deliver on the objectives of our Diversity and Inclusion Strategy, promoting a culture in which everyone can shape the way we do things.
- Deliver high quality leadership training and support through our Guinness Managers and Leaders programmes.
- Ensure all colleagues complete their mandatory training requirements, supporting Guinness's strong record on legal and regulatory compliance and health and safety.
- Continue to invest in technology to support our people to deliver great service in the first year of our new IT Roadmap which will improve some of our core systems.
- Continue to improve our mobile working offer for our people, improving connectivity on the move and launching a Guinness Mobile App to provide a better user experience.
- Deliver our new Data Warehouse to advance access to management information so that everyone has the information they need to do their job even better.

A great business – has an outstanding compliance record, strong governance structures and focuses on efficiency and value for money.

In 2019/20 we will:

- Continue to make sure we have an outstanding compliance record.
- Always ensure we protect the personal data of our customers and employees.
- Continue to minimise disrepair and respond as effectively, efficiently and quickly as possible to claims, ensuring Guinness is well prepared for the Homes (Fitness for Human Habitation) Act.
- Deliver our 2019/20 budget to enable reinvestment in our existing and new homes and to ensure Guinness remains resilient in an uncertain operating environment.
- Target key services through our procurement programme and update our approach to construction procurement to support our new home delivery targets.
- Continue our work to deliver efficiencies through greater automation of business processes as part of our transformation plan to improve the operational and financial performance of Guinness Property.

- Ensure we have the liquidity to support our strategic development programme, by arranging new borrowing.
- Continue to focus on strengthening our care business to ensure its long-term viability by investing in growing our offering to private payers.
- Identify and pursue opportunities to grow our business and deliver greater VfM through Partnerships.
- Continue to deliver our Footprint Strategy by building and acquiring more homes in areas where we have a strong local presence.

Managing our risks

Our approach to Risk Management is based on an established framework that is actively used throughout the business. Risk identification, mapping and planning exercises continue to be a key aspect of business planning. Our Risk Management methodology is consistently adopted across the Group.

Risk management strategy

Our Risk and Risk Management Strategy defines Guinness's attitude towards risk and the amount of risk that it can tolerate. The Risk and Risk Management Strategy defines control strategies for monitoring, managing and mitigating key risks identified.

The Risk and Risk Management Strategy is comprehensively updated annually and is reviewed by the Group Audit and Risk Committee (GARC), and is approved by the Board at the same time as the annual Business Plan is approved. The Risk & Risk Management Strategy acknowledges that the range of risks faced by Guinness Care, Guinness Property and Guinness Developments Limited, Guinness Homes Limited and Hallco are different to TGPL in many respects with GARC having oversight of all entities' Risk Plans in addition to that of TGPL.

A key component of our approach to risk management is regular reporting to the Board, and this includes reporting any movement in the assessment of key risks, a rolling cycle of Risk Monitoring Reports, and ad hoc Risk Reports that capture specific instances where a risk has crystallised.



we are committed to providing as many **high quality homes** as possible, and to play a significant part in **tackling the country’s housing crisis**



Risk management system

Guinness has a Risk Reporting Framework in place that enables both a top-down and a bottom-up approach to monitoring and reporting of risk. Risks are reviewed and monitored through the Risk Plan which reflects discussions that have taken place throughout the year at an officer Risk Panel, The Executive Team, Group Audit and Risk Committee and Board. Risk is considered and evaluated when undertaking any new projects or diversifying into new business areas, when making investment and divestment decisions, and when making significant changes to operations or organisational structures. Risk analysis is formally documented and the

Executive Team ensures that this risk analysis has taken place and is evidenced before approving new projects and before undertaking new business activities.

The Risk Panel meets quarterly to consider risk areas to be reported to the Group Audit and Risk Committee and comprises senior officers (including some Executive Team members) from across the Group.

2018/19 risk assessment

The Executive Team and the Board consider the risks described below to be the key risks facing the Group at the current time:

Risk Departure from the European Union

Comments and risk mitigation

The potential adverse impacts associated with Brexit are wide ranging but very difficult to predict with any degree of certainty.

The strength of the property market could be impacted particularly in certain parts of the country which might then impact our approach to development, particularly of homes for sale. A significant fall in house prices could reduce the levels of cross subsidy we are able to generate from sales to support our delivery of affordable homes. Higher grant rates would mitigate this risk.

The availability and lead times for delivery of building components may be extended and this could compromise service delivery and the performance of our homes.

A risk exists that labour shortages connected to the UK’s potential exit from the EU in the construction and care sectors could limit the deliverability of development schemes and our ability to deliver service to customers.

We assess the impact of reduced sales in the stress testing of our Financial Plans and we closely monitor the property market and wider economic indicators. Progress against our bespoke marketing and sales strategy for each new development is reported regularly to the Board.

Regular recruitment monitoring identifies changes in the labour market so emerging issues can be anticipated.

Risk Health and safety

Comments and risk mitigation

The health and safety of our customers, employees, contractors and members of the public is an essential element of our risk management approach. The risk of serious injury or death of customers, employees, contractors or members of the public is managed by our specialist in-house Health and Safety team through an established framework using a Health & Safety Management System which meets the requirement of OHSAS 18001.

A major health and safety failure could result in legal action against the organisation and/or responsible individuals. Consequential regulatory and reputational implications could also be severe.

Our staff undertake mandatory health & safety training relevant to their role – the completion of which is carefully monitored by the Board. We also work closely with external agencies to ensure we can anticipate and meet their requirements.

In the second year since the tragic fire at Grenfell Tower we have continued to undertake all necessary fire risk works, and incorporated the recommendations of the Hackitt report and the Government’s response into our Building Safety plans. We operate an alert system to ensure customer health and safety concerns are addressed promptly.

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Risk Pension liabilities

Comments and risk mitigation

A risk exists that the defined benefit pension schemes operated by us for our employees may in the future expose the organisation to financial risk in excess of that modelled and stress tested in our Financial Plan.

We actively manage our exposure to defined benefit pension liabilities and take external professional advice to identify and manage risks.

Following the recent revaluation of the Social Housing Pension Scheme (SHPS) we revisited our pension strategy and engaged in a consultation with employees to share increased contribution rates. We will actively engage in the review of the Local Government Pension Scheme (LGPS) which is taking place during 2019/20 in order that we can continue to appropriately manage our liabilities in respect of this scheme.

Risk Changes in government policy

Comments and risk mitigation

Significant policy changes could materially impact on our business activities. The external political environment is currently very uncertain and we understand that policy changes could impact future income for our customers and for Guinness. In these circumstances we know that we may need to make fundamental changes to our business quickly to accommodate a new policy direction.

We undertake regular horizon-scanning and stress and scenario testing on our Financial Plans to understand the impacts of a range of potential policy changes. We also continue to improve our depth and range of customer information to understand potential impacts of policy changes on them.

Risk Customer satisfaction

Comments and risk mitigation

As a customer service business maintaining or improving levels of customer satisfaction across all of our services is very important to us – a failure to deliver services to the required standard so that it leads to a sustained deterioration in customer satisfaction would lead to an increase in customer complaints, increased costs and could result in significant reputational damage.

Our Customer Experience Strategy provides a clear service framework and principles which will

help us to continually improve service and performance. Our ambitions are supported by the Guinness Behaviours and Service Style which ensure our staff deliver consistent, high quality services and are able to respond quickly when things go wrong. We undertake monthly Customer Satisfaction surveys, managed by a third party in order to gather feedback and understand where improvements are required.

Risk Welfare reform

Comments and risk mitigation

We understand that Welfare Reform will have adverse implications for a number of our customers and have invested additional resources to help them manage these impacts.

We undertake detailed analysis and targeted interventions, working with customers to support them with debt management advice to enable them to sustain their tenancies. We continue to assess the impact of the roll-out of Universal

Credit and whilst the full impact has yet to take effect, our mitigating actions so far have enabled us to limit the impact of the changes on rent arrears.

The additional support we provide to many of our customers also serves to mitigate the impact on Guinness of increased rent arrears, bad debts and increased costs of rent collection as well as enabling us to avoid evictions.

Risk Information management and security

Comments and risk mitigation

Successful management and stewardship of our customer and employee data is fundamental to our business in terms of maintaining trust and confidence in our organisation. Loss of personal or corporate information could result in fines or other regulatory action by the Information Commissioner's Office, and, potentially detrimental impacts for our customers or staff.

We have a well structured data governance framework and we have engaged with external experts throughout our data governance improvement programme to validate and benchmark our approach.

We have clear information management policies and guidance for all of our staff, supported by mandatory training, and an IT infrastructure with appropriate security protection.

Risk Business resilience

Comments and risk mitigation

Building resilience into our business means that we are able to respond effectively to a major business continuity incident and continue to deliver critical services to our customers. We need to be confident that we can respond quickly to unforeseen or sudden events.

We manage these risks through our Business Continuity Plans for each service area which are

reviewed and tested regularly. These plans are supported by a resilient IT network with multiple data centre back-up and storage. As a national organisation we have access to multiple office locations and we have ensured our people are ready and able to support colleagues and customers if they are needed.

Risk New homes delivery

Comments and risk mitigation

Our Guinness 2023 Strategy contains our ambition to deliver a significant number of new homes and this is extended in our commitment under the terms of our Strategic Partnerships with Homes England and the GLA and our reputation as an organisation which can make a significant contribution to new housing supply.

We understand the importance of delivery of new homes and undertake regular scheme and

programme level reporting on all of our development activity with progress scrutinised by our Project Review Group, the Finance and Development Committee and the Board. We monitor our programme exposure, including to sales. We work closely with local authorities and other stakeholders to mitigate the risks of delays to delivery.

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Financial review 5 year summary



The table below provides a summary of the Group's results and key financial ratios for the last five years.

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Consolidated income & expenditure					
Turnover from social housing activities	351.7	350.4	338.0	341.7	319.2
Turnover from non-social housing activities	8.8	24.0	92.1	84.4	45.1
Operating costs and cost of sales	(274.7)	(266.9)	(299.8)	(301.9)	(264.1)
Surplus on disposal of housing properties	70.0	5.4	8.1	10.6	8.1
Operating surplus	155.8	112.9	138.4	134.8	108.3
(Loss) / Surplus on disposal of other fixed assets	(0.2)	0.4	(1.6)	1.1	0.1
Net interest charges	(62.8)	(60.8)	(58.1)	(58.1)	(51.6)
Fair value and re-measurement movements	(0.2)	2.1	(1.6)	(15.6)	(4.9)
Gain on acquisition	-	-	41.4	-	-
Surplus for the year before taxation	92.6	54.6	121.7	62.2	51.9
Taxation	(0.1)	(0.4)	(0.8)	-	-
Surplus after interest and tax	92.5	54.2	120.9	62.2	51.9
Statement of financial position					
Tangible fixed assets	3,071.0	3,101.4	3,085.3	2,829.2	2,765.2
Net current assets	222.0	13.1	6.7	8.9	22.8
Total assets less current liabilities	3,307.2	3,182.7	3,154.2	2,884.3	2,828.1
Long term liabilities and provisions	(2,514.5)	(2,432.7)	(2,464.2)	(2,313.9)	(2,318.8)
Net assets	792.7	750.0	690.0	570.4	509.3
Reserves	792.7	750.0	690.0	570.4	509.3
Statement of cash flows					
Net cash generated from operating activities	118.7	175.5	192.1	146.6	97.3
Cash flow from investing activities	(36.4)	(99.7)	(56.1)	(107.5)	(136.7)
Cash flow from financing activities	(65.4)	(68.4)	(106.4)	(59.7)	9.5
Cash and cash equivalents at the start of the year	78.9	71.7	41.1	61.7	91.6
Cash and cash equivalents at the end of the year	95.8	78.9	71.7	41.1	61.7
Key Financial Ratios					
2019	2018	2017	2016	2015	
Underlying earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) as % of interest payable (excluding loan redemption penalties)	189%	231%	287%	339%	240%
EBITDA MRI (as a percentage of interest)	148%	183%	240%	218%	185%
Operating margin (Group)	24%	29%	30%	29%	28%
Interest cover (underlying operating surplus + depreciation) / net interest	230%	270%	272%	329%	227%
Gearing % (total borrowing / total net worth – reserves plus capital grant)	52.9%	55.6%	57.2%	50.0%	54.9%
Gearing % (as defined in the Sector Scorecard)	34.7%	34.9%	36.7%	37.9%	37.8%

Financial Review

The commentary below considers results on a group basis. Elsewhere in the Strategic Report, in particular the section on value for money, the figures and ratios are TGPL legal entity figures.

Statement of Comprehensive Income

The Group generated an overall surplus of £92.5m for the year ended 31 March 2019, which has increased by £38m compared to the prior year. This increase reflects the £70m surplus generated through the sale of housing properties, including the sale of 1,800 homes to other housing providers in the North East, Coventry, Redditch and Lancaster as part of our stock rationalisation activities. The overall surplus represents a net surplus of 25.7% (2018: 14.4%) on turnover of £360.5m.

Underlying operating performance remains strong with the Group achieving an operating margin of 43.2% (2018: 30%). This operating margin includes the surpluses on the sale of housing properties as required under FRS102 and the SORP. If the surpluses from the sale of housing properties are excluded an operating margin of 23.8% has been delivered (2018: 28.7%).

Our mainstream social housing business continues to perform well with an operating surplus of £95.6m (2018: £111m) delivered. Headline income from social housing activities fell by £10.8m during the year across the Group reflecting the 1% reduction to regulated rents and the sale of tenanted homes to other housing providers. An operating margin of 29.4% (2018: 32.9%) was generated from our social housing activities during the year. The decrease in operating margin reflects the reduction of regulated rents by a further 1% as noted above, our decision to invest additional sums in our repairs service during the year and an impairment provision raised against a residential building which we have taken the decision to demolish. Operating costs in most other areas fell year-on-year reflecting the work completed over recent years to review the organisational design.

Net interest charges for the year totalled £62.8m (2018: £60.8m), with the small increase reflecting our ability to use cash reserves, including those

generated through the sale of properties to other housing providers, to fund our development activities during the year with minimal additional borrowings being required.

We delivered a 148% (2018: 183%) EBITDA-MRI margin as a percentage of interest payable. The core business therefore continues to perform strongly and can comfortably cover the level of investment required to keep our homes in good condition. The factors noted above which have influenced operating performance have similarly contributed to the reduction in interest cover this year.

The Pension Trust is now able to calculate the share of the deficit of the Social Housing Pension Scheme (SHPS) defined benefit schemes across all participants and so in our Financial Statements this year we have fully recognised Guinness's share of the deficit. As at 1 April 2018 the previous pension liability in respect of SHPS was reversed and the full share of the deficit recognised, this resulted in a net increase to the liability of £30.7m across the Group, which has been recognised through Other Comprehensive Income.

Our strong financial performance has continued to support the V1 rating for financial viability from the Regulator of Social Housing and will contribute towards our capacity to build more new homes over the next five years.

Statement of Financial Position

At 31 March 2019 the Group is reporting total reserves of £792.7m (2018: £750m). This reflects a measured approach to growth in recent years, sound long term investment decisions and a focus on ensuring that the Group retains a strong liquidity position at all times.

The Group owns and manages nearly 65,000 properties, with the carrying amount of the Group's housing properties at historic cost decreasing by £30m (net) over the last year to £3,032.1m. This reduction reflects the disposal of over 1,800 homes to other housing providers during the year. The Group spent £59.4m on the development of new affordable housing with a further £27.1m invested in capital improvement works to our existing properties.



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Stock has increased during the year from £34.2m to £165.9m with a number of large land acquisitions completing across the country with sites acquired in London, Leeds, Bristol and Stevenage. The increase in stock balance reflects the fact that part of these sites will be used to develop homes for outright sale and shared ownership in the coming years.

At 31 March 2019 the Group had cash balances totalling £95.8m (2018: £78.9m) with this cash deposited with a range of counterparties who meet our counterparty credit criteria. The cash is invested with deposit terms of no more than 30 days. The increase in cash balances at year-end reflects receipt of grant funding from the GLA during March 2019.

The Group's trade and other debtors due in less than one year has increased year on year with a balance at 31 March 2019 of £35.0m, (2018: £20.3m). This increase reflects grant receivable of £14m from Homes England at the year-end which was subsequently received post year-end. The level of rent and service charge arrears has fallen year-on-year reflecting the good rent collection performance reported.

At 31 March 2019 the Group had outstanding bank and debt facilities of £1,250m (2018: £1,249m). We have utilised cash reserves during the year to limit the need to draw additional debt from available facilities. At 31 March 2019 the Group had undrawn loan facilities totalling £447m, which together with our available cash balances provide good levels of liquidity to support our development aspirations over the next five years.

We have reviewed the value of our properties and fixed assets, and considered any changes in the economic and policy environment, projected income, demand, or, market value where applicable, for indicators of impairment. This review has resulted in an impairment charge of £1m relating to a block which we have decided to decant and demolish in future years, and we have also reversed impairment charges recognised against our remaining Care Homes in previous years of £2.2m as these homes have been sold during the year.

In accordance with the requirements of FRS102 and the SORP the Group's share of the deficit of the Social Housing Pension Scheme (SHPS) in respect of defined benefit pension schemes, which totals £86.8m is now recognised in the Statement of Financial Position in full. The liability held at the end of the prior year was released in April 2018 with the full deficit recognised at that time.

Treasury Management

Strong treasury management is critical to maintaining our financial resilience. The Group Treasury Management Policy is updated and submitted annually to the Group Board for approval with the Finance and Development Committee and the Group Board reviewing treasury performance on a quarterly basis. This includes a review of compliance with financial covenants, interest rate management and liquidity projections. As at 31 March 2019 the Group complied with all financial covenants in place.

Financing

At 31 March 2019 the Group had total loan and debt facilities of £1.59bn of which £1.15bn had been drawn.

During the year £150m of new facilities were put in place with further funding planned from a range of sources in 2019/20 to ensure appropriate liquidity is in place to support our development ambitions.

Interest rate management

In accordance with the Group's Interest Rate Management Strategy and in order to mitigate the risk of rises in variable interest rates, at 31 March 2019 80.7% (2018: 77.7%) of the Group's debt was at rates fixed with a range of maturities between one and thirty years. Of this fixed rate debt £109.3m (2018: £110.2m) was hedged under ISDA agreements. The mark to market exposure in respect of these agreements as at 31 March 2019 was £44.9m adverse (2018: £42.9m adverse) with property security in place to cover this position.

Loan security

As at 31 March 2019 of the total number of the Group's properties which could potentially be used as loan security 69.6% were in charge as loan security.

Liquidity

The Group's Treasury Management Policy dictates that the Group's available secured facilities and cash balances must be no less than the forecast cash outflow for the next twelve months. The Group met this policy requirement throughout the year. Based on current forecasts the Group has sufficient facilities available to meet forecast net cash flow requirements for the next 18 months until December 2020.

At the year end the Group held cash balances totalling £95.8m (2018: £78.9m) of which £7.8m (2018: £3.2m) was held on term deposits of up to three months with £30.6m (2018: £13m) held in money market accounts.

Capital and reserves

The reserves of the Group at 31 March 2019 totalled £792.7m (2018: £750m). The Group generates surpluses each year which are reinvested in existing homes, communities, services and the development of new homes, with some provision for contingencies. The Group Board is satisfied that the reserves at 31 March 2019 are at a level that is appropriate for the business.

Governance

Regulation

TGPL is an exempt charity and registered society under the Co-operative and Community Benefit Societies Act 2014. It has overall control of all of its subsidiaries.

The entities which are Registered Providers are regulated by the RSH. Those which are Community Benefit Societies, whether charitable or non-charitable, are also registered with and regulated by the Financial Conduct Authority.

The RSH requires TGPL and other Registered Providers in the Group to comply with its Governance and Viability and Consumer Standards. It requires the Boards of each Registered Provider to formally assess compliance with the Governance and Viability Standard on an annual basis. The Board confirms that this has been carried out for the year ended 31 March 2019 and that TGPL and other Registered Providers within the Group continue to comply with the standards.

The RSH assesses TGPL's compliance with the Governance and Viability Standard and publishes its assessment of compliance. Following an In Depth Assessment (IDA) performed by the Regulator our G1 and V1 regulatory ratings were reaffirmed in May 2018.

Guinness Care and Support Limited is a charitable Community Benefit Society and Registered Provider. It is also registered with, and regulated by, the Care Quality Commission.

TGPL is the corporate trustee of the Guinness Trust which is registered with, and regulated by, the Charity Commission. The Guinness Trust does not form part of the consolidated group financial statements.

Code of governance

The Board is committed to achieving the highest standards of corporate governance in its management of the Group's strategies, ethics, accountability, risk management and control. The Group Board and the Boards of the Registered Providers within the Group have a Code of Governance which complies with the National Housing Federation's 2015 Code.

We are required to confirm our compliance with the Code or explain any non-compliance with it. We were compliant with the code for 2018/19 except in respect of the Code's requirement that the maximum term for non-executive members should normally be nine years. As at 1 April 2018 the total service of Jim Dickson as a Board member of Guinness Care and Support Limited was in excess of nine years because the Board had agreed to extend this term by one year to maintain the continuity and link with the Devon Sheltered

Strategic Report

and Report of the Board

Homes Trust Committee of Management while the sale of a care home was proceeding. The sale completed in 2018 and Jim Dickson stood down in September 2018. On 1 October 2018 and for the remainder of 2018/19 there were no Board Members across the Group whose term of office exceeded nine years.

There are comprehensive governance policies in place which apply to Board and Committee Members as well as to employees and engaged customers. Board and Committee Members are remunerated and signed agreements for services are in place.

Boards and Committees

The TGPL Board is the Group's ultimate governing body, as the parent body to the Group. The Board meets at least six times a year. The Board consists of a minimum of seven and up to twelve Directors, at all times at least a third of Board Members must be non-executive Directors. The Group Chief Executive is a TGPL Board member. As at 17 July 2019 the Board consisted of 11 Members. The names and biographies of the Board Members as at 17 July are provided on pages 88 - 89. Board and Committee Members bring a wide range of strengths, skills and experience to our Boards and Committees. Details of Board Members' experience and main commitments are presented on pages 88 - 89.

The Board is responsible for:

- Setting the Group Strategy and Business Plan and monitoring performance on a regular basis;
- Approving budgets and the long term financial plan;
- Championing the Group's vision, values and a positive culture for the Group, with a strong customer focus;
- Ensuring the overall financial viability and integrity of the Group and that appropriate financial control and risk management mechanisms are in place; and,
- Approving the consolidated financial statements of the Group, which include those of TGPL.

All legal entities within the Group have Boards which take responsibility for the strategic, operational and financial performance of each entity.

The Board and the Remuneration and Nominations Committee keep the composition of the Board, Committees and the Boards of subsidiaries under regular review to ensure that the appropriate balance of skills, relevant experience, independence and knowledge is maintained to enable them to fulfil their duties and responsibilities effectively.

The Board selection process ensures that non-executive Members of the Board, the Boards of subsidiaries and Committees have the experience and skills to be able to consider, debate and constructively challenge development of strategy and performance against objectives, and key business decisions as appropriate to their role.

Board and Committees are appraised on an annual basis with individual and collective appraisals conducted in alternate years.

Individual Board and Committee Member appraisals were carried out for all Board and Committee Members in February and March 2019.

An independent review of Board and Committee effectiveness was carried out during 2017/18 and was reported to the Remuneration and Nominations Committee in May 2018. A Board Action Plan implemented the recommendations during the year which included: the creation of a new Finance and Development Committee, dissolving the Guinness Care Audit Committee bringing audit and risk for all entities across the Group under the remit of the Group Audit and Risk Committee, and creating a new Guinness Care Quality Action Group Committee to oversee care, quality and safety for Guinness Care.

A Board and Committee Members' skills assessment was also undertaken in 2017/18 and was reported to the Remuneration and Nominations Committee in May 2018. This assessment shaped Board recruitment and its findings were reflected in the selection process for appointments made during the year.

Board membership details and meeting attendance for the year:

Name / remuneration	TGPL Board	Group company roles	Group Audit & Risk	Finance & Development	Remuneration & Nominations	Service & Performance	Health, Safety and Environment	TGPL Board attendance
Number of meetings in 2018/19	8							8/8
Neil Braithwaite £28,573	Chair			Chair	● (to 31 March 2019)	Chair (to 31 March 2019)		8/8
Peter Cotton £18,000	Deputy Chair (to 31 March 2019)	Chair, Guinness Care and Guinness Housing Association (to 31 March 2019)			Chair, (to 31 March 2019)			8/8
Mike Petter £16,000	Deputy Chair (from 1 April 2019)	Chair Guinness Housing Association (from 1 April 2019)	●		●		Chair	8/8
Catriona Simons Chief Executive	●	Chair Guinness Property	●	●	●	●	●	8/8
Samantha Pitt £16,000	●		Chair	●	●			8/8
John Lougher £12,500	●			●			●	8/8
Laure Duhot £12,500	●		●	●		●		8/8
Amanda Calvert £12,500	●		●				●	8/8
Phil Morgan £12,500	●				● (from 1 April 2019)	Chair (from 1 April 2019)		8/8
Chris Wilson (appointed 1 October 2018) £8,250	●	Chair Guinness Care (from 1 April 2019)	●	●				5/5
Chris Stevens (appointed 1 February 2019) £2,083	●							1/2

● Indicates Board/Committee membership during the year

Strategic Report and Report of the Board

Committees

The Board delegates certain governance responsibilities to functional Group committees, which have their own approved terms of reference. Day-to-day management and delivery of the Board approved strategies is delegated to the Executive Team. The following are the principal Committees supporting the TGPL Board:

The Group Audit and Risk Committee

The Group Audit and Risk Committee has up to ten members and meets four times a year. It is responsible for monitoring and reporting to the Board on the Group's systems of internal control and risk assurance, and for overseeing internal and external audit. The Committee meets privately with the internal and external auditors at least once a year.

The Finance and Development Committee

The Finance and Development Committee has up to eight members and meets four times a year. It is responsible for reviewing and recommending to the Board the Development Strategy, Treasury Strategy and key development and treasury policies. It reviews Guinness's design and quality standards, technical standards and the quality assurance given to the TGPL Board regarding these standards. This Committee also considers all bids for grant funding for development from Homes England, the GLA, or any other funding body.

The Remuneration and Nominations Committee

The Remuneration and Nominations Committee has up to eight members and meets at least twice a year. It is responsible for considering and making recommendations on Board and Committee membership, the Chairs of subsidiary company Boards and senior executive remuneration and appointments across the Group. It also commissions reviews of Board effectiveness and individual Board member appraisals.

The Service and Performance Committee

The Service and Performance Committee has up to 12 members and meets four times a year. It is responsible for monitoring all aspects of service consistency, compliance and performance in customer-related areas for all tenants and leaseholders. This includes ensuring that the Group has effective arrangements for obtaining feedback from customers and involving customers appropriately in decision making and scrutiny of Guinness's performance.

The Health, Safety and Environmental Committee

The Health Safety and Environmental Committee has up to six members and meets four times a year. It is responsible for providing assurance to TGPL and the Subsidiary Boards that all parts of the Group are acting within applicable legislation and regulation that relate to health, safety and the environment. It also ensures that the Group has systems in place to ensure a robust and embedded approach to health and safety and environmental management.

Customers

We provide diverse, inclusive, and easy ways for our customers to engage, across tenures, all ages, all cultures and all of our geographical areas, including participating in Committees. During 2018/19 three residents, two tenants and one leaseholder, were members of the Service and Performance Committee.

The Executive Team

The Board delegates day to day management to the Executive Team which is led by the Chief Executive. Details of the Executive Team are provided on page 90 of these financial statements. Meetings are attended by the Executive Directors for Asset Management, Corporate Services, Customer Service, Development and Finance, and, the Managing Director of Guinness Care and Support Limited. The Executive Team meets fortnightly and members attend all meetings of the TGPL Board.

For salary disclosure purposes, members of the Executive Team are referred to as Directors. However, with the exception of the Group Chief

Executive who is a member of the Board of TGPL, they are not regarded as Directors of TGPL for legal purposes.

We take independent professional advice when setting executive pay. We also consider executive pay in the context of sector benchmarks, taking into account the need to attract and retain suitably qualified people to lead an organisation of our size and complexity. The overall framework and policy is determined by the Remuneration and Nominations Committee. This Committee is also responsible for recommending proposed remuneration and any contractual changes relating to the terms and conditions of the Group Chief Executive.

Employees

There is a shared culture across the Group based on the Guinness Behaviours which are at the core of our business and underpin how we do things. The Guinness Behaviours are supported by the Guinness Leadership and Management Standard which describes what we expect of our leaders and managers.

We aim to attract, develop and retain talented people who give their best to Guinness and we invest in a range of learning and development opportunities so that our people are confident they have the skills and knowledge to succeed at Guinness. We anticipate the requirements and skills we will need so that we continue to be strong and successful as an organisation, delivering the homes and services our customers need from us.

Diversity and inclusion

Our people bring a wide variety of skills and knowledge to the organisation. We recognise that having a diverse workforce that reflects the communities we operate in helps us to achieve our objectives.

At Guinness we are committed to creating an inclusive work environment and culture where our employees can achieve their full potential.

During 2018 we published 'Everyone', our Diversity and Inclusion Strategy, which explains our commitment to workforce diversity and inclusion. The core elements of our Diversity & Inclusion Strategy are:

- Championing diversity throughout the organisation;
- A culture where everyone feels they belong;
- An organisation where everyone can succeed;
- Attracting diverse talent; and,
- Promoting change in the businesses we work with.

These aims and commitments are integrated into our Strategy and operating plans with progress monitored by the Board. Services are designed to respond to the needs of our current and new customers, and are delivered so as to promote a culture of mutual respect and understanding between customers, employees and partners.

Our people have shared values and ways of doing things (the Guinness Behaviours), but we value diversity because individuality brings us different skills, perspectives and ways of thinking about things. Our workforce is diverse and we provide equal opportunities for all our employees. Our ability to do this relies on openness and our commitment to hold ourselves to account.

Transparency and openness

We are committed to being open and transparent in how we conduct our business and interact with customers and other stakeholders and we publish a range of information relating to our approach to transparency and sharing information.

Fraud, anti-bribery and whistle-blowing

We are committed to maintaining the highest ethical standards in our business activities and we adopt a zero tolerance approach to bribery or any form of corruption. We embed this through our policies, procedures and employee training frameworks. We have a staff whistleblowing policy which enables all employees or others with serious concerns over any aspect of our work to come forward and express those concerns.

Donations

We made no political donations in the year (2018: nil).

Strategic Report and Report of the Board

Statement on Internal Control

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. This applies in respect of all entities within the Group.

The system of internal control is designed to manage risk and to provide reasonable, but not absolute, assurance that key business objectives and expected outcomes will be achieved. It also exists to provide reasonable assurance about the preparation and reliability of financial information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

Key elements of our internal control framework include:

- Regular Board meetings for which there is a defined schedule of matters for decision.
- An established management with clearly defined levels of responsibility and delegated authorities.
- Adoption of the principles of the National Housing Federation's 2015 Governance Code, supported by a framework of policies and procedures that employees and Board members must comply with.
- A Group-wide risk management system (including health and safety) with an established process for identifying, evaluating and managing the significant risks faced by the Group.
- The Group Audit and Risk Committee, which meets regularly with the Executive Team, and internal and external auditors to satisfy themselves that the internal control systems are operating effectively.

- Internal audit assurance provided by an independent firm of professional advisors which reviews internal control and risk management frameworks, key risks and adherence to relevant law.
- External audit assurance which provides some further independent assurance of the internal control environment, as described in the external auditor's audit report and annual management letter to the Board.
- A comprehensive anti-fraud policy, supported by procedures and mandatory training.
- Procedures to ensure the employment, retention, training and development of suitably qualified staff to manage activities and risk.
- The preparation and monitoring of budgets and business plans – the Board, Committees and the Executive Team review Group performance throughout the year.
- A process for approving all investment decisions with all major investment decisions subject to appraisal and approval by the Executive Team and the Board.
- A Treasury Strategy which is subject to regular review and approval by the Board.
- The Group's Whistleblowing policy which enables employees to raise issues on a confidential basis.

The Group Audit and Risk Committee reviews reports received from internal and external auditors and makes regular reports to the Board on the extent to which internal controls continue to take account of major risks facing the Group. The Group Audit and Risk Committee submits an annual report, summarising its work and conclusions to the Board.

In reviewing the effectiveness of internal controls, the Board has reference to a range of evidence that includes independent sources, management assurances and outcomes from a range of risk management activities.

The Group Audit and Risk Committee have reviewed the Chief Executive's annual review of the effectiveness of the system of internal control for the Group. The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2019, and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

Viability Statement

The Board has assessed the viability of the Group over a five year period, which is the period of the Guinness 2023 Strategy. This assessment is informed by a 30 year Financial Plan which is shared annually with our Regulator, the RSH, which provides assurance that the Group complies with the Regulatory Framework and that the Group has adequate resources to continue operating as a going concern. The Board has assessed the resources available to the Group and is satisfied that it is appropriate to continue to prepare the financial statements on a going concern basis.

The Board reviews the Group Financial Plan twice a year and approves it annually. The Financial Plan is subjected to rigorous stress-testing to assess its ability to withstand significant risks and various combinations of risks. The Board is satisfied that financial viability and loan covenant compliance is maintained throughout the life of the plan.

Our Financial Plan is supported by an approved Treasury Strategy that ensures the Group's treasury portfolio is effectively and efficiently managed so it can comply with lender covenants and undertakings. It addresses external funding risks, hedging risks, cash flow forecasting and liquidity requirements, and the appropriate and efficient investment of surplus funds.

The Group was awarded the highest governance and financial viability rating from the RSH, a G1/V1 rating, following an IDA completed by the Regulator in May 2018. The Group has also retained good credit ratings throughout the year with external credit rating agencies Moody's (A2 – Stable) and Standard and Poor's (A – Stable). These outcomes confirm to customers, investors and other stakeholders that Guinness is managing its resources and risks effectively to ensure its financial viability is maintained and that its social housing assets are not put at risk. The ratings provide external assurance that the Board has put in place appropriate governance arrangements to ensure the Group adheres to all relevant law and regulatory requirements, and, has an effective risk management and internal controls assurance framework in place.

The Board performs an annual review of the Group's compliance with the Governance and Financial Viability Standard set by the RSH and confirms continued compliance.

After making all reasonable enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future and that it is well-placed to manage its business risks appropriately.

No material uncertainties related to events or conditions that may cause significant doubt about the ability of the Guinness Group, (defined as The Guinness Partnership Limited and its subsidiaries), to continue as a going concern have been identified by key management personnel after taking into account the relevant facts and circumstances.

Strategic Report and Report of the Board

Statement of the Responsibilities of the Board

The Group Board, which is the Board of The Guinness Partnership Limited, is responsible for preparing the financial statements. The financial statements are prepared in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 and applicable law.

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

In preparing these financial statements the Board is required to:

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Group will continue in operation.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the Group's financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice: Accounting by Registered Housing Providers 2014, and, the Accounting Direction for Private Registered Providers Providers of Social Housing in England (2015). The Board is also responsible for safeguarding the assets of the Group and for taking reasonable steps for the detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

The Board confirms that to the best of its knowledge:

- The financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the Group; and,
- The Report of the Board includes a fair review of the development and performance of the Group and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Going concern

As referred to in the Viability Statement the Board has a reasonable expectation that the Group has adequate resources to continue in operation, and for this reason has continued to adopt the Going Concern basis in preparing the Group's financial statements.

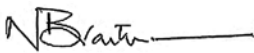
Statement of compliance

The Strategic Report has been prepared in accordance with applicable reporting standards and legislation. The Board can also confirm that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard.

Auditor

In accordance with the Group's policy on auditor independence a re-tender exercise for the appointment of external auditor was undertaken during the 2018/19 financial year. BDO LLP was appointed as auditor for the Group in December 2018.

On behalf of the Board



Neil Braithwaite,
Chair of the Guinness Partnership Limited
17 July 2019

Charitable and Community
Benefit Society No. 31693R
Homes and Communities Agency no. 4729

Independent Auditor's Report to the members of The Guinness Partnership Limited

Opinion

We have audited the financial statements of The Guinness Partnership Limited ("the Association") and its subsidiaries (together "the Group") for the year ended 31 March 2019, which comprise the consolidated and Association Statement of comprehensive income, the consolidated and Association Statement of changes in reserves, the consolidated and Association Statement of financial position, the consolidated Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and

we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying amount of properties developed for sale

As explained in note 17, properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £165,900,000. For all schemes developed for sale at the balance sheet date, management has performed an assessment of their recoverable amount using external valuations, including an assessment of the actual

Independent Auditor's Report

to the members of

The Guinness Partnership Limited

costs incurred against budget. Due to the level of judgement involved in estimating both selling price and costs to complete we considered there to be a significant risk that the recoverable amount of properties developed for sale to be a significant risk and therefore a key audit matter.

Our response to the key audit matter

We have obtained management's assessment of the recoverable amount of properties developed for sale. This assessment sets out anticipated sales proceeds and expected costs to complete the properties where they are still being constructed.

For a chosen sample of properties developed for sale, we agreed the anticipated sales proceeds to third party valuations. We have identified the third party valuer and checked that their experience and expertise and their work is suitable for our purposes.

For a sample of properties under construction, we obtained details of the expected costs to complete from the updated scheme budget for that development and agreed the budgeted contract cost of the development to the actual contract and we compared the incurred expenditure to the budgeted amount to ensure that the budget reflects actual costs.

The sample was chosen from the population of items that included (but was not limited to) developments for which impairment had already been identified by management.

Key observations

Our work identified no misstatements or inappropriate application of judgement or estimation. Based on our procedures we noted no exceptions and found management's key assumptions to be reasonable.

Recognition and measurement of liabilities related to the Social Housing Pension Scheme and related presentation and disclosure

As disclosed in note 27 and in the accounting policies a method for the determination of sufficient information for full defined benefit accounting has been determined and information to facilitate inclusion of the share of assets and liabilities on the

balance sheet has been provided to the Association and group. FRS 102 has also been amended to reflect accounting requirements in such an event. The policy and note explain that these changes have been early-adopted and explain the how this change has been reported in respect of:

- De-recognising the previously recognised SHPS deficit reduction liability.
- Recognising the Association's share of the assets and liabilities of SHPS.
- The value of the assets and liabilities recognised.
- The effect on the opening and closing balances.

This was a key audit matter because of the effect of this adjustment on the financial statements, including disclosures, the level of judgement and estimation involved in the determination of amounts to recognise, the timeliness of the provision of relevant information and the level of audit attention given to these changes.

Our response to the key audit matter

Our specific audit testing in this regard included:

- A determination of whether the accounting entries had been made in accordance with the requirements of the revised FRS 102. Our work included specific consideration of the related disclosures. We assessed the following against the requirements of the standard in this respect:
 - The updated SHPS-related accounting policies
 - The disclosure concerning the early adoption of new requirements
 - The reporting of key judgements and estimates and
 - The discussion of the accounting implications of the change of approach to calculation of the SHPS liability within the pension note.
- Securing appropriate audit evidence in respect of SHPS-related accounting entries and disclosures from a number of key sources including:
 - The Scheme Trustee.
 - Control assurance provider.
 - An auditor's pension and actuarial expert.

Our work in respect of each involved appropriate involvement in setting the scope of the work and assessing suitability of the output derived from other sources as audit evidence and covered both the opening and year-end positions.

- Performing testing, on a sample basis, of certain inputs to the SHPS tool which were derived from the Association's records and considered the appropriateness of assumptions used in calculating the outputs at each of the relevant dates.

Key observations

Our work identified no misstatements or inappropriate application of judgement or estimation. Based on our procedures we noted no exceptions and found management's key assumptions to be within a reasonable range and the effect of the changes related to the SHPS liability to be appropriately disclosed.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We determined materiality for the financial statements as a whole to be £50,000,000, which represents 1.5% of total assets.

We also apply a specific materiality level for all items comprising operating profit (including related disclosures) as that term is defined for the purposes of the entities lending covenants. This therefore involves adjusting operating profit for depreciation, amortisation and impairment. The specific materiality level that we applied was £13,000,000, which is 7.5% of adjusted operating profit.

We used gross assets and adjusted operating profit as our chosen benchmarks to determine materiality and for specific materiality as these are considered to be the areas of the financial statements of greatest interest to the principal users of the financial statements and the areas which will have greatest impact on investor and lender decisions.

Materiality for the parent company was set at £47,500,000 (with a specific materiality set at £12,350,000).

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 50% of materiality or specific materiality depending on the financial statement area being audited. In setting the level of performance materiality. We considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

We agreed with the Group Audit & Risk Committee that misstatements in excess of £1,000,000 for areas considered using financial statement materiality and £260,000 for areas considered using specific materiality which were identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting component in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results.

Independent Auditor's Report

to the members of
The Guinness Partnership Limited

Classification of components

A full scope statutory audit was carried out for each subsidiary that we considered to be a significant component of the group.

Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes. The only significant component for group purposes was the parent entity.

Other information

The board is responsible for the other information. Other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements or;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on page 38, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for 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 the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

E. Kulczycki

Elizabeth Kulczycki,
Senior Statutory Auditor
Date: 9 August 2019

For and on behalf of
BDO LLP, Statutory Auditor
Gatwick
United Kingdom

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



Financial statements

Financial statements

for the year ended 31 March 2019

Group Statement of Comprehensive Income for the year ended 31 March 2019

	Note	2019 £m	2018 restated £m
Turnover	3	360.5	374.4
Cost of sales	3	(20.0)	(19.1)
Operating expenditure	3	(254.7)	(247.8)
Surplus on disposals of housing property	6	70.0	5.4
Operating surplus		155.8	112.9
(Loss) / Surplus on disposals of other fixed assets	6	(0.2)	0.4
Interest receivable		4.4	0.4
Interest payable and financing costs	8	(67.2)	(61.2)
Movement in fair value of financial instruments		(0.2)	1.6
Re-measurement of pension schemes	27	-	0.5
Surplus before taxation		92.6	54.6
Taxation	10	(0.1)	(0.4)
Surplus for the year		92.5	54.2
Other comprehensive income			
Actuarial (loss) / gain in respect of pension schemes	27	(17.7)	0.9
Recognition of pension liability	27	(30.7)	-
Change in fair value of hedged financial instrument		(1.4)	4.9
Total comprehensive income for the year		42.7	60.0

All amounts relate to continuing activities. The notes on pages 52 to 87 form part of these financial statements.

The Guinness Partnership Limited Statement of Comprehensive Income for the year ended 31 March 2019

	Note	2019 £m	2018 restated £m
Turnover	3	344.8	338.7
Cost of sales	3	(18.7)	(4.0)
Operating expenditure	3	(236.4)	(228.1)
Surplus on disposals of housing property	6	69.9	5.7
Operating surplus		159.6	112.3
(Loss) / Surplus on disposals of other fixed assets	6	(0.2)	0.5
Interest receivable		3.4	0.5
Interest payable and financing costs	8	(66.4)	(61.0)
Movement in fair value of financial instruments		(0.2)	1.6
Re-measurement of pension schemes	27	-	0.5
Surplus before taxation		96.2	54.4
Taxation	10	-	0.1
Surplus for the year		96.2	54.5
Other comprehensive income			
Actuarial (loss) / gain in respect of pension schemes	27	(16.4)	0.9
Recognition of pension liability	27	(28.7)	-
Change in fair value of hedged financial instrument		(1.4)	4.9
Total comprehensive income for the year		49.7	60.3

All amounts relate to continuing activities. The notes on pages 52 to 87 form part of these financial statements.

Financial statements

for the year ended 31 March 2019

Group Statement of Financial Position for the year ended 31 March 2019


	Note	2019 £m	2019 £m	2018 restated £m	2018 restated £m
Fixed assets					
Tangible fixed assets:					
Housing properties	11	3,032.1		3,062.1	
Other fixed assets	13	38.9		39.3	
			3,071.0		3,101.4
Investment properties	14		0.2		0.7
Fixed asset investments	15		14.0		14.4
			3,085.2		3,116.5
Current assets					
Stock	17	165.9		34.2	
Trade and other debtors	18	103.2		76.4	
Cash and cash equivalents		95.8		78.9	
		364.9		189.5	
Creditors: amounts falling due within one year	19	(142.9)		(123.3)	
Net current assets			222.0		66.2
Total assets less current liabilities			3,307.2		3,182.7
Creditors: amounts falling due after one year	20		(2,418.1)		(2,381.6)
Provisions for liabilities:					
Other provisions	26		(4.7)		(45.5)
Pension liability	27		(91.7)		(5.6)
Total net assets			792.7		750.0
Reserves					
Income and expenditure reserve			792.5		749.8
Restricted reserves			0.2		0.2
Total reserves			792.7		750.0

The notes on pages 52 to 87 form part of these financial statements.

These financial statements were approved by the Board on 17 July 2019 and signed on its behalf by:


Board Member


Board Member


Secretary

The Guinness Partnership Limited Statement of Financial Position for the year ended 31 March 2019


	Note	2019 £m	2019 £m	2018 restated £m	2018 restated £m
Fixed assets					
Tangible fixed assets					
Housing properties	12	2,943.4		2,971.5	
Other fixed assets	13	36.5		37.2	
			2,979.9		3,008.7
Investment properties	14	0.1		0.7	
Fixed asset investments	15	13.8		14.4	
Investment in subsidiaries	16	69.1		46.1	
			3,062.9		3,069.9
Current assets					
Stock	17	12.2		16.9	
Trade and other debtors	18	241.5		94.9	
Cash and cash equivalents		57.2		37.9	
		310.9		149.7	
Creditors: amounts falling due within one year	19	(129.7)		(103.8)	
Net current assets / (liabilities)			181.2		45.9
Total assets less current liabilities			3,244.1		3,115.8
Creditors: amounts falling due after one year	20		(2,379.8)		(2,342.9)
Provisions for liabilities:					
Other provisions	26		(3.4)		(42.0)
Pension liability	27		(85.9)		(5.6)
Total net assets			775.0		725.3
Reserves					
Income and expenditure reserve			774.8		725.1
Restricted reserves			0.2		0.2
Total reserves			775.0		725.3

The notes on pages 52 to 87 form part of these financial statements.

These financial statements were approved by the Board on 17 July 2019 and signed on its behalf by:


Board Member


Board Member


Secretary

Financial statements

for the year ended 31 March 2019

Group Statement of Changes in Reserves for the year ended 31 March 2019

	Income and expenditure reserve £m	Restricted reserves £m	Total £m
At 1 April 2017 (restated)	689.8	0.2	690.0
Surplus for the year	54.2	-	54.2
Actuarial gain in respect of pension scheme	0.9	-	0.9
Change in fair value of hedged financial instrument	4.9	-	4.9
At 31 March 2018 (restated)	749.8	0.2	750.0
At 1 April 2018	749.8	0.2	750.0
Surplus for the year	92.5	-	92.5
Actuarial loss in respect of pension scheme	(17.7)	-	(17.7)
Recognition of pension liability	(30.7)	-	(30.7)
Change in fair value of hedged financial instrument	(1.4)	-	(1.4)
At 31 March 2019	792.5	0.2	792.7

The notes on pages 52 to 87 form part of these financial statements.

The Guinness Partnership Limited Statement of Changes in Reserves for the year ended 31 March 2019

	Income and expenditure reserve £m	Restricted reserves £m	Total £m
At 1 April 2017 (restated)	664.8	0.2	665.0
Surplus for the year	54.5	-	54.5
Actuarial gain in respect of pension scheme	0.9	-	0.9
Change in fair value of hedged financial instrument	4.9	-	4.9
At 31 March 2018 (restated)	725.1	0.2	725.3
At 1 April 2018	725.1	0.2	725.3
Surplus for the year	96.2	-	96.2
Actuarial loss in respect of pension scheme	(16.4)	-	(16.4)
Recognition of pension liability	(28.7)	-	(28.7)
Change in fair value of hedged financial instrument	(1.4)	-	(1.4)
At 31 March 2019	774.8	0.2	775.0

The notes on pages 52 to 87 form part of these financial statements.

Group and The Guinness Partnership Limited Statement of Cashflows for the year ended 31 March 2019

	Group 2019 £m	Group 2018 restated £m
Cash flow from operating activities		
Total comprehensive income for the year	42.7	60.0
Adjustments for:		
Taxation	0.1	0.4
Interest payable	67.2	61.2
Interest receivable	(4.4)	(0.4)
Receipts from sale of housing properties	104.8	21.0
Surplus on disposal of housing properties	(70.0)	(5.4)
Receipts from sale of other fixed assets	0.5	1.5
Deficit/(Surplus) on disposal of other fixed assets	0.2	(0.4)
Net fair value losses recognised in profit and loss	1.6	(6.5)
Depreciation, impairment and write-offs	57.5	65.1
Amortisation of deferred Government grant	(13.9)	(15.1)
Movement in pension in other comprehensive income	48.4	-
Difference between net pension expense and cash contribution	(2.9)	-
Decrease/(increase) in stock	(131.7)	(5.8)
(Increase)/decrease in trade and other debtors	(26.2)	(0.2)
Increase/(decrease) in trade and other creditors	22.9	(11.3)
Taxation paid or refunded	(0.6)	(0.8)
Net cash inflow from operating activities	96.2	163.3
Cash flow from investing activities		
Acquisition and construction of housing property	(84.3)	(89.4)
Purchase of other fixed assets	(8.9)	(6.7)
Receipt of Government grants	83.3	7.2
Homebuy and equity loans redeemed	0.3	0.8
Interest received	4.4	0.4
Net cash (outflow) from investing activities	(5.2)	(87.7)
Cash flows from financing activities		
Interest paid	(71.8)	(60.6)
New loans	85.0	110.0
Repayment of loans	(87.3)	(117.8)
Net cash (outflow) from financing activities	(74.1)	(68.4)
Net change in cash and cash equivalents	16.9	7.2
Cash and cash equivalents at beginning of the year	78.9	71.7
Cash and cash equivalents at end of the year	95.8	78.9

The notes on pages 52 to 87 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2019

1. Company information

The Guinness Partnership Limited (TGPL) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (No 31693R). TGPL is an exempt charity and is registered with The Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 30 Brock Street, Regent's Place, London NW1 3FG.

2. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), the Statement of Recommended Practice: Accounting by Registered Housing Providers 2018 (SORP 2018), the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 (the Direction) and the Co-operative and Community Benefit Societies Act 2014. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

TGPL is a public benefit entity for the purposes of FRS 102 and the financial statements have been prepared on that basis.

Basis of preparation

The financial statements have been prepared on the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies as set out below. The financial statements are presented in Sterling (£m).

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

The principal accounting policies are set out below. These accounting policies have been consistently applied during the current and preceding period unless otherwise stated.

The Company has chosen to adopt early the Amendments to FRS 102 – Triennial Review 2017. Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland: Multi-employer defined benefit plans" have been adopted early. This has resulted in changes to the accounting policy for the SHPS multi-employer scheme from the start of the reporting period. This means that accounting for SHPS has not been consistently applied as compared to reporting in prior years. Further information on the impact of early adopting these requirements is set out in note 27.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of The Guinness Partnership Limited and all of its subsidiary undertakings as at 31 March 2019. The Group has disclosed the balances and nature of transactions with entities that form part of the Group as required by the Direction. All intra-Group transactions, balances and income are eliminated on consolidation.

Going concern

After making enquiries and reviewing the Financial Plan, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements.

Business combinations

When a new entity joins the Group, if the business combination meets the definition of a merger

under Section 19.6 of FRS 102, the entity has been consolidated using the merger method of accounting. Accordingly the results, Statements of Financial Position and Cashflows of the combining entities are brought into the financial statements of the combined entity from the beginning of the financial year in which the combination occurred.

If the business combination does not meet the criteria for merger accounting under Section 19.6 of FRS 102, then the entity is consolidated using acquisition accounting rules. This requires the new entity's assets and liabilities to be initially recognised at fair value. Goodwill is calculated as the difference between the fair value of consideration and the fair value of net assets acquired. Positive goodwill is amortised evenly over the Directors' estimate of its useful economic life. The Directors consider whether an impairment has taken place at the date of each Statement of Financial Position by reference to the income streams being generated. Impairment losses are recognised in the Statement of Comprehensive Income.

Where there is a business combination that is in substance a gift, any excess in fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in the Statement of Comprehensive Income. This gain represents the value of the gift from one entity to another and shall be recognised as income. Where the fair value of the liabilities exceeds the fair value of the assets, the loss represents net obligations assumed and shall be recognised as an expense.

Turnover

Turnover represents rental and service charge income receivable from properties owned, fees and contract income, donations receivable and revenue grants from public bodies which are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Turnover also includes proceeds from properties developed for outright sale and first tranche sale of shared ownership properties. The related portion of the shared ownership asset is recognised as cost of sales. Any surpluses recognised in the Statement of Comprehensive Income are restricted by the extent to which they subsidise the social rented portion of a scheme.

Amounts for amortised Government grants which have been released to the Statement of Comprehensive Income under the accruals model are also included in turnover.

Property managed by others

The Group has a number of agreements with third parties to manage schemes on its behalf. Where a transfer of the risks and benefits attached to schemes has taken place, the transactions managed by the agents are not included in these financial statements.

Property managed for others

The Group manages some schemes on behalf of third parties. Where a transfer of the risks and benefits attached to schemes has taken place, the transactions managed by the Group are included in these financial statements.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax

Notes to the financial statements

for the year ended 31 March 2019

deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax (VAT)

The majority of the Group's income, being rents, is exempt for VAT purposes and this gives rise to a partial exemption calculation for VAT recovery. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Pension costs

The Group participates in both defined benefit and defined contribution pension schemes.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

The Group is a member of the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit pension scheme. In previous reporting periods SHPS was unable to identify the Group's share of the underlying assets and liabilities and under FRS 102 this was accounted for as a defined contribution scheme with amounts charged to operating expenditure representing the contributions payable to the scheme. Contributions payable under a deficit funding agreement for past deficits are recognised as a liability in the balance sheet at the present value of the expected future cash flows.

Following a number of changes made to systems and processes by SHPS, sufficient information is now available to identify the share of assets and liabilities for the Group. This information now means that the scheme will be accounted for as a defined benefit scheme. The transition from defined contribution to defined benefit accounting has been incorporated in the current reporting period and the relevant date is the first day of the period.

For each scheme accounted for as a defined benefit scheme, the net liability (or asset) is recognised in the Group's statement of financial position. The pension scheme assets are measured at fair value and the liabilities are calculated by estimating the amount of future benefit that employees have earned and discounted to present value. The movement in the scheme surpluses/deficits is split between operating expenditure, finance costs and actuarial gains and losses.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement amongst employees which has accrued at the date of the Statement of Financial Position and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at that date.

Housing property fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and any impairment. Cost comprises purchase price and building costs together with directly attributable, incidental and administrative costs in bringing them into working condition for their intended use.

Interest on borrowings used to finance housing developments and regeneration projects is capitalised only when development activity is in progress and up to the date of practical completion or the end of the regeneration period.

Costs of replacing major components are capitalised and depreciated over their estimated useful economic lives. The net book value of components replaced is written off and disclosed as depreciation in the year of replacement.

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

Depreciation is charged so as to write down the cost of freehold housing properties, other than freehold land, to their estimated residual value on a straight line basis over their expected useful economic lives.

Housing properties are split between land, structure and major components which require periodic replacement. Freehold land is not depreciated.

The Group depreciates freehold housing properties by component on a straight line basis as follows:

Component	Useful economic life
Pitched roofs	60 years
Flat roofs	25 years
External doors	25 years
Windows	30 years
Electrical installation	30 years
General heating (excluding boilers)	30 years
Boilers	15 years
Lifts	25 years
Kitchens	20 years
Bathrooms	30 years
Residual structure (building)	100 years

The Group depreciates housing properties held on long leases over the shorter of the lease term or the useful economic life of the relevant component category.

Sale of tangible fixed assets

Sales of tangible fixed assets, including second and subsequent tranches of shared ownership properties are recognised at the point of completion within surplus on disposal of housing property in the statement of comprehensive income.

Social housing and other Government grants

Where developments are financed wholly or partially by Social Housing and other Grants, the amount of the grant received is included as deferred income and recognised in turnover over the estimated useful economic life of the associated asset structure in accordance with the accruals model.

Non-Government grants

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

Investment property

Investment property includes commercial and other properties not used directly in furtherance of the Group's social purpose. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is initially determined by external valuers and derived from the current market rents and investment property yields for comparable real estate. This is adjusted if necessary for any difference in the nature, location or condition of the specific asset. Fair values are determined on an annual basis, and are determined by external valuers at least once every three years.

Impairment of housing properties and land held for future development

Impairment reviews are carried out for completed properties and properties under construction where there are indicators of impairment. Impairments arising from a major reduction in service potential are charged to the income and expenditure account to the extent that the carrying value exceeds the recoverable amount. The recoverable amount is the higher of its net realisable value and value in use. Value in use is the present value of future cash flows obtainable as a result of the continued use of the property.

Properties are grouped together into schemes, which are considered to be the cash generating units as defined by the SORP. At the date of each Statement of Financial Position, schemes are assessed to determine if there are indicators of impairment for each scheme. If such indicators exist, an impairment review is carried out for that scheme. If the review identifies an impairment is needed, it is recognised immediately in the Statement of Comprehensive Income.

Impairment reviews for land held for future development take into account existing plans for developing the land (holdings for social housing and shared ownership). However, if there is a high level of uncertainty over the use of the land or where internal criteria are not met then an impairment would be recognised. The impairment would be recognised to the extent that market valuations are lower than the carrying value of the asset.

Notes to the financial statements

for the year ended 31 March 2019

Stock and properties for sale

Properties developed for outright sale are included in current assets, at the lower of cost or estimated selling price less costs to complete and sell. Properties held for sale are assessed for impairment at each reporting date. If there is evidence of impairment, the impairment loss is recognised immediately in the Statement of Comprehensive Income.

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis from the date the asset is put into use over the expected useful economic lives of the assets at the following annual rates:

Freehold office premises	1% to 2%
Leasehold office premises	Over the period of the lease
Plant, vehicles and equipment	5% to 33%

Improvements to office premises are capitalised where the expenditure provides an enhancement of economic benefits in excess of the previously assessed standard of performance.

The useful economic lives of all fixed assets are reviewed annually.

Financial instruments

The Group has chosen to early adopt the 'Amendments to FRS 102 Triennial review'. This review introduces a broader definition of which financial instruments can be considered basic. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising

from impairment are recognised in the Statement of Comprehensive Income in other operating expenses. The Group provides for bad and doubtful debts relating to rents and service charges receivable at the following rates:

Former tenant arrears	100%
Current tenant arrears	20% to 100%

The Group provides against other debtors based on an assessment of likely recovery.

Loan interest cost

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

Loan issue costs, premium and discounts

Loan issue costs are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue and are included in creditors greater than one year. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place. Where the calculated difference between the historic cost and amortised cost basis is not material these financial instruments are stated on the balance sheet at historic cost.

Premiums or discounts arising on financial instruments are similarly included in creditors greater than one year and are subsequently amortised over the life of the instrument.

Homebuy and equity loans

These represent loans to home buyers of a percentage of the cost of the property which is secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of Social Housing Grant (SHG). On redemption:

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

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

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk, to mitigate against this risk the Group uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk are recognised in the statement of comprehensive income.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund. The revaluation reserve is created from surpluses on asset revaluation.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position

and the amounts reported for revenues and expenses during the year and prior year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

- Development expenditure is capitalised in accordance with the accounting policy on housing property fixed assets. The capitalisation requires a range of judgements, such as setting the period over which interest can be capitalised, calculating the amounts of staff time and overheads which should be capitalised and establishing when a scheme is likely to go ahead, allowing capitalisation of associated development costs, or when it is abortive and costs should be written off.
- Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.
- The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Assumptions used are informed by actuarial advice.
- The Group carries out impairment assessments and reviews as set out in the accounting policies below. In carrying out this process, management exercise judgement in determining if an indicator of impairment exists and in assessing the net book value of each scheme against net realisable value and value in use.
- The Group has a stock balance that includes properties for sale under both market and shared ownership programmes as well as work in progress for schemes producing homes for sale. The value of each asset is reviewed against its net realisable value and each scheme in progress against expected proceeds less costs yet to be incurred. Assets are written down if the cost at which they are recorded in the accounts is higher.

Notes to the financial statements

for the year ended 31 March 2019

3 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)

	Group 2019				
	Turnover	Cost of sales	Operating expenditure	Surplus on disposals of housing property	Operating surplus/(deficit)
	£m	£m	£m	£m	£m
Social housing lettings	325.0	-	(229.4)	-	95.6
Other social housing activities:					
First tranche property sales	14.6	(12.7)	-	-	1.9
Charges for support services	0.7	-	(0.2)	-	0.5
Development costs not capitalised	-	-	(1.9)	-	(1.9)
Care and support services	8.4	-	(12.7)	-	(4.3)
Surplus on disposals of housing property	-	-	-	70.0	70.0
Other	3.0	(0.9)	(5.5)	-	(3.4)
Total other social housing activities	26.7	(13.6)	(20.3)	70.0	62.8
Non-social housing activities:					
Market sales	0.2	(0.3)	-	-	(0.1)
Other	8.6	(6.1)	(5.0)	-	(2.5)
Total	360.5	(20.0)	(254.7)	70.0	155.8

	Group 2018 restated				
	Turnover	Cost of sales	Operating expenditure	Surplus on disposals of housing property	Operating surplus/(deficit)
	£m	£m	£m	£m	£m
Social housing lettings	336.5	-	(225.7)	-	110.8
Other social housing activities:					
First tranche property sales	3.3	(2.8)	-	-	0.5
Charges for support services	0.6	-	(0.1)	-	0.5
Development costs not capitalised	-	-	(0.9)	-	(0.9)
Care and support services	6.6	-	(9.5)	-	(2.9)
Surplus on disposals of housing property	-	-	-	5.4	5.4
Other	3.4	-	(5.8)	-	(2.4)
Total other social housing activities	13.9	(2.8)	(16.3)	5.4	0.2
Other social housing activities:					
Market sales	19.0	(13.3)	(1.2)	-	4.5
Other	5.0	(3.0)	(4.6)	-	(2.6)
Total	374.4	(19.1)	(247.8)	5.4	112.9

3 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit) continued

	TGPL 2019				
	Turnover	Cost of sales	Operating expenditure	Surplus on disposals of housing property	Operating surplus/(deficit)
	£m	£m	£m	£m	£m
Social housing lettings	317.0	-	(225.1)	-	91.9
Other social housing activities:					
First tranche property sales	14.6	(12.6)	-	-	2.0
Charges for support services	0.5	-	-	-	0.5
Development costs not capitalised	-	-	(1.9)	-	(1.9)
Surplus on disposals of housing property	-	-	-	69.9	69.9
Other	6.3	-	(9.4)	-	(3.1)
Total other social housing activities	21.4	(12.6)	(11.3)	69.9	67.4
Non-social housing activities:					
Market sales	-	-	-	-	-
Gift Aid	(0.4)	-	-	-	(0.4)
Other	6.8	(6.1)	-	-	0.7
Total	344.8	(18.7)	(236.4)	69.9	159.6

	TGPL 2018 restated				
	Turnover	Cost of sales	Operating expenditure	Surplus on disposals of housing property	Operating surplus/(deficit)
	£m	£m	£m	£m	£m
Social housing lettings	326.3	-	(218.8)	-	107.5
Other social housing activities:					
First tranche property sales	3.3	(2.8)	-	-	0.5
Charges for support services	0.5	-	-	-	0.5
Development costs not capitalised	-	-	(0.9)	-	(0.9)
Surplus on disposals of housing property	-	-	-	5.7	5.7
Other	5.8	-	(8.4)	-	(2.6)
Total other social housing activities	9.6	(2.8)	(9.3)	5.7	3.2
Other social housing activities:					
Market sales	0.6	(0.3)	-	-	0.3
Gift Aid	1.0	-	-	-	1.0
Other	1.2	(0.9)	-	-	0.3
Total	338.7	(4.0)	(228.1)	5.7	112.3

Notes to the financial statements

for the year ended 31 March 2019

4 Particulars of turnover and operating expenditure from social housing lettings

	Group				Total 2019	Total 2018 restated
	General needs	Supported/ housing for older people	Care homes	Shared ownership		
	£m	£m	£m	£m	£m	£m
Income from social housing lettings						
Rent receivable net of identifiable service charges and voids	234.5	35.5	2.6	16.5	289.1	299.6
Service charges receivable	11.0	8.9	0.1	2.0	22.0	21.8
Net rents receivable	245.5	44.4	2.7	18.5	311.1	321.4
Amortisation of Government grants	10.3	2.2	-	1.4	13.9	15.1
Turnover from social housing lettings	255.8	46.6	2.7	19.9	325.0	336.5
Expenditure on social housing letting activities						
Service charge costs	(15.0)	(5.0)	(1.1)	(0.8)	(21.9)	(24.0)
Management	(69.7)	(14.2)	(2.1)	(3.4)	(89.4)	(90.2)
Planned repairs	(13.9)	(3.0)	(0.1)	(0.6)	(17.6)	(20.1)
Routine repairs and maintenance	(31.1)	(6.2)	-	(1.4)	(38.7)	(32.2)
Major repairs expenditure	(5.6)	(1.4)	-	(0.2)	(7.2)	(7.8)
Rent losses from bad debts	(1.7)	(0.3)	0.1	(0.1)	(2.0)	(1.8)
Depreciation of housing properties	(38.5)	(7.8)	(0.1)	(5.0)	(51.4)	(51.0)
Impairment of housing properties	(0.9)	(0.2)	-	(0.1)	(1.2)	1.6
Operating expenditure on social housing letting activities	(176.4)	(38.1)	(3.3)	(11.6)	(229.4)	(225.5)
Operating surplus/(deficit) on social housing lettings	79.4	8.5	(0.6)	8.3	95.6	111.0
Rent losses from voids (included in rent receivable above)	1.4	0.4	0.3	-	2.1	2.8

4 Particulars of turnover and operating expenditure from social housing lettings continued

	TGPL				Total 2019	Total 2018 restated
	General needs	Supported/ housing for older people	Care homes	Shared ownership		
	£m	£m	£m	£m	£m	£m
Income from social housing lettings						
Rent receivable net of identifiable service charges and voids	233.2	31.5	2.0	16.5	283.2	291.5
Service charges receivable	10.9	7.4	-	2.0	20.3	20.2
Net rent receivable	244.1	38.9	2.0	18.5	303.5	311.7
Amortisation of Government grants	10.2	1.9	-	1.4	13.5	14.6
Turnover from social housing lettings	254.3	40.8	2.0	19.9	317.0	326.3
Expenditure on social housing letting activities						
Service charge costs	(14.8)	(2.7)	-	(0.7)	(18.2)	(18.2)
Management	(73.7)	(13.8)	(1.9)	(3.4)	(92.8)	(93.7)
Planned repairs	(13.9)	(2.5)	-	(0.6)	(17.0)	(19.8)
Routine repairs and maintenance	(30.0)	(5.7)	-	(1.5)	(37.2)	(31.1)
Major repairs expenditure	(5.3)	(1.0)	-	(0.2)	(6.5)	(7.7)
Rent losses from bad debts	(1.7)	(0.3)	-	(0.1)	(2.1)	(1.6)
Depreciation of housing properties	(38.5)	(6.8)	-	(5.0)	(50.3)	(49.5)
Impairment of housing properties	(0.7)	(0.2)	-	(0.1)	(1.0)	2.8
Operating expenditure on social housing letting activities	(178.6)	(33.0)	(1.9)	(11.6)	(225.1)	(218.8)
Operating surplus on social housing lettings	75.7	7.8	0.1	8.3	91.9	107.5
Rent losses from voids (included in rent receivable above)	1.4	0.4	-	-	1.8	2.3

Notes to the financial statements

for the year ended 31 March 2019

5 Accommodation owned and in management

The number of units of accommodation owned and/or managed at the end of the year were:

	Group		TGPL	
	Total 2019 Number	Total 2018 Number	Total 2019 Number	Total 2018 Number
Housing accommodation:				
General needs housing at social rent	38,839	40,713	38,839	40,713
General needs housing at affordable rent	6,576	6,346	6,576	6,346
Supported housing and housing for older people	8,478	8,589	8,434	8,563
Other housing properties:				
Low Cost Home Ownership	6,241	6,339	6,241	6,339
Care homes	73	160	73	67
Social leasehold	3,452	3,500	3,452	3,500
Other	1,285	1,132	496	307
	64,944	66,779	64,111	65,835
Being:				
Owned and managed	62,732	64,295	61,218	62,700
Owned but managed by others	1,087	1,241	1,087	1,227
Managed only	1,125	1,243	1,806	1,908
	64,944	66,779	64,111	65,835

Stock movements during the year

	Group		TGPL	
	2019 £m	2018 £m	2019 £m	2018 £m
As at 1 April	66,779	66,684	65,835	65,880
Transfer to other providers	(1,772)	-	(1,790)	-
Disposal/Demolition	(174)	(175)	(121)	(96)
RTA, RTB, Staircasing	(279)	(274)	(203)	(260)
New Build	380	524	380	300
Other	10	20	10	11
As at 31 March	64,944	66,779	64,111	65,835

6 Surplus on disposals of fixed assets

	Right to Buy/ Acquire £m	Second & subsequent staircasing £m	Disposal of other properties £m	Group Total 2019 £m	Group Total 2018 £m
Group					
Proceeds	2.2	8.0	94.6	104.8	21.0
Disposals at cost	(1.3)	(3.5)	(30.1)	(34.9)	(13.8)
Cost of sales	(0.2)	(0.5)	(1.9)	(2.6)	(5.9)
Depreciation on disposals	0.1	0.2	2.4	2.7	2.8
Impairment on disposals	-	-	-	-	1.3
Surplus on disposals of housing properties	0.8	4.2	65.0	70.0	5.4

	Right to Buy/ Acquire £m	Second & subsequent staircasing £m	Disposal of other properties £m	Group Total 2019 £m	Group Total 2018 £m
TGPL					
Proceeds	2.2	8.0	92.8	103.0	17.7
Disposals at cost	(1.3)	(3.5)	(27.7)	(32.5)	(8.4)
Cost of sales	(0.2)	(0.5)	(1.1)	(1.8)	(4.9)
Depreciation on disposals	0.1	0.2	0.9	1.2	1.3
Surplus on disposals of housing properties	0.8	4.2	64.9	69.9	5.7

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Proceeds	0.5	0.5	1.5	1.5
Disposals at cost	(1.2)	(0.9)	(2.1)	(1.7)
Depreciation on disposals	0.5	0.2	1.0	0.7
Surplus on disposals of other fixed assets	(0.2)	(0.2)	0.4	0.5

Notes to the financial statements

for the year ended 31 March 2019

7 Key management personnel and employee information

The key management personnel are defined as the members of the Board and the Executive Team. Board members received payments of £130,656 in their capacity as members of The Guinness Partnership Limited Board (2018: £108,222). TGPL Board members received payments of £7,417 (2018: £5,500) in their capacity as members of other Boards of the Group.

There was an average of eight members of the Executive Team during the year (2018: nine).

Group and TGPL	2019 £'000	2018 £'000
Aggregate emoluments payable to the Executive Team, excluding Board members:		
Emoluments	1,385	1,452
Benefits in kind	11	6
Pension contributions	66	67
	1,462	1,525
Aggregate emoluments payable to Board and Executive Team:		
Emoluments	1,516	1,579
Benefits in kind	11	6
Pension contributions	66	67
	1,593	1,652
Expenses reimbursed to directors not chargeable to United Kingdom Income Tax	4	7
Highest paid director – Chief Executive	265	252
Benefits in kind	1	1
Pension equivalents	13	11
	279	264

In the year to 31 March 2019, the Group Chief Executive was not a member of any Group pension scheme. Neither TGPL nor any other member of the Group contributes to any private pension of the Group Chief Executive. In the year to 31 March 2018 the Group Chief Executive was a member of the SHPS 1/60th CARE pension scheme.

7 Key management personnel and employee information continued

	Group 2019 Number	TGPL 2019 Number	Group 2018 Number	TGPL 2018 Number
The average number of persons employed expressed in full time equivalents, whose remuneration payable including redundancy fell within the following bands:				
£60,001 to £70,000	35	26	49	39
£70,001 to £80,000	29	29	17	17
£80,001 to £90,000	11	11	6	6
£90,001 to £100,000	6	5	9	6
£100,001 to £110,000	8	8	2	2
£110,001 to £120,000	4	2	2	2
£120,001 to £130,000	2	2	2	2
£130,001 to £140,000	2	2	1	1
£140,001 to £150,000	1	-	2	1
£150,001 to £160,000	1	1	3	3
£160,001 to £170,000	3	3	-	-
£170,001 to £180,000	1	1	1	1
£180,001 to £190,000	1	1	-	-
£190,001 to £200,000	-	-	1	1
£250,001 to £260,000	-	-	1	1
£260,001 to £270,000	1	1	-	-

Full time equivalents (FTE) have been calculated on the basis that 35 working hours per week is equal to one full time equivalent. The total FTE employed by the Group in 2019 was 2,301 (2018: 2,539) and in TGPL was 1,325 (2018: 1,408). The remuneration used to allocate employees into the bands above includes redundancy payments to a number of staff as a result of the changes to our structure during the year. The number of employees whose actual remuneration falls into a bracket above £100,000 was 20 (2018: 12).

Notes to the financial statements

for the year ended 31 March 2019

7 Key management personnel and employee information continued

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Staff costs – excluding non-executive directors				
Wages and salaries	77.3	46.3	78.7	48.0
Redundancy costs	0.8	0.7	1.8	1.5
Social security costs	7.0	4.7	7.2	4.7
Pension costs (employer's contributions)	4.7	3.9	8.3	7.9
	89.8	55.6	96.0	62.1
Staff costs – non-executive directors				
Wages and salaries	0.2	0.1	0.2	0.1
Pension costs (employer's contributions)	-	-	-	-
	0.2	0.1	0.2	0.1
Total staff costs				
Wages and salaries	77.5	46.4	78.9	48.1
Redundancy costs	0.8	0.7	1.8	1.5
Social security costs	7.0	4.7	7.2	4.7
Pension costs (employer's contributions)	4.7	3.9	8.3	7.9
	90.0	55.7	96.2	62.2

8 Interest payable and financing costs

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
On loans repayable on maturity within five years*	0.7	0.5	1.5	1.5
On loans wholly or partly repayable in more than five years*	67.6	67.8	62.7	62.6
Amortisation of loan issue costs	0.8	0.8	0.2	0.2
Pension interest costs charged in respect of FRS 102 (note 27)	2.7	1.8	0.7	0.5
	71.8	70.9	65.1	64.8
Interest capitalised in respect of housing properties	(4.6)	(4.5)	(3.9)	(3.8)
Total interest payable and similar charges	67.2	66.4	61.2	61.0

* Held at amortised cost

The rate of interest in respect of capitalised interest for the Group and for TGPL is based on the weighted average interest cost of debt calculated on a monthly basis. The average rate used for the year is 5.6% (2018: 5.4%).

9 Surplus before taxation

	Group 2019 £m	TGPL 2019 £m	Group 2018 restated £m	TGPL 2018 restated £m
Surplus for the year is stated after charging/(crediting):				
Depreciation of housing properties	51.4	50.3	54.2	52.6
Depreciation of other fixed assets	8.5	8.1	5.8	5.4
Amortisation of Government grants	(13.9)	(13.5)	(15.1)	(14.6)
Impairment of housing properties and other fixed assets	(1.2)	(1.0)	(2.9)	(2.8)
Auditor's remuneration in their capacity as auditors, excluding VAT, including expenses	0.2	0.1	0.2	0.1
Auditor's remuneration in respect of other services, excluding VAT, including expenses	-	-	0.1	0.1
Surplus on disposal of tangible fixed assets	(70.0)	(69.9)	(5.8)	(6.2)
Rent payable under operating leases	3.0	1.7	3.0	1.7

10 Taxation on surplus for year

The Guinness Partnership Limited and Guinness Care and Support Limited have charitable status and are not subject to corporation tax on surpluses derived from their charitable activities.

	Group 2019 £m	TGPL 2019 £m	Group 2018 restated £m	TGPL 2018 restated £m
Current tax:				
UK corporation tax on surplus for the year	0.1	-	0.6	-
Adjustments in respect of previous years	-	-	(0.2)	(0.1)
Current tax charge/(credit) on surplus on ordinary activities	0.1	-	0.4	(0.1)
Deferred tax:				
Recognition of timing differences	-	-	-	-
Adjustments in respect of previous years	-	-	-	-
Deferred tax charge	-	-	-	-
Total tax charge/(credit) on surplus on ordinary activities	0.1	-	0.4	(0.1)
Factors affecting tax charge for the year:				
Surplus before taxation	92.6	96.2	54.6	54.4
Adjustment for surpluses not subject to tax	(93.5)	(96.1)	(51.5)	(54.4)
Surplus/(loss) on ordinary activities before tax in taxable entities	(0.9)	0.1	3.1	-
Surplus/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	(0.2)	-	0.6	-
Adjustments in respect of previous years	(0.3)	-	(0.2)	(0.1)
Total tax charge/(credit) for the year	0.1	-	0.4	(0.1)

Notes to the financial statements

for the year ended 31 March 2019

11 Tangible fixed assets – Housing properties (Group)

	Group				
	Completed rented	Care & Supported	Leasehold & shared ownership	Under construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 2018	3,298.2	41.8	283.3	83.8	3,707.1
Additions – components capitalised	27.0	0.1	-	-	27.1
Additions – properties under construction	-	-	-	59.4	59.4
Transfer of engagement	1.9	-	-	-	1.9
Transfers – Investment properties	0.5	-	-	-	0.5
Schemes completed	45.5	-	13.0	(58.5)	-
Disposals – transferred to other RP	(70.8)	(1.2)	(3.1)	-	(75.1)
Disposals – Components	(8.6)	-	-	-	(8.6)
Disposals – Property	(7.1)	(0.1)	(3.7)	-	(10.9)
At 31 March 2019	3,286.6	40.6	289.5	84.7	3,701.4
Depreciation and leasehold amortisation					
At 1 April 2018	(607.8)	(7.9)	(14.9)	-	(630.6)
Depreciation charge for year	(49.1)	(0.5)	(1.8)	-	(51.4)
Disposals – transferred to other RP	16.7	0.3	0.3	-	17.3
Disposals – Components	6.4	-	-	-	6.4
Disposals – Property	1.8	-	0.3	-	2.1
At 31 March 2019	(632.0)	(8.1)	(16.1)	-	(656.2)
Impairment					
At 1 April 2018	(10.1)	(1.1)	(3.2)	-	(14.4)
Release for the year	1.2	-	-	-	1.2
Disposals	0.1	-	-	-	0.1
At 31 March 2019	(8.8)	(1.1)	(3.2)	-	(13.1)
Net book value					
At 31 March 2019	2,645.8	31.4	270.2	84.7	3,032.1
At 31 March 2018	2,680.3	32.8	265.2	83.8	3,062.1
				2019 £m	2018 £m
Expenditure on completed housing properties comprises the following:					
Capitalised costs in respect of existing properties				29.0	29.0
Costs charged to Statement of Comprehensive Income				24.9	27.9
Total costs in year incurred on existing properties				53.9	56.9
The following amounts have been included within the fixed asset table above:					
Short leasehold office premises at net book value				-	0.2
Capitalised development administration costs included in additions in the year				4.7	3.5

12 Tangible fixed assets – Housing properties (TGPL)

	TGPL				
	Completed rented	Care & Supported	Leasehold & shared ownership	Under construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 2018	3,187.3	41.7	283.1	85.3	3,597.4
Additions – components capitalised	27.7	0.1	-	-	27.8
Additions – properties under construction	-	-	-	60.2	60.2
Transfers – Investment properties	0.6	-	-	-	0.6
Schemes completed	47.1	-	13.0	(60.1)	-
Disposals – transferred to other RP	(70.8)	(1.2)	(3.1)	-	(75.1)
Disposals – Components	(8.6)	-	-	-	(8.6)
Disposals – Property	(2.5)	-	(3.6)	-	(6.1)
At 31 March 2019	3,180.8	40.6	289.4	85.4	3,596.2
Depreciation and leasehold amortisation					
At 1 April 2018	(591.3)	(7.8)	(14.9)	-	(614.0)
Depreciation charge for year	(48.0)	(0.5)	(1.8)	-	(50.3)
Disposals – transferred to other RP	16.7	0.3	0.3	-	17.3
Disposals – Components	6.4	-	-	-	6.4
Disposals – Property	0.3	-	0.3	-	0.6
At 31 March 2019	(615.9)	(8.0)	(16.1)	-	(640.0)
Impairment					
At 1 April 2018	(7.6)	(1.1)	(3.2)	-	(11.9)
Release for the year	(1.0)	-	-	-	(1.0)
Disposals	0.1	-	-	-	0.1
At 31 March 2019	(8.5)	(1.1)	(3.2)	-	(12.8)
Net book value					
At 31 March 2019	2,556.4	31.5	270.1	85.4	2,943.4
At 31 March 2018	2,588.4	32.8	265.0	85.3	2,971.5
				2019 £m	2018 £m
Expenditure on completed housing properties comprises the following:					
Capitalised costs in respect of existing properties				27.8	27.3
Costs charged to Statement of Comprehensive Income				23.6	27.5
Total costs in year incurred on existing properties				51.4	54.8
The following amounts have been included within the fixed asset table above:					
Short leasehold office premises at net book value				-	0.2
Capitalised development administration costs included in additions in the year				4.7	3.5

TGPL's completed housing properties have been insured at a reinstatement value of £5,957m which, together with a 25% notional assumed land value, would amount to £7,447m (2018: £7,373m) compared with a cost of £3,509m (2018: £3,510m).

Notes to the financial statements

for the year ended 31 March 2019

13 Other tangible fixed assets

	Freehold & leasehold offices £m	Group Plant vehicles & equipment £m	Total £m
Cost			
At 1 April 2018	35.5	43.9	79.4
Additions	0.3	8.6	8.9
Disposals at cost	(0.7)	(0.5)	(1.2)
At 31 March 2019	35.1	52.0	87.1
Depreciation, impairment and leasehold amortisation			
At 1 April 2018	(11.6)	(28.5)	(40.1)
Depreciation charge for year	(2.0)	(6.5)	(8.5)
Disposals	0.1	0.3	0.4
At 31 March 2019	(13.5)	(34.7)	(48.2)
Net book value			
At 31 March 2019	21.6	17.3	38.9
At 31 March 2018	23.9	15.4	39.3

	Freehold & leasehold offices £m	TGPL Plant vehicles & equipment £m	Total £m
Cost			
At 1 April 2018	33.3	41.6	74.9
Additions	0.4	7.6	8.0
Disposals at cost	(0.8)	(0.1)	(0.9)
At 31 March 2019	32.9	49.1	82.0
Depreciation, impairment and leasehold amortisation			
At 1 April 2018	(11.2)	(26.5)	(37.7)
Depreciation charge for year	(1.5)	(6.6)	(8.1)
Disposals	0.1	0.2	0.3
At 31 March 2019	(12.6)	32.9	45.5
Net book value			
At 31 March 2019	20.3	16.2	36.5
At 31 March 2018	22.1	15.1	37.2

14 Investment properties

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
At 1 April	0.7	0.7	2.1	2.1
Transfer to / (from) general needs	(0.5)	(0.6)	(1.6)	(1.6)
Revaluation gains	-	-	0.2	0.2
At 31 March	0.2	0.1	0.7	0.7

Investment properties were valued at 31 March 2017 by Jones Lang LaSalle, professionally qualified valuers, in accordance with the Royal Institute of Chartered Surveyors valuation standards. During the year, three of the four properties were converted to general needs tenancies. The remaining property was the subject of a desktop valuation as at 31 March 2019.

15 Fixed asset investments

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Homebuy and equity loans	10.0	9.8	10.4	10.4
Other investments	4.0	4.0	4.0	4.0
	14.0	13.8	14.4	14.4

16 Investment in subsidiaries

	TGPL 2019 £m	TGPL 2018 £m
City Response Limited	2.0	2.0
Guinness Developments Limited	15.1	5.1
Guinness Homes Limited	25.0	12.0
Hallco 1397 Limited	27.0	27.0
	69.1	46.1

On 9 October 2018 The Guinness Partnership Limited subscribed to the remaining £10m of unissued share capital in Guinness Developments Limited and £13m of unissued share capital in Guinness Homes Limited.

17 Stock

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Properties completed for outright sale	-	-	0.7	-
Properties completed for shared ownership	4.4	4.4	4.9	4.9
Properties under development for outright sale	153.1	-	15.8	-
Properties under development for shared ownership	7.8	7.8	11.3	11.3
Stocks of maintenance materials	0.6	-	1.5	0.7
Total stock	165.9	12.2	34.2	16.9

Notes to the financial statements

for the year ended 31 March 2019

18 Debtors

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Amounts falling due within one year				
Rents and service charges receivable	17.0	16.3	18.4	18.3
Less: provision for bad and doubtful debts	(9.1)	(8.7)	(10.2)	(9.9)
	7.9	7.6	8.2	8.4
Social housing grant receivable	4.0	4.0	0.7	0.7
Amounts due from group companies	-	141.6	-	21.3
Other debtors and prepayments	23.8	20.8	11.4	8.4
	35.7	174.0	20.3	38.8
Amounts falling due after one year				
Debt service reserves	67.5	67.5	56.1	56.1
	103.2	241.5	76.4	94.9

19 Creditors: amounts falling due within one year

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Loans repayable within one year (note 21)	32.7	32.2	17.8	17.2
Trade creditors	11.5	4.7	13.7	4.2
Taxation and social security	2.3	1.6	2.3	1.6
Corporation tax	-	-	0.5	-
Other creditors	32.4	32.5	33.0	31.3
Accruals and deferred income	40.0	35.1	33.8	28.4
Government grants – deferred income	14.1	13.7	14.5	14.1
Disposal Proceeds Fund (note 24)	0.6	0.6	0.3	0.3
Recycled Capital Grant Fund (note 24)	9.3	9.3	7.4	6.7
	142.9	129.7	123.3	103.8

As at 31 March 2019, the Group and TGPL held £20.1m (2018: £18.7m) relating to tenants' and leaseholders' sinking funds included within other creditors. These funds are held as cash.

20 Creditors: amounts falling due after more than one year

	Group 2019 £m	TGPL 2019 £m	Group 2018 restated £m	TGPL 2018 restated £m
Loans & borrowings (note 21)	1,217.4	1,213.2	1,231.4	1,226.3
Government grants - deferred income	1,181.9	1,153.9	1,133.5	1,103.1
Disposal Proceeds Fund	0.9	0.9	1.2	1.2
Recycled Capital Grant Fund	17.9	11.8	15.5	12.3
	2,418.1	2,379.8	2,381.6	2,342.9

21 Loans & borrowings

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Loans are repayable by annual instalments:				
Within one year	32.7	32.2	17.8	17.2
One to two years	21.2	20.7	23.5	23.0
Two to five years	90.8	90.6	75.1	74.4
More than five years	623.4	619.9	674.9	671.0
Derivatives	44.5	44.5	42.9	42.9
	812.6	807.9	834.2	828.5
Loans are repayable by maturity:				
Two to five years	30.0	30.0	-	-
More than five years	407.5	407.5	415.0	415.0
	1,250.1	1,245.4	1,249.2	1,243.5

Loan portfolio: During the year, the Group increased its borrowing by £1.2m and TGPL increased its borrowing by £2.7m (2018: Group: £13.9m decrease, TGPL: £13.4m decrease). At 31 March 2019, total borrowing for the Group was £1,250.1m and for TGPL was £1,245.4m (2018: Group: £1,249.2m, TGPL: £1,243.5m). The loans repayable by instalments after five years are due for repayment within 28 years and include £104.4m in fair value adjustments. The loans repayable on maturity after five years are due for repayment within 30 years. Loans are secured by specific charges on the Group's housing properties.

Borrowings include:

- The Guinness Trust First Mortgage Debenture Stock of £100m, issued in two tranches of £60m in November 1997 and £40m in February 2001. The term of the Bond is 40 years from issue, interest is payable at a fixed coupon of 7.5% and capital repayments commenced in November 2008. TGPL maintains a Debt Service Reserve in a charged account equivalent to one year's interest and capital payments.
- The Harbour (Hermitage Housing Association) First Mortgage Debenture Stock of £45m raised in August 2003. The term of the Bond is 30 years from issue, interest is payable at a fixed coupon of 5.28% and the capital is repayable in full at the end of the term. TGPL maintains a Debt Service Reserve in a charged account equivalent to fifteen months' interest payments.
- The Guinness Northern Counties Limited First Mortgage Debenture Stock of £110m raised in 1995. The term of the Bond is 30 years from issue with terms requiring payments into a sinking fund. These payments commenced in January 2016. Interest is payable at a fixed coupon of 9.125%.
- The Guinness Partnership Limited £250m Secured Bond issued in 2014, of which £100m was retained for future issue. The term of the Bonds is 30 years from issue, interest is payable at a fixed coupon of 4.00%.

Balances on Debt Service Reserves are shown within debtors (See note 18).

The maturity profile of the Group's loan facilities, drawn and undrawn, over the period (excluding other loans and fair value adjustments on acquisition of debt) as at 31 March 2019 is as follows:

Notes to the financial statements

for the year ended 31 March 2019

21 Loans & borrowings continued

	Loans & borrowings £m	Undrawn facilities £m	Total facilities £m
As at 31 March 2019			
Less than one year	29.8	-	29.8
Within one to two years	18.4	50.0	68.4
Within two to five years	111.2	145.0	256.2
In five years or more	985.6	252.4	1,238.0
	1,145.0	447.4	1,592.4
As at 31 March 2018			
Less than one year	14.8	56.0	70.8
Within one to two years	21.0	-	21.0
Within two to five years	61.3	65.0	126.3
In five years or more	1,049.1	297.0	1,346.1
	1,146.2	418.0	1,564.2

	Fixed rate maturities £m	Average interest %
As at 31 March 2019		
Less than one year	28.9	5.0%
Within one to two years	10.1	6.6%
Within two to five years	37.4	7.0%
In five years or more	847.2	6.2%
	923.6	6.2%
As at 31 March 2018		
Less than one year	4.4	7.2%
Within one to two years	28.9	5.0%
Within two to five years	40.8	6.4%
In five years or more	816.0	6.1%
	890.1	6.1%

At 31 March 2019 80.7% (2018: 77.7%) of the Group's borrowing was at fixed rates of interest. TGPL's borrowing at fixed rates of interest was 81.0% (2018: 78.0%). The period for which interest rates are fixed is up to 30 years (TGPL: 30 years). The figures for financial liabilities above exclude a sale and lease back agreement of £0.3m (2018: £0.3m).

At 31 March 2019 19.3% (TGPL: 19.0%) of the Group's borrowing was at variable rates of interest. The weighted average interest rate for all loans at 31 March 2019 including margin was 5.6% (TGPL: 5.6%).

Hedging instruments: The Group and TGPL utilise a range of hedging instruments embedded and transacted under ISDA Agreements and including term fixes and cancellable options. Cancellable options as at 31 March 2019 totalled £80.9m (2018: £81.0m) covering terms of between four and twenty years and option periods from three months to five years.

At 31 March 2019 transactions under ISDA Agreements totalled £109.3m (2018: £110.2m). The mark-to-market exposure on these was £44.9m adverse (2018: £42.9m adverse). Positions in excess of unsecured threshold levels are secured by property.

21 Loans & borrowings continued

Fair value: The Guinness Trust £100m debenture stock has a market value at 31 March 2019 of £127.0m (2018: £127.9m). The Harbour (Hermitage) £45m debenture stock has a market value at 31 March 2019 of £58.9m (2018: £58.1m). The Northern Counties £110m debenture has a market value at 31 March 2019 of £152.3m (2018: £157.3m). The Guinness Partnership Ltd £150m secured bond issued on 24 October 2014 has a market value at 31 March 2019 of £180.3m (2018: £180.8m) excluding the £100.0m of retained bonds.

The fair value of the liability in respect of fixed interest rate loans is equivalent to the sum of principal and net notional breakage costs that would be payable by the Group if, theoretically, the fixed interest rate agreements were terminated or redeemed at the year end. The fair value of the Group's liability in respect of fixed and callable fixed interest rate loans excluding The Guinness Trust Bond, Harbour Bond and Northern Counties Bond and The Guinness Partnership Ltd Bond detailed above, as at 31 March 2019, is estimated at £1,053.5m (2018: £999.2m).

22 Financial assets and liabilities

The Group and TGPL hold a range of financial assets and liabilities where there is a contractual obligation to receive or deliver cash or cash equivalents. A summary of these assets and liabilities is set out below:

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Financial assets measured at fair value				
Homebuy and equity loans	9.9	9.8	10.4	10.4
	9.9	9.8	10.4	10.4
Financial assets measured at amortised cost				
Debt service reserve investments	67.5	67.5	56.1	56.1
Rent and service charges receivable	17.0	16.3	18.4	18.3
Other debtors	7.4	16.7	7.8	4.8
Cash and cash equivalents	95.8	53.8	78.9	37.9
	187.7	154.3	161.2	117.1
Financial liabilities measured at fair value through profit or loss				
Standalone hedges	(44.5)	(44.5)	(42.9)	(42.9)
	44.5	44.5	(42.9)	(42.9)
Financial liabilities measured at amortised cost				
Bank overdraft	-	-	-	-
Trade creditors	(11.5)	(4.7)	(46.7)	(31.8)
Other creditors	(33.3)	(32.1)	(33.0)	(31.4)
Amounts owed to subsidiary entities	-	-	-	-
Loans repayable within one year	(29.9)	(29.3)	(14.8)	(14.2)
Loans repayable after one year	(1,170.7)	(1,134.1)	(1,133.8)	(1,128.7)
	(1,245.4)	(1,200.2)	(1,228.3)	(1,206.1)

The Group's financial instruments comprise cash and cash equivalents, bank borrowings and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

Notes to the financial statements

for the year ended 31 March 2019

23 Government grants – deferred income

The Group and TGPL have received Government grants in order to provide social housing. The majority of these grants are Social Housing Grant, but the Group and TGPL have also received grants from Local Authorities and other Government bodies.

The grants have no explicit requirements to be repaid, but on disposal of properties to which they relate, there is an obligation to either recycle or repay the grant received in relation to the property.

	Group		Total
	Completed properties & equity loans £m	Properties under construction £m	£m
Social Housing Grant			
At 1 April 2018 (restated)	1,311.1	24.8	1,335.9
Grant receivable	-	97.9	97.9
Grant transferred at completion	8.1	(8.1)	-
Grant transferred on disposals	(42.5)	-	(42.5)
At 31 March 2019	1,276.7	114.6	1,391.3
Other capital grants			
At 1 April 2018 (restated)	115.1	0.4	115.5
Grant receivable	-	-	-
Grant reclassified to Social Housing Grant	-	-	-
At 31 March 2019	115.1	0.4	115.5
Amortisation			
At 1 April 2018 (restated)	(303.4)	-	(303.4)
Released to income during the year	(13.3)	-	(13.3)
Transferred on disposals	5.9	-	5.9
At 31 March 2019	(310.8)	-	(310.8)
Net deferred income at 31 March 2019			
Deferred income to be released in less than one year	0.4	13.7	14.1
Deferred income to be released in more than one year	1,080.6	101.3	1,181.9
At 31 March 2019	1,081.0	115.0	1,196.0
Net deferred income at 31 March 2018 (restated)			
Deferred income to be released in less than one year	14.5	-	14.5
Deferred income to be released in more than one year	1,108.3	25.2	1,133.5
At 31 March 2018 (restated)	1,122.8	25.2	1,148.0

23 Government grants – deferred income continued

	TGPL		
	Completed properties & equity loans £m	Properties under construction £m	Total £m
Social Housing Grant			
At 1 April 2018 (restated)	1,264.3	24.7	1,289.0
Grant receivable	-	97.8	97.8
Grant transferred at completion	7.9	(7.9)	-
Grant transferred on disposals	(40.4)	-	(40.4)
At 31 March 2019	1,231.8	114.6	1,346.4
Other capital grants			
At 1 April 2018 (restated)	115.1	0.3	115.4
Grant receivable	-	-	-
Grant reclassified to Social Housing Grant	-	-	-
At 31 March 2019	115.1	0.3	115.4
Amortisation			
At 1 April 2018 (restated)	(287.2)	-	(287.2)
Released to income during the year	(12.7)	-	(12.7)
Transferred on disposals	5.7	-	5.7
At 31 March 2019	(294.2)	-	(294.2)
Net deferred income at 31 March 2019			
Deferred income to be released in less than one year	-	13.7	13.7
Deferred income to be released in more than one year	1,052.7	101.2	1,153.9
At 31 March 2019	1,052.7	114.9	1,167.6
Net deferred income at 31 March 2018 (restated)			
Deferred income to be released in less than one year	14.1	-	14.1
Deferred income to be released in more than one year	1,078.1	25.0	1,103.1
At 31 March 2018 (restated)	1,092.2	25.0	1,117.2

Notes to the financial statements

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24 Recycled Capital Grant Fund and Disposal Proceeds Fund

Recycled Capital Grant Fund	Group £m	TGPL £m
At 1 April 2018	22.9	19.0
Inputs to fund:		
Grants recycled during the year	4.6	2.8
Interest added to the fund during the year	0.1	0.2
Recycling of grant:		
New build	(0.4)	(0.9)
At 31 March 2019	27.2	21.1
Amounts 3 years or older where repayment may be required	9.2	9.2

Disposal Proceeds Fund	Group £m	TGPL £m
At 1 April 2018	1.5	1.5
Inputs to fund:		
Grants recycled during the year	-	-
Interest added to the fund during the year	-	-
Recycling of grant:		
New build	-	-
At 31 March 2019	1.5	1.5
Amounts three years or older where repayment may be required	0.6	0.6

25 Share capital

Allotted, called up and fully paid	Group 2019 £	TGPL 2019 £	Group 2018 £	TGPL 2018 £
At 1 April	6	6	6	6
Issued during the year	2	2	2	2
Cancelled during the year	-	-	-	-
At 31 March	8	8	8	8

The share capital of eight ordinary shares of £1 each represents the nominal value of the shares. These shares carry no dividend rights and are cancelled on cessation of membership of the Group. Each member has the right to vote at members' meetings.

26 Other provisions for liabilities

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Other provisions	4.7	3.4	4.9	4.0
SHPS (note 27)	-	-	40.6	38.0
At 31 March	4.7	3.4	45.5	42.0
Other provisions:				
At 1 April	4.9	4.0	3.0	1.4
Provided during the year	1.9	1.1	2.8	2.7
Released during the year	(2.1)	(1.7)	(0.9)	(0.1)
At 31 March	4.7	3.4	4.9	4.0

27 Pension obligations

The Group and TGPL contribute to a number of defined benefit pension schemes for staff, the assets of which are held in separate trustee administered funds. The total contributions to these schemes by the Group for the year ended 31 March 2019 amounted to £4.7m (2018: £8.3m).

A summary of the Group pension obligations from the Social Housing Pension Scheme (SHPS) and the liability from other defined benefit schemes is included below:

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
SHPS	86.8	81.0	40.6	38.0
LPFA	4.6	4.6	5.1	5.1
Unfunded scheme	0.2	0.2	0.2	0.2
Other	0.1	0.1	0.3	0.3
At 31 March	91.7	85.9	46.2	43.6

Social Housing Pension Scheme

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

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

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

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

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme.

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

The Group currently operates a 1/120th defined benefit career average revalued earnings (CARE) scheme for new and existing employees and a 1/80th and 1/60th CARE scheme for some existing employees, but closed to new employees. For these schemes future employer contributions will be equal to 18.1% of pensionable salaries.

Notes to the financial statements

for the year ended 31 March 2019

27 Pension obligations continued

Present values of liability: reconciliation of opening and closing liability

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Provision at start of period	40.6	38.0	46.2	43.7
De-recognition of multi-employer defined benefit scheme	(40.6)	(38.0)	-	-
Net interest expense	-	-	0.7	0.5
Deficit contribution paid	-	-	(5.8)	(5.7)
Re-measurement - impact of any changes in assumptions	-	-	(0.5)	(0.5)
Provision at end of period	-	-	40.6	38.0

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	Group 2019 £m	TGPL 2019 £m
Fair value of plan assets	241.4	225.7
Present value of defined benefit obligation	(328.3)	(306.8)
Deficit in plan	(86.8)	(81.0)

Reconciliation of fair value of employer assets

	Group 2019 £m	TGPL 2019 £m
Initial recognition of fair value of plan assets	232.6	217.8
Interest income	6.0	5.6
Experience on plan assets	3.8	3.6
Contributions by the employer	9.7	8.9
Contributions by plan participants	0.1	0.1
Benefits paid and expenses	(10.7)	(10.3)
Assets at end of period	241.5	225.7

27 Pension obligations continued

Reconciliation of defined benefit obligation

	Group 2019 £m	TGPL 2019 £m
Initial recognition of multi-employer defined benefit obligation	303.9	284.5
Current service cost	4.6	4.2
Expenses	0.2	0.2
Interest Expense	7.8	7.3
Contributions by plan participants	0.1	0.1
Actuarial (gains) due to scheme experience	(1.8)	(1.7)
Actuarial losses due to changes in demographic assumptions	1.0	0.9
Actuarial losses due to changes in financial assumptions	23.1	21.6
Benefits paid and expenses	(10.7)	(10.3)
Provision at end of period	328.2	306.8

Defined benefit costs recognised in Statement of Comprehensive Income

	Group 2019 £m	TGPL 2019 £m
Current Service cost	4.6	4.2
Expenses	0.2	0.2
Net interest expense	1.8	1.7
Defined benefit costs recognised in SoCI	6.6	6.1

Defined benefit costs recognised in Other Comprehensive Income

	Group 2019 £m	TGPL 2019 £m
Experience on plan assets	3.8	3.6
Experience gain arising on the plan liabilities	1.8	1.7
Effects of changes in demographic assumptions	(1.0)	(0.9)
Effects of changes in financial assumptions	(23.1)	(21.6)
Defined benefit costs recognised in OCI	(18.5)	(17.2)

Notes to the financial statements

for the year ended 31 March 2019

27 Pension obligations continued

Key Assumptions

	2019 p.a.
Group	
Inflation (RPI)	3.3%
Inflation (CPI)	2.3%
Salary growth	3.3%
Discount rate	2.3%
The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:	
Male retiring in 2019	21.8 years
Female retiring in 2019	23.5 years
Male retiring in 2039	23.2 years
Female retiring in 2039	24.7 years

Assets

	Group 2019 £m	TGPL 2019 £m
Global Equity	40.6	38.0
Absolute Return	20.9	19.5
Distressed Opportunities	4.4	4.1
Credit Relative Value	4.4	4.1
Alternative Risk Premia	13.9	13.0
Fund of Hedge Funds	1.1	1.0
Emerging Markets Debt	8.3	7.8
Risk Sharing	7.3	6.8
Insurance-Linked Securities	6.9	6.5
Property	5.4	5.1
Infrastructure	12.7	11.8
Private Debt	3.2	3.0
Corporate Bond Fund	11.3	10.5
Long Lease Property	3.6	3.3
Secured Income	8.6	8.1
Liability Driven Investment	88.3	82.7
Net Current Assets	0.5	0.4
Total assets	241.4	225.7

27 Pension obligations continued

Other defined benefit pension schedules

The Group and TGPL also contributes to three other defined benefit pension schemes, where the share of the assets and liabilities can be identified. The pension costs are assessed in accordance with the advice of a qualified actuary. The latest full actuarial valuations for the schemes were carried out at 31 March 2016 and have been updated by the actuaries to 31 March 2019 on an FRS 102 basis.

TGPL is a member of a pension scheme with Cheshire West and Chester Council ("the Cheshire Pension fund"). The scheme is reporting a pension asset of £3.0m as at 31 March 2019 (2018: £4.4m) but there is uncertainty whether TGPL will be able to recover the asset either through reduced contributions in the future or through refunds from the scheme and as a result the asset has not been recognised in the financial statements.

The defined benefit pension liability comprises the following schemes:

Group	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
London Pensions Fund Authority	4.6	4.6	5.1	5.1
Unfunded scheme	0.2	0.2	0.2	0.2
Other schemes	0.1	0.1	0.3	0.3
	4.9	4.9	5.6	5.6

28 Analysis of changes in net debt

	At 1 Apr 2018	Cashflows	Other Non cash changes	At 31 Mar 2019
Cash and cash equivalents				
Cash	78.9	16.9	-	95.8
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
Total	78.9	16.9	-	95.8
Borrowings				
Debt due within one year	(17.8)	(2.0)	(12.9)	(32.7)
Debt due after one year	(1,230.4)	-	12.9	(1,217.5)
Total	(1,248.2)	(2.0)	-	(1,250.2)

Notes to the financial statements

for the year ended 31 March 2019

29 Capital commitments

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Capital expenditure that has been contracted for but has not been provided for in these financial statements	75.0	64.8	48.7	43.3
Capital expenditure that has been authorised by the Board but has not been contracted for	203.1	128.0	16.5	12.9
	278.1	192.8	65.2	56.2

The financing of capital expenditure that has been contracted for but has not been provided for in these financial statements will be provided through a combination of:

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Social Housing Grant	8.0	8.0	9.7	9.8
Loan finance	18.4	28.2	11.3	11.3
First tranche sales/outright sales	48.6	28.6	27.7	22.2
	75.0	64.8	48.7	43.3

30 Contingent liabilities

The Group enters into development and construction contracts with a range of construction companies in its normal course of business. At the end of the year, there are a number of claims by the contractor under a few of these contracts for additional costs. Where these are valid and the additional cost is capable of estimation, they have been accrued in the accounts. However, there are some claims which the Group is disputing and these are not provided for as they are not considered to be liabilities. These claims relate to both TGPL and its subsidiaries, Guinness Developments Limited and Guinness Platform Limited, and are not considered to have an impact on the Statement of Comprehensive Income or considered material to the accounts.

31 Operating leases

The Group leases some of its office accommodation on non-cancellable operating leases.

At 31 March 2019, the Group had minimum lease payments under such leases as set out below:

	Group 2019 £m	TGPL 2019 £m	Group 2018 £m	TGPL 2018 £m
Operating leases which expire:				
Within one year	2.3	1.4	2.9	1.5
Within one to five years	7.2	5.5	2.2	0.8
After five years	0.1	-	0.7	-
	9.6	6.9	5.8	2.3

32 Managing agents

Certain accommodation owned by the Group is managed on its behalf under management agreements or short term leases by other bodies. The principal agencies are listed below:

	Units/bed spaces Group		Units/bed spaces TGPL	
	2019 Number	2018 Number	2019 Number	2018 Number
Agency:				
Sunshing International Ltd	-	203	-	203
Homes For Change	75	75	75	75
MENCAP	55	55	55	55
Turning Point	52	52	52	52
Bangla	42	42	42	42
Home Group	10	46	10	46
Mears Care Limited	-	-	-	-
Creative Support	55	55	55	55
Derby City Homes	33	33	33	33
Community Integrated Care	39	39	39	39
Framework Housing Association	-	31	-	31
Sheffield Health & Social Care	18	18	18	18
DISC	-	30	-	30
Rooftop	20	30	20	30
Sheffield Social Services	4	4	4	4
Richmond Fellowship	17	17	17	17
Comfort Call	40	40	40	40
Lifeways	29	29	29	29
Others	598	442	569	457
	1,087	1,241	1,087	1,227

33 Subsidiary undertakings

Subsidiary	Note	Status	Activity
City Response Limited	a	Registered under the Companies Act 2006	Property Maintenance Services
Devon Sheltered Homes Trust	c	Registered Charity	Provision of Care and Support Services
Guinness Care and Support Limited		Registered Provider	Provision of Care and Support Services
Guinness Developments Limited	a	Registered under the Companies Act 2006	Property Development
Guinness Homes Limited	a	Registered under the Companies Act 2006	Property Development
Guinness Housing Association Limited		Registered Provider	Supplier of Social Housing
Guinness Platform Limited	a	Registered under the Companies Act 2006	Property Development
Hallco 1397 Limited	a	Registered under the Companies Act 2006	Property Development
Independent Home Life Services Limited	d	Registered under the Companies Act 2006	Dormant
Live Well at Home Limited	b	Registered under the Companies Act 2006	Dormant
The Guinness Trust	e	Registered Charity	Dormant

Notes to the financial statements

for the year ended 31 March 2019

33 Subsidiary undertakings continued

- a) City Response Limited, Guinness Homes Limited, Guinness Developments Limited, Guinness Platform Limited and Hallco 1397 Limited are private companies limited by shares and of whom The Guinness Partnership Limited is the parent entity and sole shareholder.
- b) Live Well at Home Limited is a wholly owned subsidiaries of Guinness Care and Support Limited. The business transfer of assets of Live Well at Home Limited and Independent Home Life Services transferred to Guinness Care and Support Limited during the prior year.
- c) Guinness Care and Support Limited is the Corporate Trustee of Devon Sheltered Homes Trust. The business transfer of assets of Devon Sheltered Homes Trust transferred to Guinness Care and Support Limited during the year.
- d) Independent Home Life Services Limited is a wholly owned subsidiary of Live Well at Home Limited.
- e) TGPL is the Corporate Trustee of The Guinness Trust.

34 Related party transactions

At 31 March 2019, there were two members (2018: two) of Committees within the Group who had tenancy agreements with the Group and one member who is a leaseholder (2018: one). The tenancy agreements and lease have been granted on the same terms as for all other tenants/leaseholders and the housing management procedures, including those relating to the management of arrears if applicable, have been applied consistently to those tenants. Transactions between TGPL and other members of The Guinness Partnership Limited Group are set out below:

	Services received 2018/19 £'000	Services provided 2018/19 £'000	Debtor/(Creditor) balances as at 31 March 2019 £'000
Regulated			
Guinness Care and Support Limited	3,376	1,200	9,948
Guinness Housing Association Limited	-	380	5,288
Non-Regulated			
Guinness Developments Limited	28,790	430	59,177
Guinness Homes Limited	-	375	4,589
Guinness Platform Limited	-	-	51
Hallco 1397 Limited	-	-	371
City Response Limited	49,397	900	363

The equity investments in Group undertakings are disclosed in Note 16. At the year-end TGPL has loan balances with other Group undertakings. These loans are at "arm's length" terms.

	Facility £m	Drawn 2019 £m	Drawn 2018 £m
Guinness Developments Limited (*)	187.2	-	-
Guinness Homes Limited (*)	187.2	60.0	-
Hallco 1397 Limited (*)	187.2	4.6	4.3
Guinness Care & Support Limited	4.0	-	-
City Response Limited	1.0	-	-

(*) The maximum that can be lent to Guinness Developments Limited, Guinness Homes Limited and Hallco 1397 Limited individually is 25% of TGPL reserves. The maximum total lending across the group is 25% of TGPL reserves.

Where possible, services are recharged between entities at the cost at which they were originally incurred. Back office costs and other management costs are charged on a range of apportionment bases such as number of FTEs, number of units in management and total loan facilities.

35 Prior period adjustment

The opening balances have been restated to account for the grant acquired on the transfer of engagement from Wulvern Housing Limited. On 1 February 2017 the activities of Wulvern Housing Limited were transferred to TGPL, on transfer of engagement the grant creditor was accounted for under the accrual accounting method. After reviewing the treatment the Board have taken the view that the grant should have been accounted for using the performance method as the related assets were measured at fair value. The financial statements have been restated as follows:

	Group £m	TGPL £m
Reserves at 1 April 2017 as previously stated	663.5	638.5
Prior year adjustment	26.5	26.5
Reserves at 1 April 2017 restated	690.0	665.0

Our Board



Neil Braithwaite, Chair

Appointed: **17.10.13** Effective from: **01.11.13**
Neil is Chair of the Service and Performance Committee, a member of the Remuneration and Nominations Committee and a board member of Guinness Housing Association Limited. He is also a trustee of Barnardo's and its pension scheme; the Chairman of the Brathay Trust; Governor of primary and secondary co-operative academies in Leeds and Stoke-on-Trent; and a former Managing Director of the Specialist Retail Businesses of the Co-operative Group.



Mike Petter

Appointed: **13.02.14** Effective from: **01.03.14**
Mike is Chair of the Health, Safety and Environmental Committee, a member of the Remuneration and Nominations Committee, a member of the Group Audit and Risk Committee, a board member of Guinness Care and Support Limited and a board member of Guinness Housing Association Limited. He is also a board member of the Considerate Constructors' Scheme; a Chartered Engineer; an Advisory Panel Member with Scottish and Southern Electricity Networks; and is a Management Consultant at Five Dimensional Management Ltd.



Samantha Pitt

Appointed: **12.02.15** Effective from: **01.03.15**
Samantha is Chair of the Group Audit and Risk Committee, a board member of Guinness Housing Association Limited, a member of the Remuneration and Nominations Committee, a member of the Finance and Development Committee and a member of the Pensions Committee. Samantha is also a qualified accountant and pension trustee. She has a background in Treasury, Debt Financing, Investor Relations and Corporate Finance. She left Network Rail at the end of July 2018 where she was Group Treasurer and had worked since the end of 2004. Previous roles have been in the power and telecoms sectors.



Chris Wilson

Appointed: **26.09.18** Effective from: **01.10.18**
Chris is Chair of Guinness Care and Support Limited, a board member of Guinness Housing Association Limited, a non-voting member of the Group Audit and Risk Committee and a member of the Finance and Development Committee. He is a retired professional services partner with KPMG with extensive audit and advisory experience in the public sector. Chris is a board member and Chair of the Audit and Assurance Committee for Curo Housing Association and Board and Audit and Risk Committee member of White Horse Housing Association.



Peter Cotton, Deputy Chair

Appointed: **09.12.09** Stood down: **31.03.19**
Peter is Chair of Guinness Care and Support Limited, Chair of the Remuneration and Nominations Committee and Chair of Guinness Housing Association Limited. He is also a volunteer and ambassador for Florence Nightingale Hospice; a bereavement counsellor; a former Non-Executive Director and member of the audit, remuneration and customer service committees at Eurostar; and former MD of Scotrail, Gatwick Express, and Del Monte UK.



Catriona Simons

Appointed: **01.10.12** Effective from: **01.10.12**
Catriona is the Chief Executive of The Guinness Partnership Limited and an executive board member. She is also a board member of Guinness Homes Limited; Guinness Care and Support Limited, Guinness Housing Association Limited; City Response Limited; Guinness Developments Limited; Guinness Platform Limited; Hallico 1397 Limited; and a member of the Health, Safety & Environmental Committee, and the Service and Performance Committee. Catriona is also a board member of Dolphin Square Charitable Foundation.



John Lougher

Appointed: **23.03.16** Effective from: **01.05.16**
John is a board member of Guinness Housing Association Limited, and member of the Health, Safety and Environmental Committee. He is the Strategic Land Managing Director of Bovis Homes; a foundation governor at Great Rollright Church of England primary school; and a Chartered Surveyor. He has worked in house building since 2003 and, before that, in property and construction consultancy.



Chris Stevens

Appointed: **12.12.18** Effective from: **01.02.19**
Chris is a board member of Guinness Housing Association Limited, a member of the Health and Safety Committee and a member of the Finance and Development Committee. He is the Managing Director of Bouygues UK Residential and has over 30 years' experience in the construction industry, delivering highly complex projects across a range of sectors ranging from £40 million to £250 million in value. A Chartered Engineer, Chris has a wealth of commercial and operational expertise in the construction industry and has held Executive Board positions in two other organisations.



Amanda Calvert

Appointed: **31.01.17** Effective from: **31.01.17**
Amanda is a board member of Guinness Housing Association Limited and member of the Group Audit and Risk Committee. Amanda joined our Board from Wulvern Housing Limited. She is also proprietor of the Quince Consultancy Ltd; a Chartered Engineer; former Vice President of IT risk and compliance at AstraZeneca; and founder of Quince Consultancy.



Laure Duhot

Appointed: **18.05.16** Effective from: **01.07.16**
Laure is a board member of Guinness Housing Association Limited and member of the Group Audit and Risk Committee. She has a background in investment and property development, fund and asset management, corporate finance and audit and risk. She is Director of Duhot-Consult Limited, Non-Executive Director of MedicX.



Phil Morgan

Appointed: **31.01.17** Effective from: **31.01.17**
Phil is a board member of Guinness Housing Association Limited and a member of the Service and Performance committee. Phil is a housing specialist who joined our Board from Wulvern Housing Limited. He is the Chair of Health Watch Salford; Director of Phil Morgan Ltd; and former Executive Director of Tenant Services at the Tenant Services Authority and former Chief Executive of TPAS.

Our Executive Team



Catriona Simons

Group Chief Executive
Appointed: **December 2009**
Appointed Group Chief Executive: **July 2015**



Jon Milburn

Group Development Director
Appointed: **June 2016**



Philip Day

Group Finance Director
Appointed: **July 2017**



Sarah Thomas

Executive Director of Customer Services
Appointed: **January 2016**



Peter Hedderly

Executive Director of Corporate Services
Appointed: **July 2015**



Paul Watson

Managing Director Guinness Care
Appointed: **December 2007**



Ian Joynson

Executive Director of Asset Management
Appointed: **November 2014**

Registered Office, Principal Advisors and Lenders

Registered Office

The Guinness Partnership Limited
30 Brock Street
Regent's Place
London
NW1 3FG

Statutory Auditor

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Solicitors

Trowers & Hamblins LLP
3 Bunhill Row
London
EC1Y 8YZ

Bankers

National Westminster Bank plc
Barclays Bank plc
HSBC Bank plc
Lloyds Bank plc

Lenders

BAE Systems plc
Barclays Bank plc
Dexia Public Finance Bank
Halifax Bank of Scotland plc
Lloyds Banking Group
Nationwide Building Society
Orchardbrook Limited
The Royal Bank of Scotland plc
Santander UK plc
Warrington Borough Council
Yorkshire Building Society