the guinness partnership

Financial statements

2019/2020

130

Contents

a great home is **safe** and **secure**, warm and dry and where everything works. It's **affordable**, and a place where people are **proud** to live.

In numbers

Financial, property and operational highlights

£861.9m
Total assets

£359.4m
Group turnover

£98.2m
Group operating surplus

£3,941
Social housing cost per home – TGPL

£98.8m
Operating surplus - TGPL

Credit ratings:

Standard & Poor's
A- (stable)

Moody's
A2 (stable)

1,070
Homes under construction

1,026
New homes started on site

199
New homes completed

3,012
New homes pipeline

18.5
Average number of days to complete a routine responsive repair

£119.0m
Investment and maintenance of existing homes

64,039
Homes in management as at 31 March

73%
Customer satisfaction

84%
Employee satisfaction

100%
Safety compliance checks carried out

G1 V2
RSH regulatory ratings

7,827
Weekly care hours delivered

Chair and Chief Executive's statement

Welcome to Guinness's Financial Statements for the year to 31 March 2020, which describe what and how we have been doing over the last year, our financial performance and position, and how we see ourselves as being placed for the future.

This year, 2020, marks 130 years since we were founded by Sir Edward Guinness. With a clear social purpose throughout our long history, we are confident in what, and who, we are here for today. The rapid and effective response of our people to the changes brought about by the Covid-19 pandemic is testament to the enduring values of the organisation and the many people who work to serve our customers every day.

Two years ago we launched our current strategy, Guinness 2023. As we approach the midpoint in its planned five-year life we think that it continues to provide the right approach to our work, which includes supporting some of the most vulnerable people in society. We do this whilst navigating the three strategic investment challenges facing not just Guinness but the social housing sector: building more homes, maintaining the safety of our homes, and decarbonising in line with the Net Zero commitments. This is against the increasingly complex backdrop of uncertain supply chains and the changing labour market associated with the new relationship with EU, and the emerging post-Covid-19 economy. We continue to focus on delivering much needed homes and services to our residents and care customers, and being a great place to work and a great business.

With committed and engaged people, strong financials, a sizeable development pipeline, and the right partners, we are well placed to deliver our vision and ambitions. In 2019/20 we delivered an operating margin of 24.3% as we continued investing in our existing stock. We continue to retain strong credit ratings and have the funds in place to finance our plans. We are in a good position for the future.

Towards the end of the year our world, like everyone else's, was turned on its head by the emergence of the Covid-19 pandemic. This had some small impact during the year we are reporting here, but its major effects will be felt and reported in the 2020/21 period. We are gathering pace on completing work that needed to be deferred whilst we were in full lockdown and expect to significantly recover the position. New ways of working on site and in our homes, challenges faced by suppliers, and the anticipation of a future wave of the virus, may put some pressure on future years but we are confident in our financial strength. We are also starting to see an increasing impact of the economic shock being felt by our residents. We will continue supporting people to remain in their homes, and do what we can to lessen the impact of this very stressful time for them.

In common with other large housing associations, Guinness has reviewed the state of the housing market and its implications for our large development programme. We have concluded that over the next 5 years our focus should be on building affordable housing for rent and low-cost home ownership, and managing carefully our market exposure through the number of homes we build for open market sale. This will deliver our commitments under the Homes England and GLA Strategic partnerships and make a substantial contribution to the housing crisis.

All Guinness homes must be high quality. We invested £119m this year in maintaining our existing homes, and we have a strong asset 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.

Our relationship with our tenants and residents and care customers, and our commitment to service is at the heart of our business, and we continue to strengthen our transparency and accountability. During the year, we maintained strong satisfaction with many of our core services including lettings, tackling Anti-Social Behaviour and complaints resolution. Our technology investment, particularly in online services, is a strong foundation for our ongoing work to streamline and improve our customers' experience of Guinness.

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 continue to generate excellent customer satisfaction and are well rated by the CQC. We launched our second new care at home service in Stockport, following the service in Cheshire, as we continue our plan to ensure our care operations ongoing financial sustainability.

We were able to achieve all of this during 2019/20 because of our people. We will ensure that continues through our strategy period and beyond. In 2019/20 we launched a new People Strategy, and our first Diversity & Inclusion Strategy, setting a goal of being an even more inclusive organisation where everyone is supported, challenged and enabled to do their best for our customers.

Good continuity planning and strong core systems meant we were able to respond quickly and effectively to the Covid-19 pandemic. Before the formal lockdown came into place at the end of March, we had prepared for large-scale working at home to ensure our systems and our people were prepared for and resilient to the major change. We were able to decide how we would continue providing essential services in line with rapidly changing Government guidance – and how we would ensure our most vulnerable customers had our support. We made thousands of proactive welfare contacts, increased the support we offered where needed and ensured our people had the right PPE and adopted safe working practices to keep them and our customers as safe as possible. Throughout, our focus was – and remains – protecting our customers and staff.

We're proud to have a diverse workforce which we believe reflects an inclusive culture. But like every organisation, in the aftermath of the killing of George Floyd, we are reflecting hard on our role in tackling racism. As a major employer, we must use our platform to address racism, inside the organisation where it occurs and, insofar as we can, in society. With our people and our customers, we stand together and will act together against racism.

Our workforce comprises a vast range of different roles. All serve our customers. Our thanks to our people for their commitment and skill. Our thanks also to our partners nationally and locally, who we look forward to continuing to work with over the year ahead.

Neil Braithwaite (Chair)

Catriona Simons (CEO)

Strategic Report
and Report of the Board

Strategic Report

Who we are

We are one of the largest housing providers in the UK with a strong social purpose and a proud 130 year history. We provide great homes and services to over 140,000 people across the country. Guinness was founded in 1890 to improve people's lives and create possibilities for them and this long history drives us today to continue to fulfil our purpose. What we are here for hasn't changed and we continue to provide homes and housing services to nearly 65,000 households and deliver over 533,000 care hours each year through our subsidiary Guinness Care.

As a customer service organisation it's our customers that we're here for. That means the people we provide homes to today – our tenants and leaseholders – and the people we provide care and support services to. It also means our future customers.

What we do

Guinness is a regulated charitable housing association and our core activities are the provision of housing for social and affordable rent, affordable home ownership and housing for older people. Through our charitable subsidiary, Guinness Care, we provide a range of care services, including care at home and extra care housing.

Most of our homes, around 70%, are for rent at prices significantly lower than those charged in the private market – and on terms which offer far greater security. We provide the majority of our housing services through The Guinness Partnership Limited (TGPL). The Group also includes a number of other trading entities and subsidiaries. We are regulated by the Regulator of Social Housing (RSH) and the Care Quality Commission (CQC).

We are a significant developer, with plans to build 5,500 new homes by March 2024. As well as homes for rent, we also provide affordable home ownership options and homes that people can purchase on the open market, recognising that the national shortage of housing affects those seeking to buy a home too. Everything we do is about our customers, our communities and our people and every pound we make is re-invested in achieving that purpose.

In 2020 we celebrated our 130th year of providing homes to those that need them most. We are proud that thousands of families have benefited from our founder's vision and generosity over that time.

Where we operate

We are a national housing association, with nearly 65,000 homes in 156 Local Authority areas across England, with significant presence in the North West, Yorkshire, the South West, London and the South East:

Top 10 Local Authorities	Number of Homes	% total
London local authorities	5,739	9%
Cheshire East	5,648	9%
Milton Keynes	5,086	8%
Havant	3,883	6%
Manchester	3,761	6%
Sheffield	2,373	4%
Rochdale	2,169	3%
Stockport	1,581	2%
Oldham	1,354	2%
Gloucester	1,242	2%

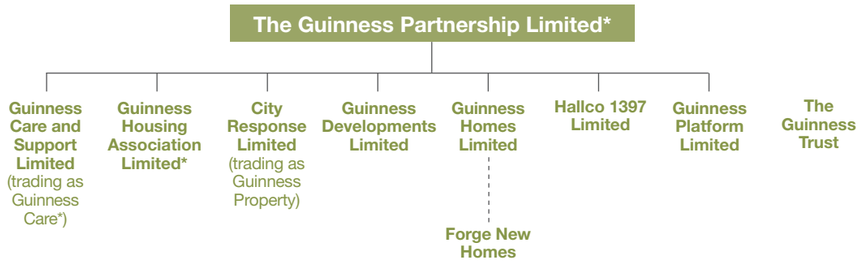
We continue to build and acquire homes in areas where we have a strong local presence. We actively consider the sale of empty homes that are uneconomic to repair or where there is low demand for homes. This approach enables us to improve service delivery to customers and operating efficiency.

Where our income comes from and how we spend it

Of the Group's total turnover 86.6% comes from rent and service charges on our housing properties and 3.8% from the sale of first tranche shared ownership and outright sale properties.

Last year our core operations generated £337.3m (2019: £337.8m) of cash which, together with grant receipts of £47.0m (2019: £97.9m) and new borrowings of £270.5m (2019: £97.9m) has helped us to invest in maintaining and improving our existing homes and to continue building new homes, with 199 homes completed last year with construction starting on a further 1,026.

At the end of the year we had committed £271.0m of investment which was under contract. A further £44.8m has been approved but is not yet in contract.



*denotes regulated providers of social housing

Our Structure

The Guinness Partnership Limited (TGPL) is the charitable parent which is regulated with the Regulator of Social Housing and which undertakes the majority of our social housing activity. The wider Guinness Group includes two other registered providers of social housing, as well as seven trading entities, all of which are subsidiaries of TGPL which are shown in the diagram above with details of their principal activities. A full list of the Group subsidiaries and their activities is set out below and in note 33 to these financial statements.

- Guinness Care and Support Limited (trading as Guinness Care) – charitable registered provider of housing, care and support services.
- Guinness Housing Association Limited – non-charitable registered provider of social housing.
- City Response Limited (trading as Guinness Property) – provider of responsive and planned maintenance works to the Group.
- Guinness Developments Limited, Guinness Homes Limited and Guinness Platform Limited – delivery of design and build contract services in respect of the Group's development programme and the sale of some homes on the open market.
- Hallco 1397 Limited – owner of the freehold interest of a housing estate in the City of London until it was sold to The Guinness Partnership Limited in March 2020.
- Guinness Platform Limited – a dormant development subsidiary.
- The Guinness Trust – a dormant registered charity.
- Forge New Homes – a property development joint venture which Guinness Homes Limited participates in with four other housing associations (or their subsidiaries) in the Sheffield area.

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.

The 2019/20 financial year is the second year of our five-year Strategy, Guinness 2023, which sets out the path for achieving our vision. This year has been about building on the investment we have already made – in our people, our systems, in how we work together – to deliver outcomes for our customers.

Strategic Report
and Report of the Board

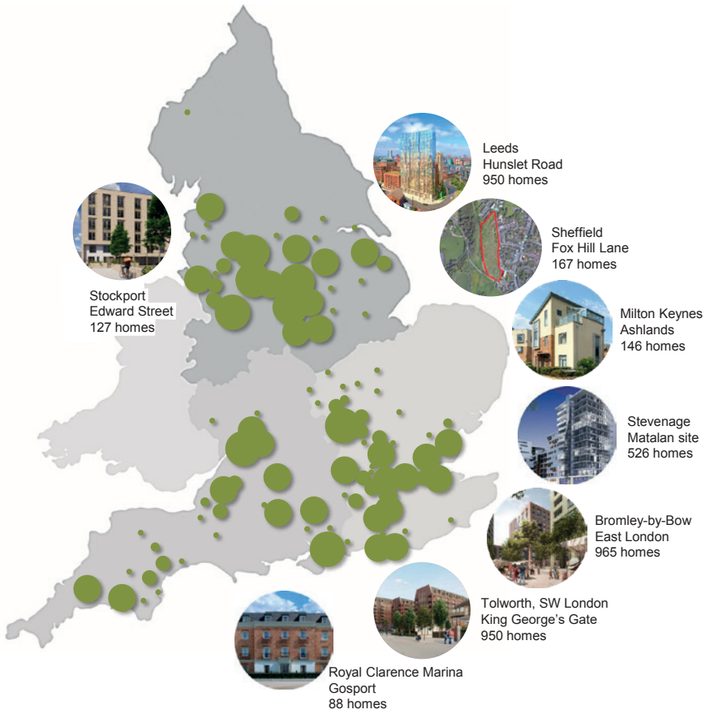
Adapting to the changing world around us

In March 2020 the Board reviewed and approved our Guinness 2023 targets:

- **Great Service: customer satisfaction of at least 80% by 2023**
- **Great Homes: 5,500 homes completed by March 2024, including 5,000 affordable homes**
- **Great Place to Work: employee engagement of at least 85% by 2023**
- **Great Business: operating margin of 28% by 2023.**

Our target for the development of new homes has been revised to reflect our focus on our GLA and Homes England Strategic Partnership commitments to deliver affordable homes.

Some of our development activities across the country



Development highlights

During the year we started on site with the construction of over a thousand homes and bought land to deliver over fifteen hundred more. Some information on our largest schemes is provided below:

Bromley-by-Bow – East London

At Bromley by Bow, we have assembled land next to the River Lea to deliver over 900 homes across a range of tenures for Londoners. We are on site with the first phase of this development, which will deliver 500 apartments for sale and shared ownership and new public space in this increasingly popular but more affordable area of London. We have also recently secured revised Planning Consents for Phases two and three of the development which will enable us to deliver additional homes bringing the total across the site to 965.

Hunslet Road – Leeds

This development sits within the Southbank regeneration area of Leeds, close to the city centre. Having acquired this site for over 950 homes in the previous financial year, we secured detailed Planning Consent, completed site clearance and enabling works and tendered the construction of the first phase of 200 homes. Again, this site will see a mix of tenures, responding to local housing need.

King Georges Gate – Kingston upon Thames

We acquired this site with Outline Planning Permission for 950 homes in the autumn of 2019. We are currently tendering the first phase of 211 homes, all affordable, which have been forward funded as part of the GLA's Strategic Partnership Programme and which are programmed to achieve start on site this autumn.

Other sites across the country

We are also developing across the country, with 1,070 homes on site in Greater Manchester, London, Devon, Sussex, Yorkshire, Gloucestershire, Lancashire and the Home Counties. Long term relationships with developer partners underpin much of this delivery and complement our land-led approach elsewhere. We have more homes in the pipeline.

Through our Strategic Partnerships with Homes England and the Greater London Authority we have committed to high levels of affordable delivery and this is reflected in the mix of tenures under development.

Responding to key events

Our operating environment

The last few years have been ones of rapidly evolving operating context. Towards the very end of the 2019/20 financial year, and during much of the period since, the coronavirus pandemic required us to significantly change how we operate in a very short period of time. In the period leading up to this, we have continued to respond to the changing building safety agenda, and the challenge of making our housing stock in the UK net zero carbon by 2050.

Policy and political environment

The social housing sector has benefited from a relatively supportive policy environment in recent years which has enabled delivery of social housing through funding to develop more new homes, including homes for social rent. Our strategic partnerships with the GLA and Homes England have created more certain and stable funding arrangements that means Guinness is able to invest confidently for the long term. The new rent settlement which takes effect from April 2020 is hugely positive for the sector.

A new Conservative government with a sizeable working majority came to power in December and very quickly took the UK out of the European Union at the end of January. We know that the current government is very much in favour of increasing home ownership – and routes to home ownership – but we hope that support for the development of new homes for rent will continue, especially as we recover as a nation following the coronavirus pandemic.

We look forward to publication of a new Housing White Paper later this year.

Building safety

Since the Grenfell Tower Fire in 2017 there has been increased focus in Britain on building safety. The Hackitt Review, and more recently phase one of the Grenfell Enquiry, have made significant recommendations for change.

The safety of our residents is our absolute priority at Guinness. We have taken all appropriate steps to ensure our policies and working practices are fully aligned to Government advice and reflect, or anticipate, the recommendations made in the Hackitt Review and from the Grenfell Enquiry as they emerge.

All of our buildings have an up-to-date Fire Risk Assessment with a risk-based approach guiding the timing of implementation of any resulting recommendations.

We have two buildings where Aluminium Composite Material (ACM) cladding was used in the construction of the properties. Both are under 18m in height. We own the freehold of one building with cladding replacement commencing during 2019/20 and due to be completed in 2020/21. The freehold of the other building is owned by the local authority, and the cladding replacement is due to begin in 2020/21. In both cases it has taken some time to conclude on the appropriate technical solution and replacement building materials as the cladding is part of a whole wall system.

We have small amounts of cladding on other buildings (typically no more than 25% of the wall surface, and in some cases primarily decorative). We are in the process of testing its installation and will replace it as necessary.

Our sprinkler retrofit programme to all our high-rise residential buildings is underway. The programme will continue over coming years, and extends to accommodation for our older residents and timber frame buildings.

Our Building Safety Action Plan is regularly reviewed and updated, and is scrutinised by our Building Safety Steering Group, our Executive Team, and the Board.

Welfare Reform

An increasing proportion of our customers are impacted by Welfare Reform, and particularly the migration from Housing Benefit to Universal Credit (UC). As has been widely reported this migration process has not been without difficulties and has continued to progress at a much slower rate than originally envisaged. Prior to the Covid-19 pandemic Guinness was working with the Department of Work and Pensions on a managed migration pilot in Harrogate.

At 31 March 2020 12,231 of our customers were claiming UC. These customers had average arrears of 8.36%, or £696, which compares favourably with a figure of 22% in 2017. This improved performance has been achieved through a range of interventions including the work of our specialist Customer Support team which supports customers through the benefit claiming process. Our arrears management approach seeks to identify issues at an early stage and ensures effective use of Alternative Payment Arrangements where necessary.

Regulation

Our regulatory environment has remained stable, with the Regulator of Social Housing building on the existing regulatory framework rather than changing it significantly, with consistency in the Care Quality Commission framework. We are expecting the Social Housing White Paper to introduce changes to the regulation of compliance with the Consumer Standards, which we fully support as we think this offers an important protection to residents.

A new Rent Standard came into effect on 1 April 2020 which is reflective of the direction provided by Government and permits a return to inflation linked rent increases for the next five years. We consulted our residents on the implementation of the more detailed aspects of the Rent Standard.

Sustainability and net-zero carbon

We are committed to the environment and are currently shaping our decarbonisation strategy. We already work to a home energy standard, approved in 2015, which aligns to the Fuel Poverty Regulations and aims to ensure all our homes meet a minimum of EPC C (SAP 69) by 2030. All of our new homes will exceed this standard, and so our focus for the future will be on our existing properties.

The average SAP score across our portfolio is currently 70, compared to an average of 66 across the sector. We have successfully brought over 2,000 homes up to EPC C over the last two years.

We have been investing c£0.5m per year in improvements to the fabric our existing homes since 2015 and will invest over £1m per year over the next ten years to ensure that we meet this target.

We are actively involved in efforts to develop a standardised approach to Environmental Social Governance (ESG) reporting across the social housing sector and welcome publication of the White Paper on this subject. We are members of the sector ESG Steering Group working towards a common approach to reporting and disclosure, and have committed to early adoption of the reporting aspects detailed in the White Paper in 2020/21.

The UK's exit from the European Union (EU)

The UK left the EU at the end of January 2020. Failure to secure a successful trade deal with the EU by December 2020 has the potential to have a range of detrimental impacts on our business, including on the housing market, on labour markets, and on supplies of maintenance and construction materials.

Covid-19 Pandemic

Guinness responded quickly and positively to the outbreak of the Coronavirus across the UK with our priorities being to ensure the safety and wellbeing of our employees and customers, whilst at the same time protecting the financial viability of the business.

We were able to adapt our operations quickly thanks to a strong business continuity plan which ensured continuity of service to our customers. We reshaped our repairs and maintenance service offer to focus on delivery of an essential repairs service and continued to undertake statutory servicing activities, such as gas safety inspections, where there is a legal requirement to do so. We continued to offer care services to our vulnerable customers, modified working practices and ensured that our employees had the appropriate PPE to undertake their roles safely. We introduced an extended range of support measures for our customers, which included welfare calls, the provision of food vouchers (or shopping), additional cleaning services on estates and in communal areas, as well as increased support to new benefit claimants.

As we emerge from lockdown, the environment continues to present risks, including longer construction times, deferred works programmes, reduced property valuations, deteriorating rent collection (particularly as the Government's Job Retention Scheme is wound down), and the increased costs of day to day operations due to social distancing and PPE requirements. These factors are reflected in our Financial Plans, and detailed stress testing has been performed to assess the potential impact of more extreme scenarios, both in isolation and within multivariate and scenario analysis. Stress testing has been periodically presented to the Executive Team, the Finance and Development Committee and the Board during the period since lockdown began in late March. Recovery plans are developed alongside this work to determine measures that would mitigate downturn impacts.

Our Strategic Resources and Relationships

Resources – creating social and financial value

Financial strength and control

We have a clear vision, supported by sound financials and good credit ratings. We know we need to be financially strong to achieve our aims, to keep investing in the homes we already own and to build new ones. Our financial stability and strong balance sheet mean that we can maintain our strategic focus on developing and operating homes for our customers now and into the future. Our financial strength means we are able to secure long-term and short-term funding from investors at competitive rates.

Employees and suppliers

Guinness is a responsible employer that recognises that the success of our strategy is dependent on the shared talent, skills and values of the people within the organisation as well as those within the supply chain.

Our homes and other assets

Guinness invests in its infrastructure, our homes, technology and other assets, to fulfil our strategic objectives. We provide high quality and safe homes that people are proud to live in, and we ensure that we continue to invest in our existing homes, maintaining them and upgrading them to a high standard so that they exceed or meet building safety requirements.

Relationships – working with our stakeholder groups

Our ability to deliver value to our customers and communities depends on engaging with stakeholders and incorporating their views into business decision-making. Guinness engages with seven key groups: customers; employees; government and regulators; suppliers and contractors; funders and partners; sector peers; and, our wider communities.

Customers

As a customer service organisation, we work continuously to improve our services and to make things easier for our customers. Our customers are our residents, both tenants and leaseholders, and those who receive care services from us, who may not always live in a Guinness home. We believe that every customer should have a great experience of Guinness and should feel that they are important to us. We ensure that we go further for our customers who may need more from us, by investing in tenancy sustainment, financial inclusion and access to work.

Employees

We want Guinness to be a great place to work, one where people share a vision, have a real sense of purpose and feel really valued. We ensure we create a great employee experience making Guinness a great place to learn, work and succeed not just by offering a competitive reward and benefits package but by supporting our people's growth and learning, and giving them the tools they need to succeed.

Government, MPs, regulators

Government and regulators have a central role in shaping the housing association sector and we ensure that our relationships with the Regulator of Social Housing, the Care Quality Commission, local authorities, MPs and government agencies are pivotal to our work in communities.

Suppliers and contractors

Guinness relies on its supply chain to operate day to day, and to deliver projects, whether large or small developments, technology implementations, or consultancy and research. We aim to build strong relationships with suppliers and contractors so we can maximise cost efficiencies and enhance positive customer and community outcomes, which is essential to delivering value for money.

Funders and partners

We work with a range of partners, including house builders, local authorities and charities. We work with a range of funders which include banks and building societies, long term capital markets investors, and government agencies.

Our ongoing relationships with Homes England and the Greater London Authority (GLA) have enabled us to successfully secure grant funding to deliver new affordable housing.

Sector collaboration and wider partnerships

We work with our peers to contribute to sector-wide issues, through Homes for the North (H4N), the Consortium of Associations in the South East (CASE), and through a number of National Housing Federation working groups or steering groups. We are also a member of the Dementia Housing Working Group, the Housing and Dementia Research Consortium, and we work closely with the Housing Learning and Improvement Network. We are also continuing to support 'Bring Dementia Out', meeting the needs of our customers from the LGBTQ communities living with dementia.

In September 2019 we formed a joint venture collaboration vehicle, Forge New Homes, to deliver new homes in the Sheffield City region. This new venture has been formed with Great Places Group, South Yorkshire Housing, Yorkshire Housing and Together Housing Group.

Engaging with policy

We have engaged fully with a large number of Government policy consultations and Parliamentary Select Committee / APPG inquiries. We play a leading role in highlighting the Women into Construction initiative, including through political events. Through our Customer Support team we have also developed a good understanding of the challenges faced by people transitioning onto Universal Credit and built strong relationships with the Department for Work and Pensions as it continues to develop the rollout of Universal Credit.

Communities that work

We want to make a real difference to the lives of our customers and communities. We continue to focus on addressing anti-social behaviour and promoting activities which create cohesion so our communities and neighbourhoods are pleasant and safe places for everyone who lives there.

Strategic Report
and Report of the Board

73%
tenant satisfaction

93%
care service customer satisfaction

7,000
additional customers registered for online services

Our Performance in 2019/20

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

We have summarised below our performance and progress in achieving our key objectives and delivering against our performance targets during the year. This includes an assessment against key performance indicators that allows us to monitor, evaluate and demonstrate delivery.

Great service

Is about getting things done, making things easy, and how we make our customers feel. It's about listening, and our customers knowing they can trust us.

Our Operational Performance	2019/20 Actual	2019/20 Target	2018/19 Actual	2018/19 Target
Tenant satisfaction	73%	80%	76%	80%
Homeowner satisfaction	47%	55%	50%	55%
Care customer satisfaction	93%	92%	93%	92%
Satisfaction with last completed repair	81%	87%	85%	90%

As a customer service organisation, customer satisfaction is important to us and we know we have more to do to meet our strategic aspirations in this area. Tenant satisfaction varies significantly across the country. Whilst we meet our target in the North and in the South West, we fell below it in London and the South East, and tenant satisfaction overall was 73% for 2019/20, 3% lower than the previous year and 7% below our target of 80% for the year. We have included a number of actions to address these issues in our Business Plan for 2020/21 to ensure we achieve consistent and improved satisfaction scores across all our regions. This includes consideration of how we improve delivery of responsive repairs in London where satisfaction is lowest. We are also focusing on communication with our customers as an area for improvement.

Our satisfaction with repairs is 81%, 4% lower than the prior year and 6% lower than the target of 87% for the year. We changed the way we undertook repairs satisfaction surveys this year to which some of the reduction can be attributed.

The further reduction reflects service delivery issues we experienced with some of our third-party contractors. During the year we have implemented a successful transformation plan within our in-house maintenance service (Guinness Property) to significantly improve performance and value for money in delivery of repairs and maintenance to our customers.

Homeowner satisfaction was 47% for the year, 3% below that for 2018/19 and 8% below our target of 55% for the year. Work to improve in this area is ongoing and we now have regional cross functional action plans in place for key schemes and have enabled automated communication with specific groups of customers. We continue to review and update our processes, in particular for communal repairs and major works.

Customer satisfaction with our care service remains high at 93%, in line with 2018/19, demonstrating the value our, often vulnerable, customers place on this frontline service.

Our 2019/20 business plan objectives:	What we achieved:
Give our customers more choice and control by extending our digital offer, focusing on enhancing and extending repairs and maintenance functionality and extending it to services delivered by contractors.	• Nearly 7,000 additional customers registered for MyGuinness online, over 21,000 customers in total were registered by March 2020. • Nearly 10,000 responsive repairs were booked online.
Deliver a great repairs service: • Lead by example by ensuring Guinness Property provides a great repairs service at the right cost. • Work with our external contractors to ensure they deliver the standards we expect.	• The Guinness Property Transformation programme was successfully completed during the year. • We expect this to deliver over £3m of ongoing annual cost savings as well as improvements in the quality of services.
Sustain customer satisfaction with our estates services and ensure these deliver value for money for our customers.	• We sustained customer satisfaction with our estates services at 83% for grounds maintenance and 82% for cleaning.
Help customers sustain their tenancies by using data to identify when people may struggle to pay their rent. Proactively intervene to reduce the number of avoidable arrears-related evictions.	• We received over 16,500 referrals into our Customer Support Service. This helped to secure over £12m additional benefits for customers experiencing financial hardship and provided emergency financial support to nearly 800 customers through the Guinness hardship fund totalling over £87k. • We proactively made contact on over 2,000 customer accounts, recovering £629k in payments and reducing the number of arrears-related evictions.
Continue to focus on improving services for our customers living with dementia and raise awareness across the business and sector of the challenges and solutions.	• At the end of March 2020 over 1,500 colleagues had registered as "dementia friends" with all employees offered e-learning to enable them to better support our customers living with dementia. • Guinness was a finalist in the Alzheimer's Society's Dementia Friendly Awards.

Our goals and targets for 2020/21

- Improve our repairs service in London, the South and the South West, ensuring that all regions reach and sustain resident satisfaction of 90%.
- Support residents to claim the benefits they are entitled to, particularly as they transition to Universal Credit.
- Deliver our Social Investment Strategy focusing on Alleviating Hardship; Education, Employment and Training; and, Inclusive Communities.
- Deliver our Customer Engagement Strategy and our commitments under the Together with Tenants Charter, ensuring the Tenant Scrutiny Panel is established and contributes effectively, creating more opportunities for customer involvement, including through online community forums.
- Use data and customer insight proactively to anticipate customers' needs, tailor services to them and work more efficiently.
- Continue improving our approach to complaints handling so we communicate effectively, resolve problems fast and learn from things that have gone wrong so we improve services in the future.

Targets for 2020/21

- Tenant satisfaction – 80%
- Homeowner satisfaction – 55%
- Care customer satisfaction – 92%
- Satisfaction with last completed repair – 90%

1,500
colleagues registered as Dementia Friends at Guinness

786
customers helped through hardship fund

£12m
additional benefits secured for customers facing hardship

100%
statutory compliance checks completed

99.8%
of our homes meet the Decent Homes Standard

199
new homes completed

Great homes

Are safe and secure, warm and dry, and where everything works. A great home is affordable and a place people are proud to live.

Our Operational Performance	2019/20 Actual	2019/20 Target	2018/19 Actual	2018/19 Target
Gas certification compliance	100%	100%	100%	100%
Electricity, fire risk assessment, asbestos, water safety compliance	100%	100%	100%	100%
% homes meeting the Decent Homes Standard	99.8%	100%	100%	100%
Emergency repairs completed in the time agreed	94%	100%	94%	100%
Re-let turnaround time (days)	26.7 days	22.0 days	28.0 days	20.0 days
Total new homes starts on site	1,026	2,000	483	1,000
Number of new homes completed	199	1,000	501	700

Our aim to provide safe homes for customers has been met during 2019/20 as we continue to prioritise safety and compliance. This is reflected in 100% compliance across gas and electrical certification, fire risk assessments, asbestos surveys, water safety assessments, passenger lift servicing and community alarm monitoring inspections.

We are pleased that at the end of the year 99.8% of our homes met the Decent Homes Standard and our significant investment programme for 2020/21 will ensure this continues. Only 90 homes did not meet the Decent Homes Standard at the end of the year as completion of the required works was not possible during the Covid-19 lockdown. Completion of this work will be prioritised once it is safe to do so.

We experienced challenges during the year in meeting our targets for completing emergency repairs in the time agreed, achieving 94% against a target of 100%. The work we have completed to transform our in-house maintenance operation and our review of the delivery of maintenance services in London will support our efforts to improve performance and achieve our targets during 2020/21.

We have improved the time taken to re-let empty homes from 28 days in 2018/19 to 26.7 days in 2019/20 although this fell short of our target of 22 days. We have reviewed processes for both maintenance and lettings and expect further improvements as we begin letting homes again.

During the year construction started on 1,026 new homes with 418 of these being affordable homes. This level of activity represents an increase from the 486 homes started in the previous year although is lower than our target of 2,000. The commencement on site of a number of development schemes was delayed for a range of reasons and we have applied strict quality criteria to completed homes being considered for acquisition. Both have impacted on achievement of our delivery targets.

We completed 199 new homes during the year which was below our target of 1,000 and lower than the 376 completed in the previous year. All of the homes completed in the year were affordable homes with 86 for rent and 113 for shared ownership.

Our 2019/20 business plan objectives:	What we achieved:
Deliver our significant programme of investment in our existing homes, ensuring they continue to comply with statutory requirements and are places to live that are good quality, safe, secure and warm.	• We invested almost £120m in our existing homes.
Use and develop our new Asset Management System to improve the information we hold about Guinness homes, drive our investment strategy and support proactive service management.	• Our Asset Management system has been enhanced and now includes a comprehensive workflow to support the gas safety certification process, reducing the need for manual intervention. • Significant improvements been made to the reporting capabilities of the system.

Our 2019/20 business plan objectives:	What we achieved:
Deliver our Building Safety Action Plan and be at the forefront of responses arising from the Grenfell Inquiry and the Hackitt Review of Building Regulations.	• We have made good progress against our Building Safety Action Plan. • We have commenced Type 4 fire risk assessments at priority schemes. • We have retrofitted four high rise blocks and two sheltered schemes with sprinkler systems. • We have created, and recruited to, a new Director of Building Safety position.
Ensure we are on track to deliver 7,500 homes (including at least 5,000 affordable/social homes) by 2023, and our Homes England and GLA programmes for delivery by 2024. Deliver 1,000 new homes, Start 2,000 new homes. Acquire land for 2,000 homes.	• We completed 199 new homes in the year. • Construction started on site for 1,026 new homes. • Land was acquired to support delivery of a further 1,522 new homes meaning we are on track to deliver our revised strategic target of 5,500 homes by March 2024.
Increase the speed and efficiency with which we procure construction services. Explore partnership opportunities where these will enhance quality and efficiency of delivery.	• A Director of Construction was appointed who will lead on increasing the speed and efficiency of construction procurement. • We expanded our membership of procurement frameworks, through which most of our construction activity occurs. • We entered into a corporate joint venture, Forge New Homes LLP, with four other housing providers. Once fully established this will deliver up to 300 new homes each year in the Sheffield City region.
Ensure our repairs services are sensitive and responsive to the needs of our older customers.	• A new repairs policy, which takes account of customer vulnerabilities, was approved during the year. • Guinness Property reviewed its processes to ensure customer vulnerabilities are routinely considered.

1,026
new home starts on site

26.7
days taken to re-let empty homes

94%
emergency repairs completed in the time agreed

Our goals and targets for 2020/21

- Deliver our Building Safety Action Plan as part of significant programme of investment to ensure our existing homes are of good quality, Decent, safe, secure and warm.
- Ensure we continue to carry our statutory compliance checks and regular safety testing on our homes on time, and take effective follow-up action where required.
- Use smart technologies that tell us how our homes are working day to day.
- Develop a comprehensive Net Zero Carbon and Sustainability Strategy.
- Ensure we are on track to deliver our Homes England and GLA development commitments by 2024.
- Continue our programme of upgrades to communal areas and, roll out our new technology offer in our housing for older people.

Targets for 2020/21

- Gas certification compliance (% with a valid certificate) – 100%
- Delivery of Fire risk actions (total number of recommendations overdue at month end) – 0
- Compliance with Decent Homes Standard (%) – 100%
- New Home completions (number) – 700 of which social/affordable homes – 700
- New Homes starts (number) – 2,000

84%
TGPL employee engagement

10.5%
staff turnover

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 people are proud to work.

Our Operational Performance	2019/20 Actual	2019/20 Target	2018/19 Actual	2018/19 Target
Employee engagement – TGPL	84%	85%+	86%	78%
Employee engagement – Guinness Care	83%	77%	77%	75%
Employee engagement – Guinness Property	67%	85%	78%	70%
Investors in People accreditation – TGPL	Gold	Gold	Gold	Gold
Investors in People accreditation – Guinness Care	Silver	Silver	Bronze	Bronze
Investors in People accreditation – Guinness Property	Silver	Gold	Silver	Gold
Staff turnover	10.5%	10-15%	13.4%	15.0%

Our people are critical to the successful delivery of our strategic aims, vision and targets. We ensure we make Guinness a great place to learn, work and succeed.

During the year we were pleased to maintain high levels of employee engagement with a score of 84% achieved for TGPL and 83% for Guinness Care. A lower score was achieved within Guinness Property during a period of transformation and change within that business. Overall these results continue to demonstrate that our people are highly motivated and are committed to our vision and social purpose.

TGPL and Guinness Care were re-accredited as Investors in People (IiP) employers during 2019/20 and we were pleased to achieve a Gold accreditation for TGPL, and Silver accreditation for both Guinness Property and Guinness Care.

Our 2019/20 business plan objectives:	What we achieved:
Celebrate our people's success on our new intranet, through our Guinness Behaviours Awards Programme and at our Annual employee Star Awards.	• We launched our new intranet, The Grid, in September 2019. • During the year there have been over 425,000 visits to the new intranet with almost 2,300 colleagues interacting with it. • The 5th Annual employee Star Awards took place in November 2019 with over 200 colleagues shortlisted for their achievements.
Develop the next phase of our Guinness Manager and Leadership programmes and launch our new Aspiring Talent and Management Fundamentals programmes.	• A Management Fundamentals training programme (aligned to ILM level 3) was launched in July 2019. The first three cohorts are due to complete the programme by September this year. • The Guinness Manager's Programme (ILM level 5) is ready to be delivered once classroom training can recommence. • A 'Beyond Now' programme has been designed to support development of aspiring talent across Guinness. The first cohort has been undertaking preliminary development activities ahead of the programme launch.

Our 2019/20 business plan objectives:	What we achieved:
Ensure our people have completed their mandatory training requirements, supporting Guinness' strong record on legal and regulatory compliance and health and safety.	• Completion of mandatory training by employees improved from 89% to 95% during the year.
Continue to improve our mobile working offer, in particular implementing a new network services contract to improve connectivity on the move. Launch a Guinness Mobile App, providing an improved user experience.	• New network services and mobile contracts were successfully implemented. • Skype for Business was introduced which was integral in successfully moving over 1,400 colleagues to full time home working in mid-March.
Deliver our 2019/20 Diversity and Inclusion (D&I) Strategy objectives.	• Our suite of D&I training was reviewed and enhanced to include an unconscious bias module. • A calendar of events was created to recognise and promote understanding and inclusivity.

2,276
colleagues have interacted with our new intranet The Grid

95%
completion of mandatory training

Our goals and targets for 2020/21

- Celebrate our people's successes on The Grid, through our Guinness Behaviours Awards Programme and at our annual Star Awards.
- Launch the next phase of our Guinness Managers and Leaders programmes, and launch our new Aspiring Talent and Management Fundamentals programmes.
- Promote the attainment of professional qualifications for employees in technical roles.
- Enhance our housing management and related learning so that our teams have the specialist knowledge they need, focusing particularly on building safety, Anti-Social Behaviour and managing estates.
- Commence a project to improve our business processes and embed a lasting culture of continuous improvement.
- Deliver our 2020/21 Diversity & Inclusion Strategy initiatives.
- Continue our programme of investment in staff wellbeing so we have a happy and fulfilled workforce.

Targets for 2020/21

- Employee engagement, TGPL (%) – 85+%
- Employee engagement, Guinness Property (%) – 85+%
- Employee engagement, Guinness Care (%) – 83+%
- Attendance level excluding long-term sick – 98.4%
- Staff turnover – 15%
- Completion of corporate mandatory training after 1 month – 100%

3.16%
level of rent arrears

G1/V2
RSH Governance and Financial Viability ratings

24%
operating margin

A great business

Is one which performs and is strong and resilient. It invests in the future and does things well.

Our Operational Performance	2019/20 Actual	2019/20 Target	2018/19 Actual	2018/19 Target
Operating margin	24%	27%	26%	30%
Compliance with loan covenants	100%	100%	100%	100%
Rent arrears	3.16%	3.6%	3.41%	3.6%
Regulatory viability rating	V2	V1	V1	V1
Regulatory governance rating	G1	G1	G1	G1

Our financial position and performance remain strong despite our operating surplus being slightly below target for the year. Information on our Financial Performance for the year is provided in the Financial Review section on page 49.

Rent arrears continued to reduce during the year to 3.16%, compared to our target of 3.6%, despite an increase in the number of our customers in receipt of Universal Credit. The number of customers paying their rent by direct debit has continued to increase and our Customer Support Team continues to support our customers to access the right benefits where this is appropriate.

Following this year's annual financial stability check, the Regulator of Social Housing regraded Guinness to V2 from V1. Our Governance grading remains at G1. Both Governance and Viability assessments are compliant gradings. The viability regrading is a reflection of our plans for a significant level of investment in our existing homes combined with our (as yet largely uncommitted) exposure to homes for sale.

Our 2019/20 business plan objectives:	What we achieved:
Continue to improve how we protect the personal information of our customers and employees.	• We made significant progress in delivering our Information Governance and Security Plan.
Ensure we minimise disrepair and respond effectively, efficiently and quickly as possible to claims, ensuring Guinness is well-prepared for the Homes (Fitness for Human Habitation) Act.	• A pilot project aimed at improving disrepair response times was completed with positive results. The approach has now been rolled out across the business. • A redesign of our disrepair process is underway.
Review our code of governance to reflect our commitments under the NHF Tenant's Charter.	• An update of the NHF Code of Governance is due, we will complete our review once this updated Code is available.
Continue our programme of procurements, targeting key services including estate management.	• During the year we completed over 40 procurement projects with a new recruitment framework and out of hours call handling contract implemented, which we expect to deliver annual savings of £1.6m. • Some changes were made to our estate management delivery model. This now combines in-house with third party delivery.

Our 2019/20 business plan objectives:	What we achieved:
Deliver Year 1 of our new IT and IM Roadmap. Building on our technology platform, continue to extend our technology offer, providing even more choice for Guinness customers and greater automation for our people.	• We successfully delivered the first year of the IT and IM Roadmap. • We are part way through the implementation of a new Customer Relationship Management System and a transformational upgrade of our finance systems that will see all entities within the Group on the same system.

£1.6m
expected annual savings due to completion of over 40 procurement projects

Our goals and targets for 2020/21

- Review and update relevant policies and processes to ensure we continue to meet all our legal and regulatory responsibilities.
- Update our Code of Governance to reflect the new NHF Code.
- Deliver our budget ensuring we achieve an operating margin of 25% and a surplus of £38m, as well as arranging new borrowing so we can reinvest in existing and new homes.
- Continue our procurement programme, working with contractors to improve services and manage cost.
- Ensure we are prepared for the end of the Brexit transition period.
- Ensure our services and operations are as resilient as possible to the COVID-19 pandemic.
- Deliver year two of our IT Roadmap, focusing on CRM and our finance system and update our core IT systems to ensure continued resilience and security.
- Deliver our Homes England Programme with our partners Stonewater.
- Work with our partners to ensure the success of the Forge New Homes joint venture.

Targets for 2020/21

- Compliance with loan covenants – 100%
- Operating margin – 25%
- Liquidity (months available) – 24
- Current tenant arrears – 3.6%
- Rent collected (rolling 12 months) – 100%

93%
care customer satisfaction

92%
of our care homes rated as good or outstanding

83%
care employee engagement

Great care

Guinness Care provides housing, care at home and related support services across the country, with a focus on older people as well as some services for people with learning disabilities and other needs. We offer housing and support services to older people in our social housing properties, care at home, extra care housing and supported living services.

Our Operational Performance	2019/20 Actual	2019/20 Target	2018/19 Actual	2018/19 Target
Customer satisfaction	93%	92%	93%	92%
Overall CQC rating (good or above) – all services	92%	100%	75%	69%
Employee engagement	83%	77%	77%	75%
Care hours at year end (per week) – hours	8,247	10,937	8,046	8,443

The quality of our care services is reflected in both the high levels of customer satisfaction of 93%, and through the external assessment of our regulated care services by the CQC with 92% rated as good or outstanding.

Delivery of high quality services in our care operation is dependent upon the recruitment, development and reward of high quality employees. We ensure that we acknowledge and reward staff who demonstrate Guinness values and go the extra mile for our customers.

We ensure that we deliver our commitment to equality of opportunity and increased diversity in our workforce. Highly skilled staff are at the heart of the great care we provide and we continually improve the skills of our people through the Guinness Care Learning and Skills Academy.

Care hours delivered have increased by 2.5% in 2019/20, however growth fell significantly short of targeted levels. We continue to experience a challenging labour market and plan to review recruitment and onboarding methods in 2020/21 to ensure we successfully recruit and retain the new staff required to support our growth ambitions.

In 2020/21 we will target growth in weekly care hours through a combination of business acquisition, contract gains and organic growth. We also plan to deliver a revenue and cost improvement plan which has been approved by the Board to improve the financial sustainability of our care operations.

Our 2019/20 business plan objectives:	What we achieved:
Uphold exemplary quality assurance – achieve a 'good' rating in any CQC inspection.	• 92% of our services now have a good or outstanding rating with the CQC.
Deliver great customer service - listen, consult and respond to what our customers want, involving families and supporters. Achieve 92% customer satisfaction in the annual survey.	• 93% of Guinness Care customers were satisfied with our services in our annual survey. • We launched the Guinness Care Customer Engagement Strategy during 2019/20, further ensuring our services are shaped around customer priorities.
Grow care hours – implement our Private Payer Strategy including focused marketing to support and grow the number of private payer customers.	• Over 1,600 care hours per week were delivered to private payers, this fell short of our target to deliver over 3,900 hours per week.

Our 2019/20 business plan objectives:	What we achieved:
Recruit, develop and retain great people – implement our Workforce Plan to hire and retain great people who share our values.	• We achieved silver in our Investors in People re-assessment. • We reduced reliance on agency staff by 36%.
Improve service efficiency and business processes.	• We delivered recurring cost savings of £0.66m against a target of £0.75m.

36%
reduction in reliance on agency staff

£0.66m
cost saving by improving efficency and processes

Our goals and targets for 2020/21

- Ensure our homes and services are safe and sound:
  - embed Guinness Health and Safety policies and procedures across our services, particularly in relation to asset compliance.
  - complete safety improvement works to specialised housing.
- Provide a safe and healthy working environment:
  - embed a safety-first culture.
  - implement a well-being strategy to ensure staff are safe, healthy and welcomed at work.
  - deliver all asset compliance checks and fire safety inspections.
  - respond to all relevant requirements of building safety regulatory reforms.
- Improve our technology offering:
  - roll out a new alarm monitoring service.
  - scope the implementation of wifi enabled schemes.
- Ensure the financial health of Guinness Care by delivering our growth aspirations and delivering the 2020/21 budget.

Targets for 2020/21

- CQC ratings inspection – 'good' or 'outstanding'
- Care hours delivered – Care at home including Extra Care (month end number) – 10,500
- Deliver savings in Guinness Care through delivery of a cost reduction plan – £0.8m of savings.

Going further in our communities

Our social purpose goes beyond our core business of providing affordable housing and care services. We believe in creating possibilities for our tenants and residents and the wider community and invest in a varied range of activities, working with partners to create access to opportunities, develop careers, and enable people to support their communities. We believe that by listening to our customers and understanding their aspirations we can do great things together.

We want to have a significant and positive impact on our communities through focusing on three key themes:

1. **Alleviating hardship** – from food and consumables poverty
2. **Education, employment and training** – through a range of work experience opportunities, developing and supporting career aspirations and direct funding
3. **Inclusive communities** – to improve health and wellbeing.

Alleviating Hardship

We provide practical support to enable stable tenancies and to ease the most severe circumstances.

Our Customer Support Team has supported over 12,000 customers and their families, helping them claim over £12m of additional benefits they are entitled to. We provide support to those most in need through times of real crisis including financial hardship, flight from domestic abuse or food and consumables poverty. This has included mental health support and signposting, access to benefits and services as well as food pantries, foodbanks and other furniture, fuel and consumables support.

Guinness has supported the development of a network of five food pantries across England, with two more to open in 2020/21. This provides a direct, sustainable and medium-term response to food poverty where members pay a weekly subscription to access groceries at affordable prices and receive extra support to gain employment and help manage finances.

Our Holiday Hunger campaign during summer 2019 helped provide 2,000 meals for children and young people who may not otherwise have had hot meals during school holidays. Meals were provided as part of a wider programme of activities, including cooking, nutrition and budgeting.

Guinness, working with our partner Binti International, has been raising awareness of period poverty during the year. As part of this campaign our colleagues donated approximately 1,500 sanitary products and donations were made to four charities and women's refuges in our communities.

Education, employment and training

We invest in education, employment and training for our customers and communities through a range of work experience opportunities, developing and supporting career aspirations and direct funding. Guinness continues to be a leading advocate for Women into Maintenance and Construction roles. In 2019/20 we hosted an event to promote advocacy for women in manual trade roles with guest speakers from the Construction Industry Training Board and Women in Construction charity. We aim to raise awareness and highlight best practice with a range of partners to increase the number of tradeswomen employed across the sector beyond 5% by 2021. This will enable Guinness to address skills shortages and continue to improve our customer service offer across the sector.

Apprenticeships are an important part of Guinness' employment pathways to careers and in 2019/20 we developed apprenticeships beyond trades roles to encompass customer service, horticulture and business administration roles. At the start of the year 54 apprentices were employed by Guinness. By the end of the year five had secured permanent roles within Guinness and a further five had found jobs elsewhere, 37 continued with us as apprentices.

We have piloted our work placement programme for customers to provide work experience opportunities that they might otherwise not access. Placements included IT and HR at Guinness and Facilities Management with external partners.

Other pathways to careers for our communities continue to be developed as we join up our youth diversionary activities with employment and training opportunities. The 'Your Career' and 'Your Degree' Aspire Awards enable customers to pursue their aspirations through education, training and business development.

We continue to provide specialist support to young people living at our Sheffield Foyer. This has included upgrading Wifi at the scheme to ensure access to the internet for customers, making connections with our local food pantry for work experience, and providing access to the Sheffield Chamber of Commerce.

Inclusive Communities

We want to support health and wellbeing improvements for our customers, and, make our neighbourhoods pleasant, safe and thriving places in which to live.

Guinness is a dementia-friendly organisation, working with the Alzheimer's Society and Dementia Action Alliance advocating awareness across the sector. In 2019/20 we sponsored the LGBT Foundation's Bring Dementia Out programme which aims to improve the experiences of LGBT people and their partners and families affected by dementia, and, ensure the LGBT community is equitably represented in all aspects of dementia care and discussion.

Our contractors have delivered added value by improving community facilities through a series of refurbishments including playgrounds, community centres, food pantry kitchens and a playroom at a women's refuge. Several Guinness customers were part of the team who helped design and install an RHS award-winning garden at a homeless hostel in Rochdale.

Our Aspire 'Your Community' Awards have also funded a wide range of community based projects around the country, including mentoring for school transition and conflict resolution, film-making, sports, youth diversionary activities, tutors to support primary school children to boost their confidence, and, a Healthy Relationships project focused on young people at risk from grooming.

The Awards have also supported our Community Centre projects, employment initiatives and work in the community to reduce domestic abuse.

Corporate responsibility

Diversity and inclusion

Our commitment to diversity and inclusion is defined in our Diversity and Inclusion (D&I) Strategy and complemented and extended through our People Strategy, our Customer Engagement Strategy, our approach to investing in our communities, and our Procurement Strategy. It is embedded in every aspect of our organisation and the way we do business.

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.

It is our people who deliver our vision and ambitions for our organisation, so being an inclusive employer and creating a culture where colleagues feel they belong, can be themselves, and can share their views and ideas, is fundamental to our Guinness 2023 Strategy.

Information on diversity statistics across the Group is provided in the table below:

2019/20									
Total TGP					TGPL				
Total ee's	% Not declared	% BME	% Female	% Disabled	Total ee's	% Not declared	% BME	% Female	% Disabled
2,681	21%	12%	55%	8%	1,505	19%	16%	53%	9%
GP					GC				
Total ee's	% Not declared	% BME	% Female	% Disabled	Total ee's	% Not declared	% BME	% Female	% Disabled
452	20%	4%	12%	7%	724	26%	8%	88%	7%

Gender pay gap

In April 2020 Guinness published its third gender pay gap data report for the year to 31 March 2019. We are committed to creating an inclusive work environment and culture where our employees can achieve their full potential – and in so doing, help us realise our vision to improve peoples' lives. 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. TGPL has a mean gender pay gap of -0.4% (slightly in favour of females) and a median gap of 1.9%, compared to the provisional 2019 national mean gap of 16.2% and median gap of 17.3%.

Sustainability, energy and the environment

Our Home Energy Standard was approved in 2015 and aligns to the Fuel Poverty Regulations. It aims to get all properties to a minimum EPC C (SAP 69) by 2030. In the last two years we have brought over 2,000 homes to EPC C or above and continue to invest in improvements in energy efficiency in 2020/21 and in future years.

We are committed to ensuring environmental protection by operating responsibly and reducing the negative impact of our activities on the environment. Our strategy covers the environmental impacts arising from our offices, employees, the homes we own, build, manage and maintain and provision of our care and support services. We ensure compliance with all relevant legislation and regulations and aspire to best practice. We review our company activities, products and services to minimise environmental impacts and reduce, where practicable, the level of harmful emissions to help protect biodiversity and ecosystems. We ensure all our employees understand their responsibilities and encourage good environmental practice across the organisation.

Safeguarding

As a housing and care provider, we have an important role to play in keeping people safe. Guinness is committed to safeguarding people who use, or are connected to, our services and to protecting them from abuse. Safeguarding means protecting people's health, wellbeing and human rights, and enabling them to live free from harm, abuse and neglect. This is fundamental to high quality health and social care and we take a zero-tolerance approach to abuse and will not allow poor practice to take place. We ensure we comply with good national practice, multi-agency protocols and legislative requirements including the Care Act 2014 statutory guidance. We also work closely with Local Authorities and Local Safeguarding Adults Boards.

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 we serve. This commitment is led by the Board, shared across the whole organisation and 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 into 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 including 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 ensure compliance, 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

The VfM Standard issued by the Regulator of Social Housing came into effect in April 2018, this 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.

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 (RP's) 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 Value for Money 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 Value for Money Standard and so we have reported on our performance in a way which is consistent with the Sector Scorecard. Our performance against other performance targets is presented on page 14 of this Strategic Report.

Business health

Scorecard metric	2020 Group	2020 TGPL	2019 Group restated	2019 TGPL restated	National median benchmark 2019	National Provider benchmark 2019
Operating margin (overall)*	**24.3%**	**23.9%**	23.9%	26.0%	25.8%	24.5%
Operating margin (social housing lettings)*	**29.8%**	**28.8%**	29.5%	29.0%	29.2%	29.9%
EBITDA-MRI (as % interest)*	**130.8%**	**141.9%**	147.3%	154.6%	184%	146.9%

* these indicators are those included within the VfM Regulatory standard with the National median benchmark for 2019 contained in the Annex to the 2019 Global Accounts rather than from the Sector Scorecard.

Operating margins are a key indicator of financial health. The overall operating margin for 2020 of the Group and TGPL is slightly lower than the 2019 national median but very much comparable to that of a peer group which includes most national providers. 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 overall and social housing lettings operating margins this year reflect the impact of the final year of the four years of 1% rent reductions and additional investment made in our existing homes as we have proactively responded to changes in building safety legislation and guidance.

We have continued to invest significantly in our existing homes over the last 12 months as we have responded positively to changes in requirements and have invested in replacement of key components which ensures that nearly all of our homes continue to meet the Decent Homes Standard. Our EBITDA-MRI performance remains strong for both the Group and TGPL. We expect to continue to invest significantly in our existing homes over the coming years but expect EBITDA-MRI performance to remain above 100% in all years even as we plan programmes to deliver the works which we were unable to complete during the Covid-19 pandemic and invest in building safety works and initiatives to improve the sustainability of our housing portfolio.

Our Guinness 2023 Strategy targets achievement of a 28% underlying operating margin by March 2023. We will deliver this by managing increases in our cost base as many of our rents increase in an inflation linked manner over the next five years. We have made significant improvements to our in-house maintenance operations over the last year which we expect to improve the efficiency and effectiveness of this service. We plan to continue to deliver improvements to our technology infrastructure during 2020/21 with migration to a group-wide cloud-based finance system and further enhancements to our customer relationship management platform due to be delivered.

1,522
new plots secured in the year

A- (stable)
Standard & Poors

A2 (stable)
Moody's
credit rating

Development – capacity and supply

Scorecard metric	2020 Group	2020 TGPL	2019 Group	2019 TGPL	National median benchmark 2019	National Provider benchmark 2019
New supply % (social) *	**0.31%**	**0.32%**	0.79%	0.81%	1.50%	1.1%
New supply % (non-social) *	**0.00%**	**0.00%**	0.00%	0.00%	0.00%	0.05%
Gearing*	**39.9%**	**41.3%**	38.1%	40.5%	43.4%	47.6%

* these indicators are those included within the VfM Regulatory standard with the National median benchmark for 2019 contained in the Annex to the 2019 Global Accounts rather than from the Sector Scorecard.

During the year we completed 199 new homes, which represented 0.3% of the total homes in our ownership both at Group and TGPL level. This performance fell short of our target as progress on some schemes was delayed and we were selective regarding the quality of completed homes that we were prepared to acquire from developers or other providers.

Whilst this level of delivery remains lower than national benchmarks, and that of our national peers, we secured plots for 1,522 more new homes and started on site with 1,026 homes during the year. Many of these new homes will be delivered through our Strategic Partnerships with Homes England and the GLA.

We are aiming to deliver 5,500 new homes by the end of March 2024, with 5,000 of these being affordable and expect to be delivering over 1,000 new homes each year from 2020/21. This level of delivery would lead to new supply of over 1.5% of our total homes each year, which would exceed current benchmark levels and would represent Guinness's highest level of delivery for over five years.

We did not complete any homes for outright sale during the year but plan to deliver a modest number on one of our largest sites at Bromley-by-Bow in East London 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 increased year-on-year at Group and TGPL level as our net-borrowings have increased by £99.5m, however, our level of gearing remains below benchmark. We have made effective use of our cash reserves and operating cashflows to support investment in our existing and new homes but have borrowed to fund some of our new development activity. During the year we have put in place new borrowing facilities totalling £230m and generated proceeds of £123m from the sale of retained bonds which will support our ongoing development programme with a new £400m bond issue in April 2020 providing further liquidity. We therefore expect to see a modest increase in our level of gearing as our plans progress.

Outcomes delivered

Scorecard metric	2020 Group	2020 TGPL	2019 Group	2019 TGPL	National median benchmark 2019	National Provider benchmark 2019
Customer satisfaction	**73%**	**73%**	76%	76%	87.4%	80.8%
Reinvestment *	**5.8%**	**6.6%**	5.18%	3.0%	6.2%	6.4%
Investment in communities	**£1,531,000**	**£1,436,000**	£1,181,000	£1,088,000	N/A	N/A

* these indicators are those included within the VfM Regulatory standard with the National median benchmark for 2019 contained in the Annex to the 2019 Global Accounts rather than from the Sector Scorecard.

5.8%
reinvestment in properties

£1.5m
investment in communities

We were disappointed that our levels of customer satisfaction fell by a further 3% during the year to 73%. Our performance in this area does not compare well to our peers and is therefore an area which continues to require particular attention. The level of customer satisfaction provided is that of general needs customers within TGPL, customer satisfaction of customers in receipt of our care services is reported in the Great Care section of this document.

Satisfaction levels with our services vary significantly across the country with satisfaction levels of 81% achieved in the North West & North Central compared to 65% in the South East. Understanding the particular drivers of this variation will be key to successfully improving performance in the coming year.

During the year we have focussed on making changes to the quality and efficiency of our in-house maintenance service which provides services to over 62% of our homes and expect these changes to lead to satisfaction increases over time.

We have plans in place to improve the levels of communication with our customers as we know from customer feedback that we can make improvements which will improve the experience our customers have of our services.

The level of reinvestment in our existing homes has increased to 5.8% 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 2020/21 and therefore expect our reinvestment percentage to increase further over the coming years.

We have continued to invest in our communities over and above our expenditure on social housing activities and launched our new Community Engagement Strategy during the year – some of the specific areas and activities in which we have invested are detailed on page 24 of this Strategic Report.

99.9%
occupancy of our homes

2.8%
Return on Capital Employed

£119m
investment in our existing homes

Effective asset management

Scorecard metric	2020 Group	2020 TGPL	2019 Group restated	2019 TGPL restated	National median benchmark 2019	National Provider benchmark 2019
Return on capital employed (ROCE) *	**2.8%**	**2.9%**	**4.4%**	4.6%	3.8%	3.5%
Occupancy	**99.9%**	**99.9%**	**98.9%**	98.9%	99.5%	98.9%
Ratio of responsive repairs to planned maintenance	**0.52**	**0.72**	**0.59**	0.74	0.7	0.67

* these indicators are those included within the VfM Regulatory standard with the National median benchmark for 2019 contained in the Annex to the 2019 Global Accounts rather than from the Sector Scorecard.

The return on capital employed (ROCE) compares our surplus to the value of properties held on our balance sheet. TGPL's ROCE is lower than both the national median and the national provider benchmarks. The level of return has reduced in the current year as we have increased the level of investment in both our development programme and in our existing homes. We expect this level of investment to increase over the next five years as we deliver the new homes we have committed to deliver under our Strategic Partnership grant programmes, and we invest in a programme of building safety improvements which reflect the recommendations of the Hackitt review and the first phase of the Grenfell enquiry.

We have plans to improve our operating margin to 28% by March 2023 and the robust evaluation criteria used when appraising new development and investment opportunities will ensure that we continue to deliver solid levels of surplus to support this metric.

As in previous years we have maintained high levels of occupancy in our homes at 99.9%, in line with benchmarks.

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 achieving improvements to turnaround times during the year with further improvements planned for 2020/21 as end-to-end processes are reviewed.

We have increased our level of planned maintenance expenditure during the year with a further increase expected in 2020/21, this has contributed to a reduction in the ratio of responsive repairs to planned maintenance expenditure over the last year. We have also concluded our transformation activities in our in-house maintenance operation. We hope to realise savings of £3.6m from the transformation activities once the repairs service is fully operational again after the disruption caused by the Covid-19 pandemic. We expect these activities to contribute to a reduced ratio of responsive to planned maintenance in future years.

Operating efficiencies

Scorecard metric	2020 Group	2020 TGPL	2019 Group	2019 TGPL	National median benchmark 2019	National Provider benchmark 2019
Headline social housing cost per unit *	**£4,254**	**£3,941**	£3,723	£3,521	£3,725	£4,189
Rent collected	**99.15%**	**99.13%**	100.5%	100.5%	99.8%	99.7%

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

99%
of rent due was collected

£4,254
Group social housing cost per unit

Our headline social housing cost per unit of £4,254 continues to compare well with our peers and the sector as a whole and like our operating margin this reflects the geographic spread of our operations across the country and the increased level of investment in our existing homes over the last year. The Group unit cost is higher due to the types of properties managed in Guinness Care and Guinness Housing Association which require more intense levels of management.

Our cost per unit has increased year-on-year as we have increased the level of investment maintaining our existing homes to ensure that we respond proactively to changing building safety requirements and that they continue to meet the Decent Homes Standard but have managed our cost base effectively to ensure that our cost per unit remains comparable or better than our peers. Our overheads as a % of adjusted turnover for TGPL has reduced to 9.5% (2019: 14.4%) in the year and compares favourably to the national median benchmark of 12.8%.

Our development ambitions, our continuing focus on achieving greater concentration of homes in particular geographies, the improvements we have made to our repairs service and our investment in new technology will enable us to further improve the efficiency and effectiveness of our services.

Our rent collection performance has continued to be good and compares well to our peers. We collected over 99% of rents due which has enabled us to reduce our level of rent arrears to 3.16% despite 5,000 more of our customers migrating to Universal Credit. We have a robust but supportive approach to rent collection which we continue to employ as many of our customers experience challenges associated with the Covid-19 pandemic.

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 Regulator for Social Housing (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 the Guinness Partnership Limited (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 2020 and that TGPL and other registered Providers within the Group continue to be compliant with all aspects of the Standard.

The RSH assesses TGPL's compliance with the Governance and Viability Standard and publishes its assessment of compliance. Following an In Depth Assessment (IDA) in 2018 the RSH graded TGPL G1 and V1 in May 2018. In November 2019, TGPL's viability rating was regraded from a V1 to a V2 grade. The regrading was specifically related to TGPL's development and sales programme which the RSH determined gave rise to risks and exposures which TGPL needed to manage and, which combined with investment in existing homes, reduced the capacity TGPL had to respond to adverse events. The RSH's assessment of Guinness's compliance with the governance elements of the Governance and Financial Viability Standard remained unchanged.

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 complaint with the code for 2019/20 except in respect of the Code's requirement that the maximum term for non-executive members should normally be nine years. In September 2019 the total service of Mike Petter as a Board member within the Guinness Partnership Group reached nine years. In 2019/20 the Board agreed to extend Mike Petter's term to 31 March 2021 to maintain building safety and other health and safety expertise among Board Members at time when crucial decisions regarding building safety were required and to ensure that there would be time for a smooth transition to new Board Members.

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 31 March 2020 the Board consisted of nine members. The names and biographies of the Board members are provided on pages 102-103. 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 102-103.

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 in early 2020 and was reported to the Remuneration and Nominations Committee in May 2020, and a Board Action Plan approved by the Board in June 2020.

A Board and Committee Members' skills assessment was also undertaken in 2019/20 and was reported to the Remuneration and Nominations Committee in February 2020. This assessment will shape Board recruitment and its findings will be reflected in the selection process for appointments to be made during 2020.

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	Pensions Commitee	TGPL Board attendance
Number of meetings in 2019/20	8								8
Neil Braithwaite £28,573	Chair			Chair	●	Chair (to 31 March 2019)		●	6
Mike Petter £16,000	Deputy Chair	Chair Guinness Housing Association	●		Chair (from 1 April 2019)		Chair		8
Catriona Simons Chief Executive	●	Chair Guinness Property, Guinness Developments Limited, Guinness Homes Limited, Guinness Platform Limited, Hallco 1397 Limited		●		●	●		8
Samantha Pitt £16,000	●		Chair	●	●			Chair	6
John Lougher £12,500 (resigned 31_03_2020)	●			●			●		7
Laure Duhot £4,167 (resigned 31_07_2019)	●		●	●		●			2
Amanda Calvert £12,500	●		●				●		8
Phil Morgan £15,417	●				●	Chair (from 1 June 2019)			8
Chris Wilson £16,000	●	Chair Guinness Care	●	●				(from 1 Feb 2020)	8
Chris Stevens £12,500	●			●			●		8
Linda Sanders (appointed 1 April 2019) £12,500	●		●						6

● Indicates Board/Committee membership during the year

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 are delegated to the Executive Team. The following are the Committees supporting the TGPL Board:

The Group Audit and Risk Committee

The Group Audit and Risk Committee has up to ten members and meets 4 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.

The Pensions Committee

The Pensions Committee has two or more members and meets on an ad-hoc basis when required. It is responsible for reviewing the Group's pensions strategy and options for future provision, in particular in the light of the Social Housing Pensions Scheme's (SHPS) triennial valuation and making recommendations to the TGPL Board or Subsidiary Boards (as appropriate) on options. It also reviews and monitors the operation of Guinness's workplace pension schemes, including monitoring the potential for cessation events and payments.

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 2019/20 three residents, two tenants and one leaseholder, were members of the Service and Performance Committee. Recruitment for members of a new Tenant Scrutiny Panel, comprised solely of tenants and family members occupying Guinness Homes started in February 2020, with the intention to start holding meetings of the Panel in summer/autumn 2020. The Panel will make recommendations to the Board and the Service & Performance Committee which will respond to any recommendation and put plans in place to address issues raised by the Panel. The Panel will have real influence in how Guinness provides services to its tenants and will focus on what is important to our tenants and where we should focus improvement activity.

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 103 of these financial statements. Meetings are attended by the Executive Directors for Asset Management, Corporate Services, Customer Services, 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.

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 Budget and 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.

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.

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, and 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.

Risk appetite

The Group has identified five key categories of risk that are critical to the success of the business (aligned with the strategic objectives) and have been taken into account in the development of this strategy. These relate to Strategy; Compliance; Financial Viability; Operational Effectiveness and Capacity; and Reputation. Risk appetite will also vary across Guinness, not only by risk category but also by activity, and in certain cases by project or transaction. A Risk Appetite statement is maintained for TGPL and includes the operations of all development subsidiaries and those of Guinness Property. However, the risk profile associated with Guinness Care is different to that of other services and so a separate Risk Appetite Statement is prepared for Guinness Care.

Risk assessment – key risks

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

Risk **Business interruption from a widespread pandemic outbreak**

Comments and risk mitigation

The significant impact of the Covid-19 outbreak has been felt by all parts of society with significant changes to people's way of life and the ability of businesses to operate safely during the pandemic.

Guinness responded quickly to the measures introduced by Government to limit the impact of the Pandemic on the UK with the following introduced to protect the health and safety of our customers and employees:

- All office-based workers working from home from 16 March 2020
- All employees with an underlying health issue advised to work from home
- An essential-only repairs service in operation from 23 March 2020
- Continuation of compliance inspection activity where legally required
- Continuation of the provision of care services to customers living in Guinness homes or in their own homes
- Decision taken not to evict a customer for non-payment of rent where this is attributed to an impact of Covid-19
- Suspension of internal and external planned maintenance
- Suspension of new lettings (with the exception of extra care schemes and supported housing)
- Suspension of sales activity
- Gradual cessation of construction activity on development sites with sites made safe and secured.
- Group-wide cash balances of £100m maintained
- Made use of Government job retention scheme for certain groups of employees.

Risk **Re-instatement of current services as lockdown is eased is done in an inappropriate way.**

Comments and risk mitigation

As the lockdown in the UK and across Europe is eased it will be important that our operational activities which include providing services to our customers are done in a way which continues to keep both our employees and our customers safe with the following measures taken to ensure this:

- All operations are re-mobilised in a way which complies with Government published guidelines
- Office buildings and employee working practices are amended in order to comply with Government published guidelines
- Regular review and updating of method statements and working practice guidelines including appropriate employee consultation
- Provision of personal protective equipment where this is required
- Careful reprogramming of works with internal workforce and external contractors as appropriate
- A rolling programme of compliance checks to ensure adherence to method statements and working practices.

Risk **A major Health and safety event occurs which leads to the death or serious injury of a customer or employee**

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.
- We continue to undertake all necessary fire risk works, and incorporate the recommendations of the Hackitt report, the findings of the Grenfell enquiry and Government's advice notes into our Building Safety plans and make appropriate financial provision in budgets and longer term financial plans.
- We operate an alert system to ensure customer health and safety concerns are addressed promptly.

Risk **Departure from the European Union without a trade deal**

Comments and risk mitigation

The potential adverse impacts associated with exiting the EU in January 2021 without an appropriate trade deal are wide ranging but very difficult to predict with any degree of certainty. There will inevitably be an impact of the Covid-19 pandemic on the timing and nature of trade discussions although further certainty on this is not likely for a number of months.

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. Property markets responded positively following the General Election result and were not significantly impacted by the departure from the EU on 31 January 2020.

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 in the construction and care sectors could occur if a good trade deal is not agreed. This might limit the deliverability of development schemes and our ability to deliver service to customers.

- Guinness took a decision during March 2020 to reduce the number of homes for outright sale in its development plans in order to manage sales risk exposure. Higher grant rates for the delivery of affordable homes would also mitigate this risk.
- 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 **Pension liabilities exceed the levels assumed in our Financial Plan**

Comments and risk mitigation

A liability of £40.4m is included on the Group Statement of Financial Position as at 31 March 2020. This includes a liability of £36.8m in respect of the Social Housing Pension Fund and £3.4m in respect of the Local Government Pension Scheme. 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.
- Our Pensions sub-committee of the Board has reviewed our Pension Strategy in light of the most recent actuarial valuations of both the SHPS and LGPS pension schemes with any changes to our strategy being considered by the Group Board in conjunction with expert external advice.

Risk **Changes in government policy**

Comments and risk mitigation

Significant policy changes could materially impact on our business activities. It is expected that there will be greater political stability since the General Election in December 2019 which resulted in a Conservative Government with a sizeable majority.

We expect that a Housing White Paper will be published during 2020 which will set out further details of the Government's approach to housing. We expect this to favour increasing home ownership, and routes to home ownership, but we hope that there will be continued support for homes for rent.

Whilst there has been a period of stability in the regulatory regime since the establishment of the Regulator of Social Housing it is possible that some changes, particularly in the regulation of the consumer standards, will be forthcoming during 2020.

- Guinness maintains a productive relationship with the Regulator and benefits from membership of the Provider Panel, a group of housing providers with whom the Regulator engages regarding potential changes to approach.
- It is likely that further changes to Building Safety standards will be made over the coming year as recommendations from the Hackitt review and Phase 1 of the Grenfell Enquiry are enshrined into legislation, our Building Safety action plan is continually updated to ensure that our work is focussed in the right priority areas.
- 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 **Levels of investment required by our existing homes exceeds the levels provided for in our Financial Plan**

Comments and risk mitigation

Changes to building safety legislation and guidance over the last 18 months have increased the level of investment required in our existing homes with specific provision for these additional costs now included within our Financial Plan. It is possible that legislation and resultant investment requirements will change further over the coming years which will reduce headroom against key performance metrics and the capacity for the development of new homes in the future.

- Provision for the investment in our existing homes required to ensure all of our homes achieve an EPC C rating by 2030 is included in our Financial Plan.
- The investment requirement to achieve a Zero Carbon footprint by 2050 is more difficult to estimate with any degree of certainty. A provision has been reflected in the current version of our Financial Plan and as requirements become clearer in the months and years ahead the costings and provisions included within our Plan will be refined.
- Regular stress testing and updates of our Financial Plan are undertaken to determine financial capacity and headroom which then aids effective decision making.
- A suite of financial metrics and Golden Rules are in place which ensure that the ongoing viability of the organisation is preserved at all times.
- A systematic programme of stock condition survey's is undertaken with the resulting information then held on our Asset Management system. Appropriately prioritised investment programmes are then developed which ensure that available financial resources are applied appropriately with the risk of unforeseen expenditure minimised.

Risk **Information management security breach**

Comments and risk mitigation

An information management security breach could, depending upon the severity, lead to a loss of corporate information or personal information regarding our employees or customers. Such a breach would likely represent a breach of data protection legislation with fines and regulatory action possible which would result in reputational damage for the Group.

- Information Management policies and guidance are in place which are supported by mandatory Data Protection e-learning module.
- Our contracts of employment clearly specify data protection responsibilities.
- Customer Security protocols are in place in order to authenticate telephone callers.
- Our desktop Infrastructure is protected by firewalls and virus protection with hard disk encryption on portable devices.
- Regular penetration tests are undertaken by qualified specialists in order to identify any weaknesses.

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, 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 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 2020, 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.

Each year the Regulator of Social Housing carries out a financial stability check of all Registered Providers with 1,000 or more social homes. Following this year's annual financial stability check, the RSH advised that Guinness had been regraded from V1 to V2. Our Governance grading remains at G1. These gradings apply to the whole Guinness Group and remain compliant gradings. This regrading is a reflection of our significant investment in our existing homes, as well as our (as yet largely uncommitted) exposure to homes for sale. The Group has also retained good credit ratings throughout the year with external credit rating agencies Moody's (A2) and Standard and Poor's (A-) both with a stable outlook. 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.

The Board has given significant consideration to the likely impact of the current Covid-19 pandemic on the Group with a range of Financial Plan scenarios modelled. Following the £400m 35 year bond issue in April 2020 the Group retains high levels of liquidity which will provide a solid foundation from which to manage any risks which may continue to crystallise in the months ahead.

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

Strategic Report
and Report of the Board

Financial review
Five year summary

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

	2020 £m	2019 restated £m	2018 £m	2017 £m	2016 £m
Summary: Consolidated income & expenditure, £m					
Turnover from social housing activities	352.3	351.7	350.4	338.0	341.7
Turnover from non-social housing activities	7.1	8.8	24.0	92.1	84.4
Operating costs and cost of sales	(272.2)	(274.7)	(266.9)	(299.8)	(301.9)
Surplus on disposal of housing properties	11.0	60.9	5.4	8.1	10.6
Operating surplus	**98.2**	**146.7**	**112.9**	**138.4**	**134.8**
(Loss) /Surplus on disposal of other fixed assets	-	(0.2)	0.4	(1.6)	1.1
Net interest charges	(58.7)	(62.8)	(60.8)	(58.1)	(58.1)
Fair value and re-measurement movements	(1.2)	(0.2)	2.1	(1.6)	(15.6)
Gain on acquisition	-	-	-	41.4	-
Surplus for the year before taxation	**38.3**	**83.5**	**54.6**	**121.7**	**62.2**
Taxation	(0.1)	(0.1)	(0.4)	(0.8)	-
Surplus after interest and tax	**38.2**	**83.4**	**54.2**	**120.9**	**62.2**
Summary: Statement of financial position, £m					
Tangible fixed assets	3,204.8	3,071.0	3,101.4	3,085.3	2,829.2
Net current assets	288.5	222.0	13.1	6.7	8.9
Total assets less current liabilities	3,506.8	3,307.2	3,182.7	3,154.2	2,884.3
Long term liabilities and provisions	(2,644.9)	(2,523.6)	(2,432.7)	(2,464.2)	(2,313.9)
Net assets	**861.9**	**783.6**	**750.0**	**690.0**	**570.4**
Reserves	**861.9**	**783.6**	**750.0**	**690.0**	**570.4**
Summary: Statement of cash flows, £m					
Net cash generated from operating activities	206.7	96.2	175.5	192.1	146.6
Cash flow from investing activities	(240.8)	(5.2)	(99.7)	(56.1)	(107.5)
Cash flow from financing activities	53.3	(74.1)	(68.4)	(106.4)	(59.7)
Cash and cash equivalents at the start of the year	**95.8**	**78.9**	**71.7**	**41.1**	**61.7**
Cash and cash equivalents at the end of the year	**115.0**	**95.8**	**78.9**	**71.7**	**41.1**
Key Financial Ratios	**2020**	**2019**	**2018**	**2017**	**2016**
Underlying earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) as % of interest payable (excluding loan redemption penalties)	242%	285%	231%	287%	339%
EBITDA –MRI (as a percentage of interest)	130.8%	147.3%	183%	240%	218%
Operating margin (Group)	24.3%	23.9%	29%	30%	29%
Interest cover (underlying operating surplus + depreciation) / net interest	263%	327%	270%	272%	329%
Gearing % (total borrowing / total net worth – reserves plus capital grant)	55%	52.9%	55.6%	57.2%	50.0%
Gearing % (as defined in the Sector Scorecard)	39.9%	38.1%	34.9%	36.7%	37.9%

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 unless otherwise stated.

Statement of Comprehensive Income

The Group generated an overall surplus of £38.2m for the year ended 31 March 2020, a reduction of £45.2m compared to the prior year. The overall surplus represents a net surplus of 10.6% (2019: 23.1%) on turnover of £359.4m. This year-on-year decrease in surplus reflects the £60.9m surplus in the prior year which was generated through the sale of 1,800 housing properties to other housing providers as part of our stock rationalisation activities.

Underlying operating performance remains strong with the Group achieving an operating margin of 27.3% (2019: 40.7%). 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 24.3% has been delivered (2019: 23.9%).

Our core business remains social housing lettings with 90.7% of the Group's turnover being generated from this activity. Our social housing lettings business delivered an operating surplus of £97.1m (2019: 95.6m) for the year. An operating margin of 29.8% (2019: 29.4%) was generated from our social housing letting activities during the year. The stable operating margins reflect the reduction of regulated rents by a further 1%, but also effective cost control across most other areas of the business as new organisational structures have fully embedded and the benefits of our investment in technology over recent years begins to pay back.

During the year a review of historic impairment charges was undertaken with a decision to write-back £7.5m of these charges being reflected in our 2019/20 results.

Net interest charges for the year totalled £58.7m (2019: £62.8m), with the decrease reflecting the prevailing low interest rate environment which impacts our variable rate debt. Whilst new loan facilities have been put in place during the year, cashflow generation from our core operating business has enabled us to limit additional borrowings.

We delivered a 130.8% (2019: 147.3%) EBITDA-MRI margin as a percentage of interest payable.

The core business therefore continues to perform strongly and cover the level of investment required to keep our homes in good condition.

Our strong financial performance has continued to support strong credit ratings of A2 and A- with Moody's and Standard and Poor's, both with stable outlooks and a compliant V2 rating for financial viability from the Regulator of Social Housing. These ratings will support our efforts to secure the appropriate funding to build more new homes as set out in our strategy. The restatement of the 2018/19 financial results are due to an error in the accounting of the grants on disposal of properties. This correction has reduced the surplus and reserves in 2018/19 by £9.1m.

Statement of Financial Position

At 31 March 2020 the Group is reporting total reserves of £861.9m (2019: £783.6m). 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 increasing by £125.4m (net) over the last year to £3,157.5m. This increase reflects investment of £135.4m on the development of new affordable housing with a further £47.9m invested in capital improvement works to our existing properties.

Our stock holding has increased during the year by £42.7m to £208.6m and reflects the fact that we will be developing homes for shared ownership and outright sale on our land sites across the country over the years ahead.

At 31 March 2020 the Group had cash balances totalling £115.0m (2019: £95.8m) with this cash deposited with a range of counterparties, including AAA rated money market funds, who meet our counterparty credit criteria. The cash is invested with deposit terms of no more than 30 days. The level of cash balance at the year-end is deliberately high as we took the decision to maintain high levels of liquidity throughout the duration of the Covid-19 pandemic.

The Group's trade and other debtors due in less than one year reduced year on year with a balance at 31 March 2020 of £17.5m, (2019: £35.7m). At 31 March 2019 £14.8m of grant was due from Homes England under the Wave 1a Strategic grant programme, this grant was paid during the year explaining the year-on-year reduction in debtors. The level of rent and service charge arrears has also fallen year-on-year reflecting the good rent collection performance reported.

At 31 March 2020 the Group had outstanding bank and debt facilities of £1,337m (2019: £1,250m). We have utilised cash reserves and operating cashflows during the year to limit the need to draw additional debt from available facilities of £1,753m (2019: £1,592). In July 2019 the Group sold the retained bonds from the Guinness 2044 4% coupon issue on a deferred basis, receiving £123m of proceeds in January 2020.

During the year new revolving credit facilities totalling £230m were put in place meaning that at 31 March 2020 the Group had undrawn loan facilities totalling £508m, which together with the proceeds from the £400m Guinness 2055 2% coupon issue in April 2020 and our available cash balances provide good levels of liquidity to support our development aspirations over the coming years.

We have reviewed the value of our properties and fixed assets, and have 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 £0.8m relating to a block which was destroyed in a fire during the year. As noted above we have also reversed impairment charges recognised against certain of our rented properties in previous years of £7.5m as their income generating capability and depreciated replacement cost now justifies their carrying value on the Statement of Financial Position.

In accordance with the requirements of FRS102 and the SORP the Group's share of the deficit in respect of defined benefit pension schemes, which totals £40.4m (2019: £91.7m) continues to be recognised on the Statement of Financial Position in full. The liability has fallen during the year as the credit spread between corporate bond yields and Government bond yields has risen which has an impact of reducing liabilities in FRS102 pension deficit calculations.

Financial Planning

Guinness uses a long term financial plan to ensure long term viability of the business and continued loan covenant compliance, to establish financial capacity and risk appetite and to inform decision making regarding investment choices.

Our latest financial plan reflects the ambitions set out in our Guinness 2023 strategy which includes delivering 5,500 new homes by March 2024 and achieving an underlying operating margin of 28% by March 2023.

Our financial plan is the subject of regular review and stress testing by the Board with documented recovery plans in place which respond to the most adverse scenarios.

Treasury Management

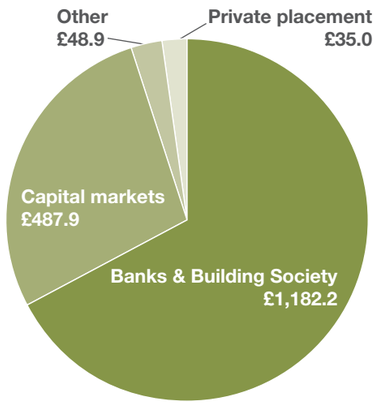
Strong treasury management is critical to maintaining our financial resilience. Significant treasury risks include ensuring the Group has sufficient liquidity to fund its operations and development pipeline, interest rate risks and ensuring that all loan covenants are met.

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 2020 the Group complied with all financial covenants in place.

Financing

At 31 March 2020 the Group had total loan and debt facilities of £1.75bn of which £1.34bn had been drawn.

Source of funds (£m)



During the year £230m of new revolving credit facilities were put in place, along with £123m of cash generated from the sale of the retained element of the Guinness 2044 4% bond issue.

In April 2020 the Guinness Partnership Limited successfully issued a £400m 35 year bond at a coupon of 2% with £250m being issued immediately and the remaining £150m being retained for sale at a future date.

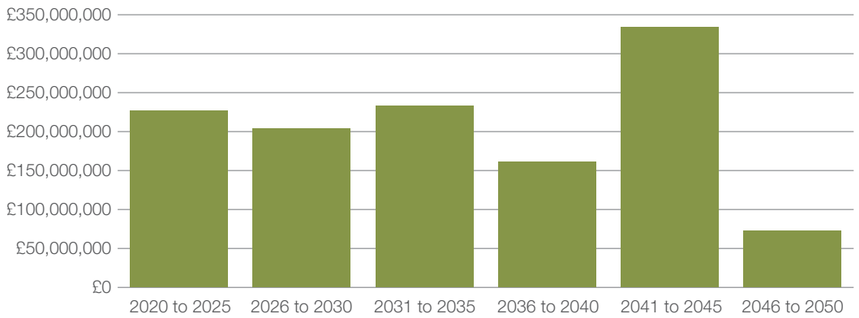
Further funding will be arranged from a range of sources in 2020/21 to ensure appropriate liquidity is in place to support our development ambitions.

Interest rate management and re-financing risk

In accordance with the Group's Interest Rate Management Strategy and in order to mitigate the risks of rises in variable interest rates, at 31 March 2020 80.4% (2019: 80.7%) of the Group's debt was at rates fixed with a range of maturities between one and 30 years. At 31 March 2020 the weighted average maturity of our debt was 15 years with this increasing to 18.3 years following the £400m 35 year bond issue in April 2020.

The Group has limited re-financing risk with 80% of the Group's debt not due for repayment for more than five years.

Drawn loan maturity profile



Of this fixed rate debt £108.3m (2019: £109.3m) was hedged under ISDA agreements. The mark to market exposure in respect of these agreements as at 31 March 2020 was £52.5m adverse (2019: £44.9m adverse) with property security in place to cover this position.

Loan Security

Committed facilities are secured against our social housing assets. These assets are independently valued to ensure we meet lenders' asset cover requirements. As at 31 March 2020 40,074 homes were charged as security to lenders by TGPL. We also held 17,618 unencumbered properties. Of the properties used as loan security at the end of the year 56% were charged at EUV-SH, 31% at MV-ST and 13% on a rental income basis. The majority of properties used as loan security are general needs rented properties although some shared ownership properties are actively being used as loan security.

Liquidity

The Group's Treasury Management Policy dictates that the Group's secured facilities and cash balances must be no less than the forecast cash outflow for the next eighteen months. The Group met this policy requirement throughout the year. As at the end of March 2020 the Group had sufficient facilities available to meet forecast cash outflow for the next 26 months until June 2022. Following the successful £400m bond issue in April 2020 headroom against this requirement was increased from nine months to 39 months. At the year end the Group held cash balances totalling £115m (2019: £95.8m) of which £77.9m (2019: £30.6m) was held in AAA rated money market funds. These balances exclude £93.3m held within ring-fenced accounts, relating to debt service reserves, bond sinking funds, leaseholder sinking funds, and other balances which are held in favour of third parties.

Capital and reserves

The reserves of the Group at 31 March 2020 totalled £861.9m (2019: £783.6m). 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 2020 are at a level that is appropriate for the business.

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) law, including Financial Reporting Standard 2 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
- 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 2018, and, the Accounting Direction for Private Registered Providers Providers of Social Housing in England (2019). 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 for a period of no less than 12 months from the date of sign off of the financial statements and for this reason has continued to adopt the Going Concern basis in preparing the Group's financial statements.

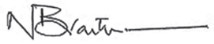
Statement of compliance

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

BDO LLP are the appointed auditor. They have expressed their willingness to continue in office. Accordingly a resolution is to be proposed for the re-appointment of BDO LLP as auditor.

On behalf of the Board



Neil Braithwaite,
Chair of the Guinness Partnership Limited
22 July 2020

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 2020, 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 2020 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.

Going concern

As disclosed in note 2, following the outbreak of COVID-19, and the resultant impact on the overall economy, management have considered the appropriateness of the going concern basis of preparation for the group as well as the parent entity.

The directors' assessment of going concern involves a number of subjective judgements including the timing of cash flows from income sources and forecast expenditure levels, in particular the impact of covid-19 on rent collection, the timing of property sales and committed expenditure.

We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.

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

Our response to the key audit matter

Our specific audit testing in this regard included:

Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also have a high level understanding of the entity's market, strategy and profile in the customer base, and the potential impact that COVID-19 might have on these projections.

Obtaining and assessing the availability of financing facilities, including the nature of facilities, repayment terms and financial covenants. We considered management's financial covenant compliance calculations through to March 2022 and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements.

Consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of the business. As referred to in basis of preparation note, management have modelled reasonably possible downside scenarios to incorporate the expected impact of the COVID-19 pandemic. We have considered the appropriateness of the downside scenarios in respect of the impact of COVID-19 and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue, margins and cost savings.

We challenged management's assessment of reasonably possible scenarios on the impact of trading against actual trading results subsequent to the Government's lockdown instruction.

We challenged management on the suitability of the mitigating actions identified by management in their assessment and the quantum and period ascribed to these mitigating actions. Scenarios modelled by management include a reverse stress test to analyse the current estimates of rent collection, property sales and maintenance and development spend that could be sustained without breaching banking covenants.

We challenged the assumptions used and mitigating actions included within this scenario and reviewed the reverse stress test calculations.

We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario.

Key observations

Our key observations are set out in the 'conclusions related to going concern' section of this audit report.

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 £208,600,000 (2019 - £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 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 they are independent and 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

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 £54,500,000, which represents 1.5% of total assets (2019 - £50,000,000).

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 £9,950,000, which is 7.5% of adjusted operating profit (2019 - £13,000,000).

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 £49,000,000 (2019 - £47,500,000) (with a specific materiality set at £8,950,000 (2019 - £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% (2019: 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 (2019 - £1,000,000) for areas considered using financial statement materiality and £200,000 (2019 - £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.

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 Guinness Partnership Limited, Guinness Developments Limited and City Response Limited are considered to be significant group components.

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

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;
- 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 36, 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 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.

Elizabeth Kulczycki,
Senior Statutory Auditor
Date: 13 August 2020

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

Notes to the financial statements

The Waterfront, Gloucester.

Financial Statements
for the year ended 31 March 2020

Group Statement of Comprehensive Income for the year ended 31 March 2020

	Note	2020 £m	2019 restated £m
Turnover	3	**359.4**	**360.5**
Cost of sales	3	(16.4)	(20.0)
Operating expenditure	3	(255.8)	(254.7)
Surplus on disposals of housing property	6	11.0	60.9
Operating surplus		**98.2**	**146.7**
(Loss) / Surplus on disposals of other fixed assets	6	-	(0.2)
Interest receivable		3.5	4.4
Interest payable and financing costs	8	(62.2)	(67.2)
Movement in fair value of financial instruments		(1.2)	(0.2)
Surplus before taxation		**38.3**	**83.5**
Taxation	10	(0.1)	(0.1)
Surplus for the year		**38.2**	**83.4**
Other comprehensive income			
Actuarial gain / (loss) in respect of pension schemes	27	47.2	(17.7)
Recognition of pension liability	27	(0.2)	(30.7)
Change in fair value of hedged financial instrument		(6.9)	(1.4)
Total comprehensive income for the year		**78.3**	**33.6**

All amounts relate to continuing activities. The notes on pages 66 to 100 form part of these financial statements.

The Guinness Partnership Limited Statement of Comprehensive Income for the year ended 31 March 2020

	Note	2020 £m	2019 restated £m
Turnover	3	**367.1**	**344.8**
Cost of sales	3	(15.6)	(18.7)
Operating expenditure	3	(263.7)	(236.4)
Surplus on disposals of housing property	6	11.0	60.8
Operating surplus		**98.8**	**150.5**
(Loss) / Surplus on disposals of other fixed assets	6	-	(0.2)
Interest receivable		3.5	3.4
Interest payable and financing costs	8	(62.0)	(66.4)
Movement in fair value of financial instruments		(1.2)	(0.2)
Surplus before taxation		**39.1**	**87.1**
Taxation	10	-	-
Surplus for the year		**39.1**	**87.1**
Other comprehensive income			
Actuarial gain / (loss) in respect of pension schemes	27	44.5	(16.4)
Recognition of pension liability	27	(0.2)	(28.7)
Change in fair value of hedged financial instrument		(6.9)	(1.4)
Total comprehensive income for the year		**76.5**	**40.6**

All amounts relate to continuing activities. The notes on pages 66 to 100 form part of these financial statements.

Financial Statements
for the year ended 31 March 2020

Group Statement of Financial Position for the year ended 31 March 2020

	Note	2020 £m	2020 £m	2019 restated £m	2019 restated £m
Fixed assets					
Tangible fixed assets:					
Housing properties	11	3,157.5		3,032.1	
Other fixed assets	13	47.3		38.9	
			3,204.8		3,071.0
Investment properties	14		0.1		0.2
Fixed asset investments	15		13.4		14.0
			3,218.3		**3,085.2**
Current assets					
Stock	17	208.6		165.9	
Trade and other debtors	18	96.4		103.2	
Cash and cash equivalents		115.0		95.8	
		420.0		364.9	
Creditors: amounts falling due within one year	19	(131.5)		(142.9)	
Net current assets			**288.5**		**222.0**
Total assets less current liabilities			**3,506.8**		**3,307.2**
Creditors: amounts falling due after one year	20		(2,601.5)		(2,427.2)
Provisions for liabilities:					
Other provisions	26		(3.0)		(4.7)
Pension liability	27		(40.4)		(91.7)
Total net assets			**861.9**		**783.6**
Reserves					
Income and expenditure reserve			861.7		783.4
Restricted reserves			0.2		0.2
Total reserves			**861.9**		**783.6**

The notes on pages 66 to 100 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 22 July 2020 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 2020

	Note	2020 £m	2020 £m	2019 restated £m	2019 restated £m
Fixed assets					
Tangible fixed assets					
Housing properties	12	3,094.0		2,943.4	
Other fixed assets	13	44.8		36.5	
			3,138.8		**2,979.9**
Investment properties	14	-		0.1	
Fixed asset investments	15	13.4		13.8	
Investment in subsidiaries	16	43.7		69.1	
			3,195.9		**3,062.9**
Current assets					
Stock	17	22.0		12.2	
Trade and other debtors	18	261.1		241.5	
Cash and cash equivalents		91.5		57.2	
		374.6		310.9	
Creditors: amounts falling due within one year	19	(117.8)		(129.7)	
Net current assets			**256.8**		**181.2**
Total assets less current liabilities			**3,452.7**		**3,244.1**
Creditors: amounts falling due after one year	20		(2,570.2)		(2,388.9)
Provisions for liabilities:					
Other provisions	26		(2.6)		(3.4)
Pension provision	27		(37.5)		(85.9)
Total net assets			**842.4**		**765.9**
Reserves					
Income and expenditure reserve			842.2		765.7
Restricted reserves			0.2		0.2
Total reserves			**842.4**		**765.9**

The notes on pages 66 to 100 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 22 July 2020 and signed on its behalf by:

Board Member

Board Member

Secretary

Financial Statements
for the year ended 31 March 2020

Group Statement of Changes in Reserves for the year ended 31 March 2020

	Income and expenditure reserve £m	Restricted reserves £m	Total £m
At 1 April 2018	749.8	0.2	750.0
Surplus for the year as previously stated	92.5	-	92.5
Effects of prior period adjustment (Note 23)	(9.1)	-	(9.1)
Surplus for the year (restated)	83.4	-	83.4
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 (restated)	783.4	0.2	783.6
At 1 April 2019	783.4	0.2	783.6
Surplus for the year	38.2	-	38.2
Actuarial gain in respect of pension scheme	47.2	-	47.2
Recognition of pension liability	(0.2)	-	(0.2)
Change in fair value of hedged financial instrument	(6.9)	-	(6.9)
At 31 March 2020	**861.7**	**0.2**	**861.9**

The notes on pages 66 to 100 form part of these financial statements.

The Guinness Partnership Limited Statement of Changes in Reserves for the year ended 31 March 2020

	Income and expenditure reserve £m	Restricted reserves £m	Total £m
At 1 April 2018	725.1	0.2	725.3
Surplus for the year as previously stated	96.2	-	96.2
Effects of prior period adjustment (Note 23)	(9.1)	-	(9.1)
Surplus for the year (restated)	87.1	-	87.1
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 (restated)	765.7	0.2	765.9
At 1 April 2019	765.7	0.2	765.9
Surplus for the year	39.1	-	39.1
Actuarial gain in respect of pension scheme	44.5	-	44.5
Recognition of pension liability	(0.2)	-	(0.2)
Change in fair value of hedged financial instrument	(6.9)	-	(6.9)
At 31 March 2020	**842.2**	**0.2**	**842.4**

The notes on pages 66 to 100 form part of these financial statements.

Group and The Guinness Partnership Limited Statement of Cashflows for the year ended 31 March 2020

	Group 2020 £m	Group 2019 restated £m
Cash flow from operating activities		
Total comprehensive income for the year	78.3	33.6
Adjustments for:		
Taxation	0.1	0.1
Interest payable	62.2	67.2
Interest receivable	(3.5)	(4.4)
Receipts from sale of housing properties	24.3	104.8
Surplus on disposal of housing properties	(11.0)	(60.9)
Receipts from sale of other fixed assets	-	0.5
Deficit/(Surplus) on disposal of other fixed assets	-	0.2
Net fair value losses recognised in profit and loss	8.1	1.6
Depreciation, impairment and write-offs	50.1	57.5
Amortisation of deferred Government grant	(13.9)	(13.9)
Movement in pension in other comprehensive income	(53.4)	48.4
Difference between net pension expense and cash contribution	-	(2.9)
Decrease/(increase) in stock	(42.7)	(131.7)
(Increase)/decrease in trade and other debtors	6.8	(26.2)
Increase/(decrease) in trade and other creditors	7.1	22.9
Taxation paid or refunded	-	(0.6)
Net cash inflow from operating activities	**112.5**	**96.2**
Cash flow from investing activities		
Acquisition and construction of housing property	(179.9)	(84.3)
Purchase of other fixed assets	(17.2)	(8.9)
Receipt of Government grants	47.0	83.3
Homebuy and equity loans redeemed	-	0.3
Interest received	3.5	4.4
Net cash (outflow) from investing activities	**(146.6)**	**(5.2)**
Cash flows from financing activities		
Interest paid	(65.5)	(71.8)
New loans	270.5	85.0
Repayment of loans	(151.7)	(87.3)
Net cash inflow / (outflow) from financing activities	**53.3**	**(74.1)**
Net change in cash and cash equivalents	**19.2**	**16.9**
Cash and cash equivalents at beginning of the year	95.8	78.9
Cash and cash equivalents at end of the year	**115.0**	**95.8**

The notes on pages 66 to 100 form part of these financial statements.

Financial Statements
for the year ended 31 March 2020

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 2020. 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.

Segmental Reporting

The Group's reportable segments are based on its operational divisions which offer distinguishable services, the chief operating decision maker (CODM) is considered to be the Board. In line with the segments reported to the CODM, the presentation of these financial statements and accompanied notes are in accordance with the Accounting Direction for Private Registered Providers of Social Housing from April 2019 and is considered appropriate.

Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group. Refer to Note 4 for further disclosed information.

Going concern

The Group has performed detailed stress testing to assess the potential impact of Covid-19 risks crystallising, both in isolation and within multivariate and scenario analysis. These include rent collection levels and cost impacts. Recovery planning is performed alongside stress testing to determine measures that would mitigate downturn impacts. The Guinness Partnership Limited retains high levels of liquidity from which to manage any risks.

The following specific activities have taken place:

- The Board reviewed the Financial Plan and associated stress testing in March 2020 and again in July 2020
- The Board considered the possible impact of the Covid 19 Pandemic at its meeting in May 2020
- The Board considered liquidity levels at its meeting in May 2020 and again in July 2020.

After making enquiries and reviewing the updated Financial Plan, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for a period of at least 12 months from the date of sign-off of the financial statements.

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 of fair value over 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 gift of the value of 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 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.

For each scheme accounted for as a defined benefit scheme, the net liability (or asset) is recognised in the Groups 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 (SHG), 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 impairment would be recognised. Impairment would be recognised to the extent that market valuations are lower than the carrying value of the asset.

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 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 and Associations 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.

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

	Group 2020				
	Turnover £m	Cost of sales £m	Operating expenditure £m	Surplus on disposals of housing property £m	Operating surplus/ (deficit) £m
Social housing lettings	325.9	-	(228.8)	-	97.1
Other social housing activities:					
First tranche property sales	13.8	(10.8)	-	-	3.0
Charges for support services	0.8	-	(0.2)	-	0.6
Development costs not capitalised	-	-	(3.3)	-	(3.3)
Care and support services	8.7	-	(13.3)	-	(4.6)
Surplus on disposals of housing property	-	-	-	11.0	11.0
Other	3.1	(0.9)	(5.5)	-	(3.3)
Total other social housing activities	26.4	(11.7)	(22.3)	11.0	3.4
Non-social housing activities:					
Market sales	0.1	(0.1)	-	-	-
Other	7.0	(4.6)	(4.7)	-	(2.3)
Total	**359.4**	**(16.4)**	**(255.8)**	**11.0**	**98.2**

	Group 2019 restated				
	Turnover £m	Cost of sales £m	Operating expenditure £m	Surplus on disposals of housing property £m	Operating surplus/ (deficit) £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	-	-	-	60.9	60.9
Other	3.0	(0.9)	(5.5)	-	(3.4)
Total other social housing activities	26.7	(13.6)	(20.3)	60.9	53.7
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)**	**60.9**	**146.7**

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

	TGPL 2020				
	Turnover £m	Cost of sales £m	Operating expenditure £m	Surplus on disposals of housing property £m	Operating surplus/ (deficit) £m
Social housing lettings	318.5	-	(226.9)	-	91.6
Other social housing activities:					
First tranche property sales	13.8	(10.8)	-	-	3.0
Charges for support services	0.7	-	-	-	0.7
Development costs not capitalised	-	-	(3.3)	-	(3.3)
Surplus on disposals of housing property	-	-	-	11.0	11.0
Other	5.5	-	(8.1)	-	(2.6)
Total other social housing activities	20.0	(10.8)	(11.4)	11.0	8.8
Non-social housing activities:					
Market sales					
Gift Aid	23.1	-	-	-	23.1
Other	5.5	(4.8)	(25.4)	-	(24.7)
Total	**367.1**	**(15.6)**	**(263.7)**	**11.0**	**98.8**

	TGPL 2019 restated				
	Turnover £m	Cost of sales £m	Operating expenditure £m	Surplus on disposals of housing property £m	Operating surplus/ (deficit) £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	-	-	-	60.8	60.8
Other	6.3	-	(9.4)	-	(3.1)
Total other social housing activities	21.4	(12.6)	(11.3)	60.8	58.3
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)**	**60.8**	**150.5**

4 Particulars of turnover and operating expenditure from social housing lettings

	Group					
	General needs £m	Supported/ housing for older people £m	Care homes £m	Shared ownership £m	Total 2020 £m	Total 2019 £m
Income from social housing lettings						
Rent receivable net of identifiable service charges and voids	221.7	49.1	0.7	17.7	289.2	289.1
Service charges receivable	10.8	8.6	0.1	2.2	21.7	22.0
Net rents receivable	232.5	57.7	0.8	19.9	310.9	311.1
Amortisation of Government grants	11.1	2.2	-	1.7	15.0	13.9
Turnover from social housing lettings	**243.6**	**59.9**	**0.8**	**21.6**	**325.9**	**325.0**
Expenditure on social housing letting activities						
Service charge costs	(15.6)	(4.9)	(0.2)	(0.7)	(21.4)	(21.9)
Management	(73.2)	(14.6)	(2.3)	(3.6)	(93.7)	(89.4)
Planned repairs	(14.2)	(3.0)	-	(0.7)	(17.9)	(17.6)
Routine repairs and maintenance	(32.7)	(6.6)	-	(1.5)	(40.8)	(38.7)
Major repairs expenditure	(9.7)	(2.2)	-	(0.4)	(12.3)	(7.2)
Rent losses from bad debts	(0.7)	(0.2)	-	-	(0.9)	(2.0)
Depreciation of housing properties	(36.5)	(7.7)	(0.1)	(5.0)	(49.3)	(51.4)
Impairment of housing properties	6.4	0.1	(0.1)	1.1	7.5	(1.2)
Operating expenditure on social housing letting activities	**(176.2)**	**(39.1)**	**(2.7)**	**(10.8)**	**(228.8)**	**(229.4)**
Operating surplus/(deficit) on social housing lettings	**67.4**	**20.8**	**(1.9)**	**10.8**	**97.1**	**95.6**
Rent losses from voids (included in rent receivable above)	1.7	0.5	0.1	-	2.3	2.1

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

	TGPL					
	General needs £m	Supported/ housing for older people £m	Care homes £m	Shared ownership £m	Total 2020 £m	Total 2019 £m
Income from social housing lettings						
Rent receivable net of identifiable service charges and voids	220.5	45.1	0.5	17.6	283.7	283.2
Service charges receivable	10.7	7.3	-	2.2	20.2	20.3
Net rent receivable	231.2	52.4	0.5	19.8	303.9	303.5
Amortisation of Government grants	10.9	2.0	-	1.7	14.6	13.5
Turnover from social housing lettings	**242.1**	**54.4**	**0.5**	**21.5**	**318.5**	**317.0**
Expenditure on social housing letting activities						
Service charge costs	(15.4)	(2.9)	-	(0.7)	(19.0)	(18.2)
Management	(77.3)	(14.5)	(2.1)	(3.6)	(97.5)	(92.8)
Planned repairs	(14.2)	(2.6)	-	(0.7)	(17.5)	(17.0)
Routine repairs and maintenance	(32.6)	(6.1)	-	(1.5)	(40.2)	(37.2)
Major repairs expenditure	(9.4)	(1.7)	-	(0.4)	(11.5)	(6.5)
Rent losses from bad debts	(0.7)	(0.1)	-	-	(0.8)	(2.1)
Depreciation of housing properties	(36.2)	(6.7)	-	(5.0)	(47.9)	(50.3)
Impairment of housing properties	6.2	0.2	-	1.1	7.5	(1.0)
Operating expenditure on social housing letting activities	**(179.6)**	**(34.4)**	**(2.1)**	**(10.8)**	**(226.9)**	**(225.1)**
Operating surplus on social housing lettings	**62.5**	**20.0**	**(1.6)**	**10.7**	**91.6**	**91.9**
Rent losses from voids (included in rent receivable above)	1.7	0.4	0.1	-	2.2	1.8

5 Accommodation owned and in management

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

	Group		TGPL	
	Total 2020 Number	Total 2019 Number	Total 2020 Number	Total 2019 Number
Housing accommodation:				
General needs housing at social rent	38,751	38,839	38,751	38,839
General needs housing at affordable rent	6,671	6,576	6,671	6,576
Supported housing and housing for older people	8,529	8,478	8,485	8,434
Other housing properties:				
Low Cost Home Ownership	6,293	6,241	6,293	6,241
Care homes	72	73	72	73
Social leasehold	3,509	3,452	3,509	3,452
Other	214	1,285	214	496
	64,039	64,944	63,995	64,111
Being:				
Owned and managed	62,604	62,732	61,099	61,218
Owned but managed by others	1,146	1,087	1,146	1,087
Managed only	289	1,125	1,750	1,806
	64,039	**64,944**	**63,995**	**64,111**

Stock movements during the year

	Group		TGPL	
	2020 Number	2019 Number	2020 Number	2019 Number
As at 1 April	64,944	66,779	64,111	65,835
Transfer from/(to) other providers	42	(1,772)	42	(1,790)
Disposal/Demolition	(264)	(174)	(264)	(121)
RTA, RTB, Staircasing	(103)	(279)	(103)	(203)
New Build	262	380	262	380
Other	(842)	10	(53)	10
As at 31 March	**64,039**	**64,944**	**63,995**	**64,111**

6 Surplus on disposals of fixed assets

	Right to Buy/ Acquire £m	Second & subsequent staircasing £m	Disposal of other properties £m	Group Total 2020 £m	Group Total 2019 restated £m
Group					
Proceeds	4.1	10.9	9.3	24.3	104.8
Disposals at cost	(1.8)	(4.9)	(7.5)	(14.2)	(44.0)
Cost of sales	(0.1)	(0.4)	(0.5)	(1.0)	(2.6)
Depreciation on disposals	0.2	0.2	1.5	1.9	2.7
Impairment on disposals	-	-	-	-	-
Surplus on disposals of housing properties	**2.4**	**5.8**	**2.8**	**11.0**	**60.9**

	Right to Buy/ Acquire £m	Second & subsequent staircasing £m	Disposal of other properties £m	TGPL Total 2020 £m	TGPL Total 2019 restated £m
TGPL					
Proceeds	4.1	10.8	9.3	24.2	103.0
Disposals at cost	(1.7)	(4.9)	(7.3)	(13.9)	(41.6)
Cost of sales	(0.1)	(0.4)	(0.5)	(1.0)	(1.8)
Depreciation on disposals	0.2	0.2	1.3	1.7	1.2
Surplus on disposals of housing properties	**2.5**	**5.7**	**2.8**	**11.0**	**60.8**

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Proceeds	-	-	0.5	0.5
Disposals at cost	(0.6)	-	(1.2)	(0.9)
Depreciation on disposals	0.6	-	0.5	0.2
Surplus on disposals of other fixed assets	**-**	**-**	**(0.2)**	**(0.2)**

The prior years results have been restated for the effects of the grant treatment as set out in note 23.

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 £136,240 in their capacity as members of The Guinness Partnership Limited Board (2019: £130,656). TGPL Board members received payments of £3,500 (2019: £7,417) in their capacity as members of other Boards of the Group.

There was an average of seven members of the Executive Team during the year (2019: 8).

Group and TGPL	2020 £'000	2019 £'000
Aggregate emoluments payable to the Executive Team, excluding Board members:		
Emoluments	1,375	1,385
Benefits in kind	8	11
Pension contributions	63	66
	1,446	**1,462**
Aggregate emoluments payable to Board and Executive Team:		
Emoluments	1,511	1,516
Benefits in kind	8	11
Pension contributions	63	66
	1,582	**1,593**
Expenses reimbursed to directors not chargeable to United Kingdom Income Tax	4	4
Highest paid director – Chief Executive	285	265
Benefits in kind	1	1
Pension equivalents	15	13
	301	**279**

In the year to 31 March 2020, 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.

7 Key management personnel and employee information continued

	Group 2020 Number	TGPL 2020 Number	Group 2019 Number	TGPL 2019 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	48	38	35	26
£70,001 to £80,000	34	33	29	29
£80,001 to £90,000	23	20	11	11
£90,001 to £100,000	8	8	6	5
£100,001 to £110,000	8	6	8	8
£110,001 to £120,000	5	5	4	2
£120,001 to £130,000	5	5	2	2
£130,001 to £140,000	3	3	2	2
£140,001 to £150,000	2	2	1	-
£150,001 to £160,000	2	2	1	1
£160,001 to £170,000	-	-	3	3
£170,001 to £180,000	1	-	1	1
£180,001 to £190,000	-	-	1	1
£190,001 to £200,000	2	2	-	-
£200,001 to £210,000	2	2	-	-
£270,001 to £280,000	-	-	1	1
£290,001 to £300,000	1	1	-	-

Full time equivalents 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 2020 was 2,268 (2019: 2,301) and in TGPL was 1,410 (2019: 1,325). 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 25 (2019: 20).

7 Key management personnel and employee information continued

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Staff costs – excluding non-executive directors				
Wages and salaries	76.4	48.0	77.3	46.3
Redundancy costs	1.7	0.6	0.8	0.7
Social security costs	7.0	4.7	7.0	4.7
Pension costs (employer's contributions)	3.9	2.8	4.7	3.9
	89.0	**56.1**	**89.8**	**55.6**
Staff costs – non-executive directors				
Wages and salaries	0.1	0.1	0.2	0.1
Pension costs (employer's contributions)	-	-	-	-
	0.1	**0.1**	**0.2**	**0.1**
Total staff costs				
Wages and salaries	76.5	48.1	77.5	46.4
Redundancy costs	1.7	0.6	0.8	0.7
Social security costs	7.0	4.7	7.0	4.7
Pension costs (employer's contributions)	3.9	2.8	4.7	3.9
	89.1	**56.2**	**90.0**	**55.7**

8 Interest payable and financing costs

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
On loans repayable on maturity within five years*	0.9	0.8	0.7	0.5
On loans wholly or partly repayable in more than five years*	61.3	61.2	67.6	67.8
Amortisation of loan issue costs	1.2	1.2	0.8	0.8
Pension interest costs charged in respect of FRS 102 (note 27)	2.1	1.9	2.7	1.8
	65.5	**65.1**	**71.8**	**70.9**
Interest capitalised in respect of housing properties	(3.3)	(3.1)	(4.6)	(4.5)
Total interest payable and similar charges	**62.2**	**62.0**	**67.2**	**66.4**

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 5.32% (2019: 5.6%).

9 Surplus before taxation

	Group 2020 £m	TGPL 2020 £m	Group 2019 restated £m	TGPL 2019 restated £m
Surplus for the year is stated after charging/(crediting):				
Depreciation of housing properties	49.0	47.5	51.4	50.3
Depreciation of other fixed assets	8.6	8.3	8.5	8.1
Amortisation of Government grants	(14.6)	(14.6)	(13.9)	(13.5)
Impairment of housing properties and other fixed assets	(7.4)	(7.4)	(1.2)	(1.0)
Auditor's remuneration in their capacity as auditors, excluding VAT, including expenses	0.2	0.1	0.2	0.1
Auditor's remuneration in their capacity as auditors, excluding VAT, including expenses in respect of prior periods	0.1	0.1	-	-
Auditor's remuneration in respect of other services, excluding VAT, including expenses	-	-	-	-
Surplus on disposal of tangible fixed assets	(11.0)	(11.0)	(60.9)	(60.8)
Rent payable under operating leases	3.1	1.5	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 2020 £m	TGPL 2020 £m	Group 2019 restated £m	TGPL 2019 restated £m
Current tax:				
UK corporation tax on surplus for the year	-	-	0.1	-
Adjustments in respect of previous years	0.1	-	-	-
Current tax charge/(credit) on surplus on ordinary activities	0.1	-	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**	**-**	**0.1**	**-**
Factors affecting tax charge for the year:				
Surplus before taxation	38.3	39.1	83.5	87.1
Adjustment for surpluses not subject to tax	(37.2)	(39.1)	(84.4)	(87.0)
Surplus/(loss) on ordinary activities before tax in taxable entities	1.1	-	(0.9)	0.1
Surplus/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 20%)	0.2	-	(0.2)	-
Adjustments in respect of previous years	(0.1)	-	(0.3)	-
Total tax charge/(credit) for the year	**0.1**	**-**	**0.1**	**-**

11 Tangible fixed assets – Housing properties (Group)

	Group				
	Completed rented £m	Care & Supported £m	Leasehold & shared ownership £m	Under construction £m	Total £m
Cost					
At 1 April 2019	3,286.6	40.6	289.5	84.7	3,701.4
Additions – components capitalised	47.6	0.2	0.1	-	47.9
Additions – properties under construction	-	-	-	135.4	135.4
Transfer of engagement	-	-	-	-	-
Transfers – Investment properties	0.1	-	-	-	0.1
Schemes completed	24.2	1.2	14.6	(40.3)	(0.3)
Disposals – transferred to other RP	(0.1)	-	-	-	(0.1)
Disposals – Components	(19.0)	(0.1)	-	-	(19.1)
Disposals – Property	(6.3)	-	(7.2)	-	(13.5)
At 31 March 2020	3,333.1	41.9	297.0	179.8	3,851.8
Depreciation and leasehold amortisation					
At 1 April 2019	(632.0)	(8.1)	(16.1)	-	(656.2)
Depreciation charge for year	(46.1)	(0.5)	(2.4)	-	(49.0)
Disposals – transferred to other RP	-	-	-	-	-
Disposals – Components	13.8	-	-	-	13.8
Disposals – Property	1.7	-	0.9	-	2.6
At 31 March 2020	(662.6)	(8.6)	(17.6)	-	(688.8)
Impairment					
At 1 April 2019	(8.8)	(1.1)	(3.2)	-	(13.1)
Release for the year	6.3	0.1	1.1	-	7.5
Disposals	0.1	-	-	-	0.1
At 31 March 2020	(2.4)	(1.0)	(2.1)	-	(5.5)
Net book value					
At 31 March 2020	**2,668.1**	**32.3**	**277.3**	**179.8**	**3,157.5**
At 31 March 2019	2,645.8	31.4	270.2	84.7	3,032.1

	2020 £m	2019 £m
Expenditure on completed housing properties comprises the following:		
Capitalised costs in respect of existing properties	47.9	29.0
Costs charged to Statement of Comprehensive Income	30.2	24.9
Total costs in year incurred on existing properties	**78.1**	**53.9**
The following amounts have been included within the fixed asset table above:		
Short leasehold office premises at net book value	-	-
Capitalised development administration costs included in additions in the year	7.3	3.5

12 Tangible fixed assets – Housing properties (TGPL)

	TGPL				
	Completed rented £m	Care & Supported £m	Leasehold & shared ownership £m	Under construction £m	Total £m
Cost					
At 1 April 2019	3,180.8	40.6	289.4	85.4	3,596.2
Additions – freehold property	30.0	-	-	-	30.0
Additions – components capitalised	40.0	0.2	0.1	-	40.3
Additions – properties under construction	-	-	-	134.4	134.4
Transfers – Investment properties	0.1	-	-	-	0.1
Schemes completed	24.6	1.2	14.6	(40.3)	0.1
Disposals – transferred to other RP	(0.1)	-	-	-	(0.1)
Disposals – Components	(17.1)	(0.1)	-	-	(17.2)
Disposals – Property	(6.0)	-	(7.2)	-	(13.2)
At 31 March 2020	3,252.3	41.9	296.9	179.5	3,770.6
Depreciation and leasehold amortisation					
At 1 April 2019	(615.9)	(8.0)	(16.1)	-	(640.0)
Depreciation charge for year	(44.6)	(0.5)	(2.4)	-	(47.5)
Disposals – transferred to other RP	-	-	-	-	-
Disposals – Components	13.8	-	-	-	13.8
Disposals – Property	1.6	-	0.8	-	2.4
At 31 March 2020	(645.1)	(8.5)	(17.7)	-	(671.3)
Impairment					
At 1 April 2019	(8.5)	(1.1)	(3.2)	-	(12.8)
Release for the year	6.3	0.1	1.1	-	7.5
Disposals	-	-	-	-	-
At 31 March 2020	(2.2)	(1.0)	(2.1)	-	(5.3)
Net book value					
At 31 March 2020	**2,605.0**	**32.4**	**277.1**	**179.5**	**3,094.0**
At 31 March 2019	2,556.4	31.5	270.1	85.4	2,943.4

	2020 £m	2019 £m
Expenditure on completed housing properties comprises the following:		
Capitalised costs in respect of existing properties	40.3	27.8
Costs charged to Statement of Comprehensive Income	29.1	23.6
Total costs in year incurred on existing properties	**69.4**	**51.4**
The following amounts have been included within the fixed asset table above:		
Short leasehold office premises at net book value	-	-
Capitalised development administration costs included in additions in the year	7.3	4.7

13 Other tangible fixed assets

	Group		
	Freehold & leasehold offices £m	Plant vehicles & equipment £m	Total £m
Cost			
At 1 April 2019	35.1	52.0	87.1
Additions	0.6	16.6	17.2
Disposals at cost	(0.3)	(0.4)	(0.7)
At 31 March 2020	35.4	68.2	103.6
Depreciation, impairment and leasehold amortisation			
At 1 April 2019	(13.5)	(34.7)	(48.2)
Depreciation charge for year	(1.5)	(7.1)	(8.6)
Impairment	(0.1)	-	(0.1)
Disposals	0.3	0.3	0.6
At 31 March 2020	(14.8)	(41.5)	(56.3)
Net book value			
At 31 March 2020	**20.6**	**26.7**	**47.3**
At 31 March 2019	21.6	17.3	38.9

	TGPL		
	Freehold & leasehold offices £m	Plant vehicles & equipment £m	Total £m
Cost			
At 1 April 2019	32.9	49.1	82.0
Additions	0.6	16.1	16.7
Disposals at cost	-	-	-
At 31 March 2020	33.5	65.2	98.7
Depreciation, impairment and leasehold amortisation			
At 1 April 2019	(12.6)	(32.9)	(45.5)
Depreciation charge for year	(1.5)	(6.8)	(8.3)
Impairment	(0.1)	-	(0.1)
At 31 March 2020	(14.2)	(39.7)	(53.9)
Net book value			
At 31 March 2020	**19.3**	**25.5**	**44.8**
At 31 March 2019	20.3	16.2	36.5

14 Investment properties

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
At 1 April	0.2	0.1	0.7	0.7
Transfer to / (from) general needs	(0.1)	(0.1)	(0.5)	(0.6)
Revaluation gains		-	-	-
At 31 March	**0.1**	**-**	**0.2**	**0.1**

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, the remaining property in TGPL was converted to a general needs tenancy.

15 Fixed asset investments

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Homebuy and equity loans	9.4	9.4	10.0	9.8
Other investments	4.0	4.0	4.0	4.0
	13.4	**13.4**	**14.0**	**13.8**

16 Investment in subsidiaries

	TGPL 2020 £m	TGPL 2019 £m
City Response Limited	2.0	2.0
Guinness Developments Limited	15.1	15.1
Guinness Homes Limited	25.0	25.0
Hallco 1397 Limited	1.6	27.0
	43.7	**69.1**

On 31 March 2020, the freehold property in Hallco 1397 Limited was purchased by TGPL at its market value of £30.0m. The investment by TGPL in Hallco 1397 Limited reduced at the point of freehold acquisition.

17 Stock

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Properties completed for outright sale	-	-	-	-
Properties completed for shared ownership	5.5	5.5	4.4	4.4
Properties under development for outright sale	186.3	0.2	153.1	-
Properties under development for shared ownership	16.3	16.3	7.8	7.8
Stocks of maintenance materials	0.5	-	0.6	-
Total stock	**208.6**	**22.0**	**165.9**	**12.2**

18 Debtors

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Amounts falling due within one year				
Rents and service charges receivable	15.4	15.2	17.0	16.3
Less: provision for bad and doubtful debts	(8.0)	(7.9)	(9.1)	(8.7)
	7.4	**7.3**	**7.9**	**7.6**
Social housing grant receivable	0.5	0.5	4.0	4.0
Amounts due from group companies	-	168.8	-	141.6
Other debtors and prepayments	9.6	5.6	23.8	20.8
	17.5	**182.2**	**35.7**	**174.0**
Amounts falling due after one year				
Debt service reserves	78.9	78.9	67.5	67.5
	96.4	**261.1**	**103.2**	**241.5**

19 Creditors: amounts falling due within one year

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Loans repayable within one year (note 21)	17.9	17.3	32.7	32.2
Trade creditors	16.4	11.5	11.5	4.7
Taxation and social security	2.2	1.5	2.3	1.6
Corporation tax	-	-	-	-
Other creditors	36.3	33.6	32.4	32.5
Accruals and deferred income	44.3	39.9	40.0	35.1
Government grants - deferred income (note 23)	13.9	13.5	14.1	13.7
Disposal Proceeds Fund (note 24)	0.2	0.2	0.6	0.6
Recycled Capital Grant Fund (note 24)	0.3	0.3	9.3	9.3
	131.5	**117.8**	**142.9**	**129.7**

As at 31 March 2020, the Group and TGPL held £21.8 m (2019: £20.1m) 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 2020 £m	TGPL 2020 £m	Group 2019 restated £m	TGPL 2019 restated £m
Loans & borrowings (note 21)	1,356.9	1,353.2	1,217.4	1,213.2
Government grants - deferred income (note 23)	1,220.6	1,193.0	1,191.0	1,163.0
Disposal Proceeds Fund (note 24)	-	-	0.9	0.9
Recycled Capital Grant Fund (note 24)	24.0	24.0	17.9	11.8
	2,601.5	**2,570.2**	**2,427.2**	**2,388.9**

21 Loans & borrowings

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Loans are repayable by annual instalments:				
Within one year	17.9	17.3	32.7	32.2
One to two years	18.3	18.1	21.2	20.7
Two to five years	87.1	87.0	90.8	90.6
More than five years	656.0	652.6	623.4	619.9
Derivatives	52.5	52.5	44.5	44.5
	813.8	**827.5**	**812.6**	**807.9**
Loans are repayable by maturity:				
Two to five years	120.0	120.0	30.0	30.0
More than five years	402.5	402.5	407.5	407.5
	522.5	**522.5**	**437.5**	**437.5**
Other loans	0.3	0.3	0.4	0.4
Bond issue premium	30.1	30.1	7.9	7.9
Bond issue discount	(0.4)	(0.4)	(0.4)	(0.4)
Loan issue costs	(9.5)	(9.5)	(7.9)	(7.9)
	20.5	**20.5**	**-**	**-**
	1,356.8	**1,370.5**	**1,250.1**	**1,245.4**

Loan portfolio: During the year, the Group increased its borrowing by £106.7m and TGPL increased its borrowing by 125.1m (2019: Group: £1.2m increase, TGPL: £2.7m increase). At 31 March 2020, total borrowing for the Group was £1,356.8m and for TGPL was £1,370.5m (2019: Group: £1,250.1m, TGPL: £1,254.4m). The loans repayable by instalments after five years are due for repayment within 27 years and include £104.4m in fair value adjustments. The loans repayable on maturity after five years are due for repayment within 29 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 2020 is as follows:

21 Loans & borrowings continued

	Loans & borrowings £m	Undrawn facilities £m	Total facilities £m
As at 31 March 2020			
Less than one year	17.7	-	17.7
Within one to two years	18.3	-	18.3
Within two to five years	207.1	455.0	662.1
In five years or more	1,001.4	53.2	1,054.6
	1,244.5	**508.2**	**1,752.6**
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**

	Fixed rate maturities £m	Average interest %
As at 31 March 2019		
Less than one year	17.1	6.1%
Within one to two years	163.2	8.4%
Within two to five years	54.6	6.4%
In five years or more	765.8	5.4%
	1,000.7	**6.0%**
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%**

At 31 March 2020 80.4% (2019: 80.7%) of the Group's borrowing was at fixed rates of interest. TGPL's borrowing at fixed rates of interest was 80.7% (2019: 81.0%). 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 (2019: £0.3m).

At 31 March 2020 19.6% (TGPL: 19.3%) of the Group's borrowing was at variable rates of interest. The weighted average interest rate for all loans at 31 March 2020 including margin was 5.3% (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 2020 totalled £80.8m (2019: £80.9m) covering terms of between four and twenty years and option periods from three months to five years.

At 31 March 2020 transactions under ISDA Agreements totalled £108.3m (2019: £109.3m). The mark-to-market exposure on these was £52.5m adverse (2019: £44.9m 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 2020 of £125.4m (2019: £127.0m). The Harbour (Hermitage) £45m debenture stock has a market value at 31 March 2020 of £60.4m (2019: £58.9m). The Northern Counties £110m debenture has a market value at 31 March 2020 of £146.8m (2019: £152.3m). The Guinness Partnership Ltd £150m secured bond issued on 24 October 2014 has a market value at 31 March 2020 of £325.9m (2019: £180.3m) (fully drawn since January 2020).

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 2020, is estimated at £1,138.3m (2019: £1,053.5m).

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 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Financial assets measured at fair value				
Homebuy and equity loans	9.4	9.4	9.9	9.8
Financial assets measured at amortised cost				
Debt service reserve investments	78.9	78.9	67.5	67.5
Rent and service charges receivable	15.4	15.2	17.0	16.3
Other debtors	2.3	2.8	7.4	16.7
Cash and cash equivalents	115.0	91.5	95.8	53.8
	211.6	188.4	187.7	154.3
Financial liabilities measured at fair value through profit or loss				
Standalone hedges	(52.5)	(52.5)	(49.5)	(49.5)
	(52.5)	(52.5)	(49.5)	(49.5)
Financial liabilities measured at amortised cost				
Bank overdraft	-	-	-	-
Trade creditors	(16.4)	(11.5)	(11.5)	(4.7)
Other creditors	(36.4)	(33.7)	(33.3)	(32.1)
Amounts owed to subsidiary entities	-	-	-	-
Loans repayable within one year	(17.9)	(17.3)	(29.9)	(29.3)
Loans repayable after one year	(1,265.9)	(1,262.9)	(1,170.7)	(1,134.1)
	(1,336.6)	(1,325.4)	(1,245.4)	(1,200.2)

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.

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		
	Completed properties & equity loans £m	Properties under construction £m	Total £m
Social Housing Grant			
At 1 April 2019	1,276.9	114.6	1,382.5
Grant receivable	-	47.1	47.1
Grant transferred at completion	6.6	(6.6)	-
Reclassification	8.7	4.2	12.9
Grant transferred on disposals	(5.1)	(0.2)	(5.3)
At 31 March 2020	**1,278.1**	**159.1**	**1,437.2**
Other capital grants			
At 1 April 2019	115.1	0.3	115.4
Grant receivable	0.3	(0.3)	-
Grant reclassified to Social Housing Grant	-	-	-
At 31 March 2020	**115.4**	**-**	**115.4**
Amortisation			
At 1 April 2019 as previously stated	(301.5)	-	(301.5)
Effect of prior period adjustment	9.1	-	9.1
At 1 April 2019 as restated	(292.4)	-	(292.4)
Released to income during the year	(13.4)	-	(13.4)
Reclassification	(12.9)	-	(12.9)
Transferred on disposals	0.6	-	0.6
At 31 March 2020	**(318.1)**	**-**	**(318.1)**
Net deferred income at 31 March 2020			
Deferred income to be released in less than one year	13.9	-	13.9
Deferred income to be released in more than one year	1,061.5	159.1	1,220.6
At 31 March 2020	**1,075.4**	**159.1**	**1,234.5**
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	1,089.8	101.2	1,191.0
At 31 March 2019 (restated)	**1,090.2**	**114.9**	**1,205.1**

23 Government grants – deferred income continued

	TGPL		
	Completed properties & equity loans £m	Properties under construction £m	Total £m
Social Housing Grant			
At 1 April 2019	1,231.8	114.6	1,346.4
Grant receivable	-	47.1	47.1
Grant transferred at completion	6.6	(6.6)	-
Reclassification	8.7	4.3	13.0
Grant transferred on disposals	(4.7)	(0.2)	(4.9)
At 31 March 2020	**1,242.4**	**159.2**	**1,401.6**
Other capital grants			
At 1 April 2019	115.1	0.3	115.4
Grant receivable	0.3	(0.3)	-
Grant reclassified to Social Housing Grant	-	-	-
At 31 March 2020	**115.4**	**-**	**115.4**
Amortisation			
At 1 April 2019 as previously stated	(294.2)	-	(294.2)
Effect of prior period adjustment	9.1	-	9.1
At 1 April 2019 as restated	(285.1)	-	(285.1)
Released to income during the year	(13.0)	-	(13.0)
Reclassification	(12.9)	-	(12.9)
Transferred on disposals	0.6	-	0.6
At 31 March 2020	**(310.4)**	**-**	**(310.4)**
Net deferred income at 31 March 2020			
Deferred income to be released in less than one year	13.5	-	13.5
Deferred income to be released in more than one year	1,034.0	159.1	1,193.1
At 31 March 2020	**1,047.4**	**159.1**	**1,206.6**
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	1,061.8	101.2	1,163.0
At 31 March 2019 (restated)	**1,061.8**	**114.9**	**1,176.7**

The restatement of the 2018/19 financial results are due to an error in the accounting of the grants on disposal of properties. This correction has resulted in additional costs within 'surplus on disposal of housing properties' in note 6, reducing the surplus by £9.1m and increasing the opening balance of the grants by £9.1m.

24 Recycled Capital Grant Fund and Disposal Proceeds Fund

Recycled Capital Grant Fund	Group £m	TGPL £m
At 1 April 2019	27.2	21.1
Inputs to fund:		
Grants recycled during the year	4.0	4.0
Interest added to the fund during the year	-	-
Recycling of grant:		
New build	(6.8)	(0.7)
At 31 March 2020	**24.4**	**24.4**
Amounts 3 years or older where repayment may be required	8.7	8.7

Disposal Proceeds Fund	Group £m	TGPL £m
At 1 April 2019	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	(1.3)	(1.3)
At 31 March 2020	**0.2**	**0.2**
Amounts 3 years or older where repayment may be required	0.2	0.2

25 Share capital

Allotted, called up and fully paid	Group 2020 £	TGPL 2020 £	Group 2019 £	TGPL 2019 £
At 1 April	8	8	8	8
Issued during the year	2	2	2	2
Cancelled during the year	-	-	-	-
At 31 March	10	10	10	10

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 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Other provisions	2.8	2.4	4.8	3.4
Growth plan	0.2	0.1	-	-
At 31 March	**3.0**	**2.5**	**4.7**	**3.4**
Other provisions:				
At 1 April	4.7	3.4	4.9	4.0
Provided during the year	0.3	0.2	1.9	1.1
Released during the year	(2.0)	(1.0)	(2.1)	(1.7)
At 31 March	**3.0**	**2.6**	**4.7**	**3.4**

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 2020 amounted to £12.6m (2019: £10.7m).

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 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
SHPS	36.8	33.9	86.8	81.0
LPFA	3.4	3.4	4.6	4.6
Unfunded scheme	0.2	0.2	0.2	0.2
Other	-	-	0.1	0.1
At 31 March	40.4	37.5	91.7	85.9

Social Housing Pension Scheme (SHPS)

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, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward to the relevant accounting year-ends 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the Group's fair share of the Scheme's total assets to calculate the Group's net deficit or surplus. Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

The Group currently operates a 1/120th defined benefit career average revalued earnings (CARE) scheme for new and existing employees and a 1/80th CARE, 1/60th CARE and 1/60th final salary scheme for some existing employees, but closed to new employees. For these schemes employer contributions range between 4% and 10.5% of pensionable salaries.

27 Pension obligations continued

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

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Fair value of plan assets	256.0	239.3	241.4	225.7
Present value of defined benefit obligation	(292.5)	(273.2)	(328.2)	(306.8)
Defined benefit liability	(36.5)	(33.9)	(86.8)	(81.0)

Reconciliation of fair value of employer assets

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Fair value of plan assets at start of period	241.5	225.7	232.6	217.8
Interest income	5.7	5.3	6.0	5.6
Experience on plan assets	4.3	4.2	3.8	3.6
Contributions by the employer	11.7	10.8	9.7	8.9
Contributions by plan participants	0.2	0.2	0.1	0.1
Benefits paid and expenses	(7.4)	(6.9)	(10.7)	(10.3)
Fair value of plan assets at end of period	**256.0**	**239.3**	**241.5**	**225.7**

Reconciliation of defined benefit obligation

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Defined benefit obligation at start of period	328.2	306.8	303.9	284.5
Current service cost	5.1	4.6	4.6	4.2
Expenses	0.3	0.2	0.2	0.2
Interest Expense	7.6	7.1	7.8	7.3
Contributions by plan participants	0.2	0.2	0.1	0.1
Actuarial losses / (gains) due to scheme experience	1.1	1.0	(1.8)	(1.7)
Actuarial (gains) / losses due to changes in demographic assumptions	(2.8)	(2.7)	1.0	0.9
Actuarial (gains) / losses due to changes in financial assumptions	(39.8)	(37.1)	23.1	21.6
Benefits paid and expenses	(7.4)	(6.9)	(10.7)	(10.3)
Defined benefit obligation at end of period	**292.5**	**273.2**	**328.2**	**306.8**

27 Pension obligations continued

Defined benefit costs recognised in Statement of Comprehensive Income

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Current Service cost	5.1	4.6	4.6	4.2
Expenses	0.3	0.2	0.2	0.2
Net interest expense	1.9	1.8	1.8	1.7
Defined benefit costs recognised in SoCI	**7.3**	**6.6**	**6.6**	**6.1**

Defined benefit costs recognised in Other Comprehensive Income

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Experience on plan assets	4.3	4.2	3.8	3.6
Experience (losses) / gain arising on the plan liabilities	(1.1)	(1.0)	1.8	1.7
Effects of changes in demographic assumptions	2.8	2.7	(1.0)	(0.9)
Effects of changes in financial assumptions	39.8	37.1	(23.1)	(21.6)
Defined benefit costs recognised in OCI	**45.8**	**43.0**	**(18.5)**	**(17.2)**

Key Assumptions

	2020 p.a.	2019 p.a.
Group		
Inflation (RPI)	2.6%	3.3%
Inflation (CPI)	1.6%	2.3%
Salary growth	2.6%	3.3%
Discount rate	2.4%	2.3%
The mortality assumptions adopted imply the following life expectancies:		
Male retiring in 2020 / 2019	21.5 years	21.8 years
Female retiring in 2020 / 2019	23.3 years	23.5 years
Male retiring in 2040 / 2039	22.9 years	23.2 years
Female retiring in 2040 / 2039	24.5 years	24.7 years

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption p.a.	Change in liabilities
Group		
Discount rate	Increase of 0.1%	Decrease by 2.2%
Rate of inflation	Increase of 0.1%	Increase by 2.1%
Rate of salary growth	Increase of 0.1%	Increase by 0.0%
Rate of mortality	Probability of survivng each year increased by 10%	Increase by 2.6%

27 Pension obligations continued

Assets

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Global Equity	37.4	35.0	40.6	38.0
Absolute Return	13.3	12.5	20.9	19.5
Distressed Opportunities	4.9	4.6	4.4	4.1
Credit Relative Value	7.0	6.6	4.4	4.1
Alternative Risk Premia	17.9	16.7	13.9	13.0
Fund of Hedge Funds	0.1	0.1	1.1	1.0
Emerging Markets Debt	7.8	7.3	8.3	7.8
Risk Sharing	8.7	8.1	7.3	6.8
Insurance-Linked Securities	7.9	7.4	6.9	6.5
Property	5.6	5.3	5.4	5.1
Infrastructure	19.1	17.8	12.7	11.8
Private Debt	5.2	4.8	3.2	3.0
Opportunistic Illiquid Credit	6.2	5.8	-	-
Corporate Bond Fund	14.6	13.6	11.3	10.5
Liquid Credit	0.1	0.1	-	-
Long Lease Property	4.4	4.1	3.6	3.3
Secured Income	9.7	9.1	8.6	8.1
Liability Driven Investment	85.0	79.4	88.3	82.7
Net Current Assets	1.1	1.0	0.5	0.4
Total assets	**256.0**	**239.3**	**241.4**	**225.7**

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 2018 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 £7.3m as at 31 March 2020 (2019: £3.0m) 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 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
London Pensions Fund Authority	3.4	3.4	4.6	4.6
Unfunded scheme	0.2	0.2	0.2	0.2
Other schemes	-	-	0.1	0.1
	3.6	**3.6**	**4.9**	**4.9**

28 Analysis of changes in net debt

Group 2020	At 1 Apr 2019	Cashflows	Other Non cash changes	At 31 Mar 2020
Cash and cash equivalents				
Cash	95.8	19.2	-	115.0
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
Total	**95.8**	**19.2**	**-**	**115.0**
Borrowings				
Debt due within one year	(32.7)	-	14.8	(17.9)
Debt due after one year	(1,217.5)	(104.0)	(14.8)	(1,336.3)
Total	**(1,250.2)**	**(104.0)**	**-**	**(1,354.2)**

29 Capital commitments

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Capital expenditure that has been contracted for but has not been provided for in these financial statements	271.0	196.2	75.0	64.8
Capital expenditure that has been authorised by the Board but has not been contracted for	44.8	44.8	203.1	128.0
	315.8	**241.0**	**278.1**	**192.8**

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 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Social Housing Grant	8.3	8.3	8.0	8.0
Loan finance	26.4	93.0	18.4	28.2
First tranche sales/outright sales	236.3	94.9	48.6	28.6
	271.0	**196.2**	**75.0**	**64.8**

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 2020, the Group had minimum lease payments under such leases as set out below:

	Group 2020 £m	TGPL 2020 £m	Group 2019 £m	TGPL 2019 £m
Operating leases which expire:				
Within one year	2.7	1.4	2.3	1.4
Within one to five years	10.4	6.5	7.2	5.5
After five years	1.3	1.3	0.1	-
	14.4	**9.2**	**9.6**	**6.9**

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	
	2020 Number	2019 Number	2020 Number	2019 Number
Agency:				
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	10	10	10
Creative Support	54	55	54	55
Derby City Homes	33	33	33	33
Community Integrated Care	39	39	39	39
Sheffield Health & Social Care	18	18	18	18
Rooftop	20	20	20	20
Comfort Call	40	40	40	40
Lifeways	29	29	29	29
Riverside	36	36	36	36
HumanKind	30	30	30	30
Making Space	23	23	23	23
Karin	20	20	20	20
Others	570	510	570	510
	1,146	**1,087**	**1,146**	**1,087**

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
Forge New Homes LLP	f	Limited liability partnership	Property Development

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. Registered office: 30 Brock Street, London, NW1 3FG.

b) Live Well at Home Limited is a wholly owned subsidiary 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. Registered office: 30 Brock Street, London, NW1 3FG.

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. Registered office: 30 Brock Street, London, NW1 3FG.

d) Independent Home Life Services Limited is a wholly owned subsidiary of Live Well at Home Limited. Registered office: 30 Brock Street, London, NW1 3FG.

e) TGPL is the Corporate Trustee of The Guinness Trust. Registered office: 30 Brock Street, London, NW1 3FG.

f) In September 2019, Guinness Homes Limited entered into a joint venture arrangement called Forge New Homes for the development of new homes in the Sheffield City region. Registered office: Bull Green House, Bull Green, Halifax, England, HX1 2EB.

34 Related party transactions

During the year there were two members (2019: 2) of Committees within the Group who had tenancy agreements with the Group and one member who is a leaseholder (2019: 1). The tenancy agreements and lease were 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 2019/20 £'000	Services provided 2019/20 £'000	Debtor/(Creditor) balances as at 31 March 2020 £'000
Regulated			
Guinness Care and Support Limited	4,449	500	12,668
Guinness Housing Association Limited	-	355	7,028
Non-Regulated			
Guinness Developments Limited	22,431	366	73,234
Guinness Homes Limited	-	167	75,955
Guinness Platform Limited	8	-	52
Hallco 1397 Limited	-	-	-
City Response Limited	42,945	900	(223)

During the year, the freehold interest in property held by Hallco 1397 Limited, was purchased by TGPL in an arms length transaction, at its market value of £30.0m.

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 2020 £m	Drawn 2019 £m
Guinness Developments Limited (*)	210.6	-	-
Guinness Homes Limited (*)	210.6	68.0	60.6
Hallco 1397 Limited (*)	210.6	-	4.6
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 Post balance Sheet Event

On the 15 April 2020 the Guinness Partnership Limited successfully issued a £400m 35 year bond at a coupon of 2%. £250m was issued immediately with the remaining £150m being retained for sale at a future date.

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 & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

Bankers

National Westminster Bank plc
Barclays Bank plc
Lloyds Bank plc

Lenders

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

Our Board

Neil Braithwaite, Chair TGPL

Appointed: **17.10.13** Effective from: **01.11.13**

Neil is Chair of The Guinness Partnership Limited, a member of the Remuneration and Nominations Committee, a member of the Pensions Committee and a board member of Guinness Housing Association Limited. He is also a trustee of Barnardo's and its pension scheme, a director of the Co-Operative Academies Trust and a school governor, and a former Managing Director of the Specialist Retail Businesses of the Co-operative Group.

Mike Petter, Deputy Chair TGPL

Appointed: **13.02.14** Effective from: **01.03.14**

Mike is Deputy Chair of The Guinness Partnership Limited, Chair of the Health, Safety and Environmental Committee, Chair of the Remuneration and Nominations Committee, a member of the Group Audit and Risk Committee, Chair of Guinness Housing Association Limited and a board member of Guinness Care and Support 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; a Non-Executive Member of the Strategic Estates at the House of Commons and is a Management Consultant at Five Dimensional Management Ltd.

Samantha Pitt

Appointed: **12.02.15** Effective from: **01.03.15**

Samantha is a board member of The Guinness Partnership Limited, Chair of the Group Audit and Risk Committee, Chair of the Pensions Committee, a member of the Remuneration and Nominations Committee, and a board member of Guinness Housing Association Limited. She is a qualified accountant and pension trustee. She has a background in Treasury, Debt Financing, Investor Relations and Corporate Finance. She left Network Rail in July 2018 where she was Group Treasurer and she is now working at Law Debenture as a Pension Trustee Director. Previous roles have been in the power and telecoms sectors.

Chris Stevens

Appointed: **12.12.18** Effective from: **01.02.19**

Chris is a board member of The Guinness Partnership Limited, a member of the Health and Safety Committee and a board member of Guinness Housing Association Limited. 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, he has a wealth of commercial and operational expertise in the construction industry and has held Executive Board positions in two other organisations.

Catriona Simons

Appointed: **01.10.12** Effective from: **01.10.12**

Catriona is the Group Chief Executive of The Guinness Partnership Limited and an executive board member. She is also a board member for Guinness Homes Limited; Guinness Housing Association Limited; City Response Limited; Guinness Developments Limited; Guinness Platform Limited; Hallco 1397 Limited; Guinness Care and Support Limited and a member of the Health, Safety & Environmental Committee.

John Lougher

Appointed: **23.03.16** Effective from: **01.05.16**
Retired: **31.03.20**

John was a board member of The Guinness Partnership Limited and Guinness Housing Association Limited, and was a member of the Finance and Development Committee and 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.

Laure Duhot

Appointed: **18.05.16** Effective from: **01.07.16**
Retired: **31.07.19**

Laure was a board member of The Guinness Partnership Limited, Guinness Housing Association Limited, a member of the Group Audit and Risk Committee, the Finance and Development Committee and the Service and Performance Committee. She has a background in investment and property development, fund and asset management, corporate finance and finance. She is Managing Director of Duhot-Consult Limited. She is a Non-Executive Director of PHP Healthcare PLC and Inland Homes PLC. In April 2019, she joined Lendlease as Head of Investment and Capital Market.

Linda Sanders

Appointed: **01.04.19** Effective from: **01.04.19**

Linda is a board member of The Guinness Partnership Limited, a member of the Group Audit and Risk Committee, a board member of Guinness Care Limited, Chair of Guinness Care's Quality Assurance and Safety Committee and a board member of Guinness Housing Association Limited. She was a Local Authority Corporate Director in the West Midlands and London for some 15 years holding Statutory Adults, Children's Social Care and Housing responsibilities. She was the ADASS telecare lead and is an ADASS associate. Formerly she was the ADASS Vice President and was Co-chair of the ADASS disability network. She has undertaken consultancy for Coventry City Council where she chaired the Better Care Programme Board and led the creation of an all age disability service.

Amanda Calvert

Appointed: **31.01.17** Effective from: **31.01.17**

Amanda is a board member of The Guinness Partnership Limited, a member of the Group Audit and Risk Committee, a member of the Health and Safety Committee, and a board member of Guinness Housing Association Limited. She joined the Board from Wulvern Housing Limited and is a board member at the Medicines & Healthcare Products Regulatory Agency; a member of the advisory board of Cambridge Judge Business School; a Chartered Engineer; a former Vice President of IT risk and compliance at AstraZeneca; and the founder of Quince Consultancy.

Phil Morgan

Appointed: **31.01.17** Effective from: **31.01.17**

Phil is a board member of The Guinness Partnership Limited, a member of the Remuneration and Nominations Committee and a board member of Guinness Housing Association Limited. He was the Chair of the Service and Performance Committee. He is a housing specialist who joined the Board from Wulvern Housing Limited. He is the Chair of Health Watch Salford; Director of Phil Morgan Ltd; a member of the Greater Manchester Health Board and former Executive Director of Tenant Services at the Tenant Services Authority and former Chief Executive of TPAS.

Chris Wilson

Appointed: **26.09.18** Effective from: **01.10.18**

Chris is a board member of The Guinness Partnership Limited, Chair of Guinness Care and Support Limited, a member of the Group Audit and Risk Committee, a member of the Pensions Committee, a board member of Guinness Housing Association Limited and a member of Guinness Care's Quality Assurance and Safety Committee. He is a retired professional services partner (from KPMG) with extensive audit and advisory experience in the public sector .He is a board member and Chair of the Audit and Assurance Committee for Curo Housing Association.

Executive Team

Catriona Simons

Group Chief Executive

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

Philip Day

Group Finance Director

Appointed: **July 2017**

Peter Hedderly

Executive Director of Corporate Services

Appointed: **July 2015**

Trafford Wilson

Executive Director of Customer Services

Appointed: **August 2019**

Ian Joynson

Executive Director of Asset Management

Appointed: **November 2014**

Paul Watson

Managing Director Guinness Care and Support Limited

Appointed: **December 2007**

Jon Milburn

Group Development Director

Appointed: **June 2016**

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