Financial Statements for the year ended 31 March 2020

Creating homes. Building lives.

Jigsaw®

Contents

Company Information

Registration number	Co-operative and Community Benefit Societies Act 2014, number 29433R
Regulator of Social Housing Registration Number	LH4345
Registered office	Cavendish 249 Cavendish Street Ashton-under-Lyne Tameside OL6 7AT
Board members	F. Selvan (chair) D. Addy R. Barker (appointed April 2019) G. Brown P. Chisnell (executive member) E. Clivery G. Cooney B. Groarke B. Moran (executive member) R. O'Connell H. Roberts (executive member) T. Ryan (appointed April 2019)
Senior management team	H. Roberts, Group Chief Executive B. Moran, Deputy Chief Executive P. Chisnell, Executive Director of Finance D. Kelly, Group Director of Neighbourhoods & Support (appointed July 2019) A. Marshall, Group Director of Asset Management K. Marshall, Group Director of Development
Company Secretary	B. Moran
Bankers	National Westminster Bank Plc. Manchester City Centre Branch PO Box 305 Spring Gardens Manchester M60 2DB
Auditors	BDO LLP 3 Hardman Street Manchester M3 3AT

1. Introduction

All sewn up

Tenants from Oldham and Tameside help make costumes for the Royal Exchange Theatre's production of Wuthering Heights through one of our employment and skills projects.

Chair's Statement

On behalf of the board of management, I am very pleased to present the report and financial statements for Jigsaw Homes Group Limited for the 2019/20 financial year.

This document sets out a comprehensive account of our activities during 2019/20 and provides an insight into the efforts made by my colleagues on the board, our executive and by our staff to deliver the Group's strategic priorities:

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

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

Delivering Our Plans

These Financial Statements provide a record of our work in 2019/20, the second year following the creation of Jigsaw Homes Group through merger. I am pleased to report that much of the groundwork that was required in bringing two large organisations together has now either been completed, or will complete during the coming months.

We set out a detailed account of our work to deliver on each of our strategic priorities on pages 11–25 but to mention just a few highlights from this work, we have:

- Delivered on the efficiency savings promised by merger;
- Freed-up additional financial capacity through the creation of a group-wide treasury vehicle, *Jigsaw Treasury*;
- Put in place a first class system of internal controls;
- Simplified our governance structure;
- Created the *Jigsaw Foundation* to support good works in our neighbourhoods;
- Launched *Jigsaw Support* to manage our supported housing contracts;
- Harmonised terms, conditions and pay structures for most staff;
- Progressed our move to common IT systems; and
- Validated our stock condition data.

This has all been necessary and vital work to complete, but it has meant that we have spent rather a long time looking inwards at ourselves. It is now time to look outwards.

This is why I am particularly pleased to announce the launch of the *Jigsaw Conversation*. During the year, we will hold a series of discussions with our employees, board members, customers and partners to help us decide on what Jigsaw should look like in five years time and — most importantly — to prioritise the impact we can and will have on the world around us.

We will have important questions to consider through this work about how much more we can do to tackle the social issues affecting our communities. Ensuring building safety, improving the housing supply, increasing life chances, reducing our environmental impact and actively identifying and addressing the inequalities faced by black, Asian and minority ethnic people are at the top of our list as we set out on this journey. I hope that through your involvement in the Jigsaw Conversation you will influence our ideas and help to steer our future path.

Current Challenges

I expect that when we look back on the 2019/20 financial year, our memories will be dominated by the events of its final months — by the emergence of COVID-19 as a global pandemic and the rapid impact this had on both our day-to-day lives and the continued normal operation of our businesses.

Our initial focus as the pandemic emerged was to ensure that we acted swiftly to protect the safety of our staff and customers. To this end our *Business Continuity* work prioritised the continued safe provision of essential services such as supported housing services and emergency repairs and we tripled our capacity for home working within a matter of days. In a time of deep concern for us all, one positive that my colleagues on the board can certainly take has been the responsiveness and adaptability shown by the entire Jigsaw team during this time. On behalf of the board, I would like to put on record our sincere thanks to the team for the efforts that were so ably demonstrated during this unsettling period.

The public health response to the pandemic which has included, and may again include, severe restrictions on our corporate activity will inevitably impact on our short-term plans. This report clearly identifies the disruption to normal activity that we experienced in March and into the new financial year. Since June 2020 I am pleased to report however that we have been able to move from a focus on Business Continuity — where we ensured that essential services and activities were uninterupted — to one of *Business Recovery* — where we began to reintroduce the delivery of our full services whilst adapting to the constraints of our new operating environment. We expect this work to continue throughout the second half of 2020.

Our priorities during this phase of work will continue to be to protect our employees and customers. Initial areas of focus to August 2020 were to raise access levels for gas servicing back to normal and to increase the capacity of the gas servicing team. We have also begun to support a phased safe return to the workplace, and we will continue to provide support and a sympathetic approach to those customers who may face cuts to their income and other difficulties during this period.

We cannot yet be certain about the long term financial impact of the pandemic on our business. We have however analysed potential scenarios including a 'tail risk' where a deep and sustained recession is caused by continued disruption from the pandemic for many months to come.

Our analysis has demonstrated to the board's satisfaction that the Group has sufficient cash and covenant capacity even under this extreme scenario. As a result, we have not needed to furlough any staff under the government's Coronavirus Job Retention Scheme and we will have the financial capacity to continue with our current plans, although the necessity of working in a socially distanced manner will limit delivery for the foreseeable future. Perhaps of most note, we expect that the output of building contractors will reduce as a result of social distancing measures with a corresponding impact on our own house build and planned maintenance projects.

We face the ongoing effects of the COVID-19 pandemic then from a position of financial strength and with our team's proven ability to adapt and deliver under difficult conditions. The pandemic clearly presents us with a fluid situation however and we will remain vigilant. We will continue to closely monitor our cash and covenant position throughout this period, and the board have agreed on the circumstances in which *Recovery Plan* options will be considered.

Our conclusion is that the Group will remain in a position of strength to play our part in helping the country recover when the pandemic passes, particularly through investment in building new homes. I am confident that we remain well placed to fulfil our Mission of:

"Creating homes. Building lives."

Fay Selvan

Group Chair

Our vision:

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

Our mission:

Creating homes. Building lives.

Our values and behaviours:

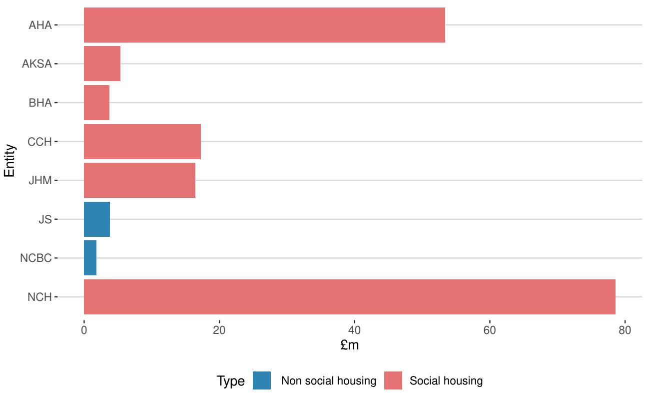
About Jigsaw Homes Group

Jigsaw Homes Group was formed in 2018 through the merger of two of the housing sector's leading organisations: Adactus Housing Group and New Charter Housing Trust. The Group comprises 15 organisations working in unison to tackle inequality throughout the North West and East Midlands.

The largest members of the Group are:

- Adactus Housing Association Ltd (AHA).
- AKSA Housing Association Ltd (AKSA).
- Beech Housing Association Ltd (BHA).
- Chorley Community Housing Ltd (CCH).
- Jigsaw Homes Midlands (JHM)[1].
- Jigsaw Support Ltd (JS).
- New Charter Building Company Ltd (NCBC).
- New Charter Homes Ltd (NCH).

As measured by financial turnover, together we are the 30th largest housing group in the country[2]. The turnover of the Group's principal members is shown in Figure 1 on page 7.



Source: financial statements 2019/20.

Figure 1: Turnover analysis — the vast majority of the Group's turnover is based on social housing activities.

Our Activities

Our members build, renovate and manage low-cost housing for rent and sale.

The core of our business is centered on the management of 34,951 homes — principally social housing for rent. The location of homes managed by our members is shown in Figure 2 on the current page. The Group is active in 30 local authority areas.

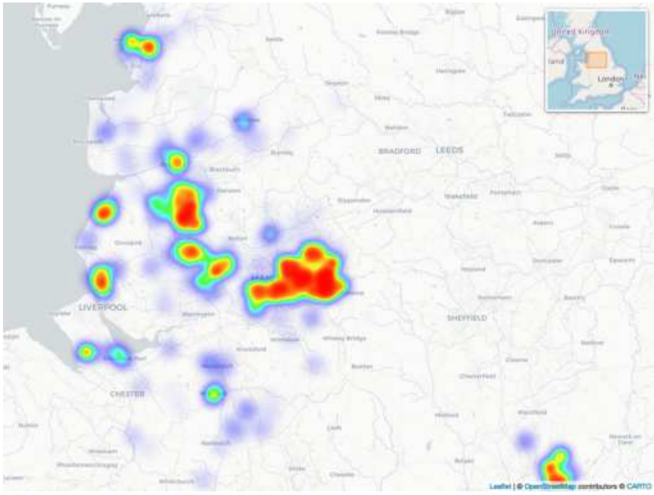


Figure 2: Location of housing stock — shading shows concentrations in Greater Manchester, Lancashire, Nottinghamshire and Merseyside.

We work to help regenerate neighbourhoods and increase life opportunities for disadvantaged individuals and communities. Our largest members are six housing associations, regulated by the Regulator of Social Housing (RSH) and legally known as Registered Providers. The latest *Regulatory Judgement* by the RSH confirms that Jigsaw is fully compliant with the RSH's *Regulatory Standards* — our published ratings for governance and viability are 'G1' and 'V1' respectively.

We also provide a range of charitable and supported housing services to help people live independently and to successfully maintain their tenancies. This work is often funded through external contracts that are delivered on a commercial basis by the Group's members.

[1] Previously Gedling Homes, renamed August 2020.

[2] https://www.gov.uk/government/publications/2019-global-accounts-of-private-registered-providers

Vision, Mission and Corporate Values

Vision

Our Vision is:

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

Mission

We will do this by:

> "Creating homes. Building lives."

Corporate Values

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

- Empowerment
- Social Impact
- Efficiency
- Collaboration
- Innovation

2. Strategic Report

In safe hands

Over 98% of emergency Repairs were attended and made safe within 24hrs.

Review of the Year

In this section, we review our work during 2019/20.

Delivering Value for Money

A useful definition of *Value for Money* (VFM) is provided by the National Audit Office as the:

> "optimal use of resources to achieve the intended outcomes"[3].

It follows that a well governed and managed organisation should achieve VFM by aiming to optimally use its corporate resources to deliver its defined corporate strategy.

For regulatory purposes then, the following review of our efforts to deliver our corporate strategy together with the assessment of the Group's performance against the Regulator of Social Housing's Value for Money Metrics (on pages 19–24) is our *Value for Money Statement* for 2019/20.

Corporate Strategy

The Group's *Corporate Plan* provides a long-term focus for our work. The Corporate Plan is based on the achievement of four Strategic Priorities:

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

Each Strategic Priority is mapped to medium-term Goals. Those that were in place for 2019/20 are shown in Table 1 on page 12.

Ultimately our Strategic Priorities will be achieved by a) delivering the Key Projects approved each year within the Corporate Plan; and b) through a strong focus on operational performance. Below, we provide an account of the progress we made in each of these areas in 2019/20.

[3]https://www.nao.org.uk/successful-commissioning/general-principles/value-for-money/assessing-value-for-money/

Delivery of Key Projects

Caring for Our Customers, Our Assets and Neighbourhoods

During 2019/20 the delivery of this Strategic Priority was supported by the following projects:

- Affordability Analysis
- Asset Management Strategy
- Customer Contact Strategy
- Customer Insight Strategy
- Jigsaw Foundation
- Maintenance Delivery Model
- Neighbourhood Plans

Figure 3: New online services were launched during the year.

Our *Affordability Analysis* project looked into concerns raised by board members about the affordability of our properties. We are pleased to report that the conclusion of this work revealed that there was no systemic affordability problem with regard to our housing stock. Ensuring the affordability of our properties will continue to be of key importance to the Group.

During the year we completed work to recommend a future path for the Group's *Maintenance Delivery Model*. This project analysed the structure and performance of the existing provision of maintenance services and their administrative burden on the Group. Key issues that were addressed during the review included harmonising the terms and conditions of

Strategic Priority	Goal	Goal Date
Caring for our customers, our assets and neighbourhoods	Achieve an overall Net Promoter Score of 40	31/03/2021
	Maintain compliance with Decent Homes Standard	Throughout
	Provide £1.5m investment into community projects	31/03/2022
Building a strong corporate foundation	Maintain G1 V1 ratings across the Group	Throughout
	Deliver the business case for merger	31/03/2023
Valuing staff	Attain three star accreditation with Best Companies	31/03/2021
Growing the business	Deliver current programmes of 2,100 homes	31/03/2021
	Prepare to deliver an additional 130+ homes on current levels of output	31/03/2021
	Leverage external funding to deliver services to vulnerable groups	Throughout

Table 1: 2019/20 Strategic Priorities and Goals.

maintenance operatives, the removal of a soft internal client / contractor split in some parts of the Group, and the effective procurement of materials through in-house stores. In 2020/21 we will continue to develop our 'One Maintenance Team' model based on directly employed operatives.

The second year of our *Customer Contact* Strategy focused on the alignment of systems between the contact centre sites in Tameside and Wigan, both in terms of IT and operating practices. One of our key outcomes of this work during the year was to improve the flexibility of our telephone systems with the ultimate aim of enabling the delivery of seamless services across two sites, as a single 'virtual' contact centre. An ancillary advantage of this work became clear during our *Business Continuity* response to the COVID-19 pandemic as services were able to be maintained, uninterrupted, from the homes of our customer advisors.

The Group's *Asset Management Strategy* continued to place a primacy on the completeness and quality of the data we hold about the condition of our property portfolio. In the previous year, this work had focused on Jigsaw Homes Midlands and in 2019/20 we completed independent data audits at New Charter Homes with similar work scheduled during 2020/21 for other members of the Group. A more granular understanding of our investment requirements will lead to more effective future investment.

The *Jigsaw Foundation* continued its work in the year, providing £269k of funding to support community initiatives in the Group's areas of operation. Funding is allocated according to the preferences of our customers who vote for their preferred community projects through the innovative online consultation vehicle, 'Jigsaw Rewards'.

Investment through the Jigsaw Foundation is informed by a Neighbourhood Plan Model. By combining socio-economic data with the Group's own performance data, the model helps the Group to understand the health of its neighbourhood areas.

Figure 4: The Jigsaw Foundation funded community-based projects to benefit tenants.

Building a Strong Corporate Foundation

During 2019/20 the delivery of this Strategic Priority was supported by the following projects:

- Environmental Sustainability Strategy
- Governance Review
- Influence and Partnerships Strategy
- IT Strategy
- Pensions Provision
- Performance Dashboards
- Procurement and Stores Review
- Service Review Programme

Figure 5: We launched Jigsaw Support as part of our work to simplify our corporate structure.

During the year the Group's HR team continued to support the business through a *Service Review Programme*. Work in 2019/20 focused on consulting with over 400 staff to successfully implement the Group's 'One Maintenance Team' model for the provision of asset management services.

Two years on from the Group's foundation, our *IT Strategy* has made steady progress towards the initial goal of establishing common systems and technologies. Most importantly however, we are pleased to report that the Group was able to respond quickly and effectively to the pressures faced by the business through the COVID-19 lockdown. Most notably, over 500 staff were equiped to undertake their duties from home within a matter of days, supported by the rapid deployment of new systems.

Efforts to improve the transparency of the business continued during the year, with two projects of particular note:

Eight interactive *Performance Dashboards* were developed during the year to better communicate performance data with our board members, and were well received. Examples are shown in Figure 14.

During the year we implemented the recommendations of the *Governance Review* which had taken place in 2018/19. Through this work we greatly simplified the Group's corporate structure and clarified lines of responsibility by:

- Combining the governance of the Group's North West based landlords under a single board.
- Adopting new Rules throughout the Group.
- Dissolving three minor subsidiaries in the Group.
- Converting Gedling Homes and Threshold Housing Project to Community Benefit Societies.
- Renaming Threshold Housing Project as Jigsaw Support Limited.

Please see 'Corporate Structure and Governance' on page 29 for further information about our current board membership and governance structure.

Other projects in this area were focused on aligning practices across the Group, and making efficiency savings.

Valuing Staff

During 2019/20 the delivery of this Strategic Priority was supported by the following projects:

- Communications Strategy
- Integrated Pay Structure
- People Strategy

The main focus of all three projects in this area has been to both enable the organisational change envisaged prior to merger to happen, and to also support staff through the period of change.

During the year, we introduced a new *Integrated Pay Structure* to ensure that our employees received a consistent and fair pay offer. Through the *Service Review* programme this was successfully rolled-out to most employees across the Group. By the year-end this work had been completed across all areas of the business with the exception of grounds maintenance, caretaking and supported housing, which will all be addressed in 2020/21.

The adoption of new working practices across the Group required significant efforts to be placed on staff training during the year and this is a major focus of the Group's *People Strategy*. In total 4,256 hours of staff training were undertaken during the year.

We feel that it is important to recognise the success brought to the organisation through the hard work of our employees. To this end we celebrated two significant industry awards which relate to our work in 2019/20:

- Our innovative resident involvement platform, Jigsaw Rewards, won *Best Resident Involvement Initiative* at the Northern Housing Awards 2019.
- Our work to tackle homeslessness through the Housing First project won *Homelessness Project of the Year* at the UK Housing Awards 2019.

With the emergence of the COVID-19 pandemic towards the end of the financial year and into 2020/21, the HR and health and safety teams provided support and advice to the Group's employees during an unprecedented and unsettling period. The subsequent government lockdown severely restricted the ability of staff to undertake "normal" office-based working practices. However, we have ensured that staff have been able to undertake productive work through home-based working. The safety of our employees has been our paramount consideration during this time.

We are pleased to report that we have not needed to furlough any staff under the government's Coronavirus Job Retention Scheme.

Growing the Business

During 2019/20 the delivery of this Strategic Priority was supported by the following projects:

- Building Company Strategy
- Development Strategy
- Group Treasury Vehicle
- Social Business Strategy

Figure 6: We were selected by Legal & General Affordable Homes to help manage their North West portfolio.

The Group's *Development Strategy* supported the delivery of 532 new homes in the year, and we plan to resource a further 1,649 by 2023.

We are actively seeking to develop in 26 local authority areas throughout the North West and East Midlands.

An important area of work during the year was the realisation of proposals to form a *Group Treasury Vehicle*. This work completed shortly after the close of the financial year in May 2020. All of the housing associations in the Group, with the single exception of Beech Housing Association, are now members of a combined borrowing group managed by Jigsaw Treasury Limited. The borrowing group members pool assets, share common loan covenants, jointly guarantee funding, and have freedom to move cash within the borrowing group. The consequence of this work is to greatly increase the Group's borrowing capacity and for its members to share in the Group's collective strength.

In 2019/20 we successfully bid to partner Legal & General Affordable Homes (LGAH) as their managing agent throughout the North West. LGAH plan to rapidly scale their start-up organisation to deliver 3,000 homes across England each year from 2022 and we look forward to developing our relationship with LGAH into the medium-term.

The Group continues to deliver its *Social Business Strategy* which provides a strategic framework for contract funded work to help meet the needs of vulnerable people, adding value to the landlord services we provide. A key element of the strategy that was delivered during the year was the conversion of Threshold Housing Project Limited to a community benefit society named Jigsaw Support Limited. The organisation's new constitution will enable the future consolidation of existing contracts under Jigsaw Support Limited. The strategy also commits the Group to further targeted service provision in:

- Homelessness and housing advice services.
- Supported accommodation.
- Domestic abuse support.
- Employment support.
- Family support.
- Health services.

Board discussions during the year around the Group's *Building Company Strategy* focused on the need to retain a separate direct labour organisation in the context of the continued development of a 'One Maintenance Team' model based on directly employed operatives. Further professional advice on this matter is currently being sought.

Operational Performance

The Group has established a suite of performance measures which are monitored by the board and by Risk & Audit Committee on a quarterly basis. Year-end performance is shown in Table 2 on page 16 and is discussed below.

Caring for Our Customers, Our Assets and Neighbourhoods

Table 2 on page 16 shows that 10 of the 20 KPIS established to monitor the delivery of this strategic objective were achieved in the year.

During the final weeks of 2019/20 the COVID-19 pandemic led to a reduction in corporate activity alongside increased caution from our tenants with regard to allowing access to their homes. This directly resulted in the following targets being missed:

- Out of Date Fire Risk Assessments.
- Progress of Planned Programme.
- Properties Compliant with Gas Safety Requirements at Quarter End.
- Properties with Invalid Gas Certificates during Reporting Period.

Whilst we understand that our experience has been fairly typical in the sector, the fact that year-end targets were missed with respect to both gas and fire safety is of course a matter of concern for the board. We were however satisfied that reasonable and appropriate steps had been taken to gain access to all properties that required gas or fire safety works. Furthermore we are pleased to report that as lockdown eased somewhat in June and July 2020, and public confidence returned, we were able to increase access rates and our services have now recovered.

Of the remaining six targets that were missed in this area only one was a high priority KPI: *Customer Net Promoter Score*. This KPI target was only marginally missed at Group level but it does display wide variation across the Group's members and also between quarters. Due to the nature of how Net Promoter Score is calculated, it is prone to wider sampling error than other measures of satisfaction. An audit of this measure is planned during 2020/21 alongside research to better understand the drivers of this metric.

Building a Strong Corporate Foundation

Table 2 on the following page shows that 4 of the 6 KPIS established to monitor the delivery of this strategic objective were achieved in the year.

Again, the impact of COVID-19 directly led to one target in this area being missed — *Reinvestment* — due to the sharp decline in March 2020 of development and planned maintenance activity.

	KPI	KPI priority	Target	Actual	Trend
	Caring for our customers our assets and neighbourhoods				
	Current Tenant Arrears	Very High	3.12%	2.71%	↓
●	Customer Net Promoter Score	Very High	30	28	—
	Income Collected	Very High	99.0%	100.26%	—
●	Out-of-date Fire Risk Assessments	High	0	2	↓
	Satisfaction with Repairs	High	88.0%	88.0%	—
	Void Loss	High	0.98%	0.73%	↑
	Average Time for Non-Emergency Repairs	Medium	15 days	13.3 days	↓
	Emergencies Attended and Made Safe within 24hrs	Medium	97.0%	98.4%	—
●	Enquiry Resolved at First Point of Contact	Medium	75%	71%	↓
	Lost/Abandoned Calls	Medium	10%	10%	↓
●	Median Void Length – General Needs	Medium	20 days	32 days	↓
●	Median Void Length – Retirement Living	Medium	20 days	28 days	↓
	Median Void Length – Supported	Medium	7 days	5 days	↑
	Number of Properties Improved to Level D or above	Medium	28	39	↑
●	Progress of Planned Programme	Medium	98.0%	84%	↓
●	Properties compliant with gas safety requirements at quarter end	Medium	100%	99.9%	↓
●	Properties with Invalid Gas Certificates during Reporting Period	Medium	0	2	↓
●	Responsive and Void Cost Per Unit	Medium	£611	£659	↓
●	RIDDOR incidents	Medium	0	1	↓
	Satisfaction with handling of ASB Case	Medium	70.0%	81.4%	—
	Building a strong corporate foundation				
●	EBITDA MRI Interest Cover	Very High	211.4%	209.6%	↓
	Gearing	Very High	48.9%	47.5%	↓
	Headline Social Housing Cost Per Unit	Very High	£2,686	£2,626	↓
	Operating Margin	Very High	33.8%	35.5%	↑
●	Reinvestment	High	8.4%	7.1%	↓
	Return on Capital Employed	High	4.5%	5.0%	↓
	Valuing staff				
●	Compliance With Mandatory Training	Medium	100%	96.3%	↑
	Employee Net Promoter Score	Medium	5	58	↑
●	Employee Sickness	Medium	–	3.8%	—
●	Employee Turnover	Medium	–	1.5%	↑
	Growing the business				
●	New Supply Delivered	High	1.8%	1.6%	↑
●	Units Delivered	High	627	532	↑

● Out of target performance ↑ improving trend ↓ deteriorating trend — no change in trend.

Table 2: Quarterly KPI performance at year end.

The remaining KPI target that was not achieved in this area, *EBITDA MRI Interest Cover*, was the result of a board decision to make an early repayment of an Adactus Housing Association loan as part of the preparations to form Jigsaw Treasury Limited. Otherwise the target would have been achieved.

A summary of the Group's recent financial results is shown in Table 3 on page 19 and highlights of the Group's financial position are shown in Table 4 on page 19[4].

The board is pleased to report that *Total Comprehensive Income* amounted to £32.4m or 17.9% of turnover.

Jigsaw holds a rating with Moody's Investors Service of "A2 stable".

With regard to loan finance, during the year the Group repaid £10.6m in line with agreed debt profiles. £40.3m of loan finance was drawn-down in the year. At the year-end debt borrowings amounted to £709.4m, maturing as outlined in Note 19 to the financial statements.

Valuing Staff

Table 2 shows that 1 of the 2 KPI targets established to monitor the delivery of this strategic objective was achieved in the year.

The *Compliance With Mandatory Training* target was narrowly missed but positive progress was made in the year.

Notably, the year-end result for *Employee Net Promoter Score* far exceeded target. This was at least in part due to the strong endorsement by employees of the Group's response to the COVID-19 pandemic, with the speed of decision making and communication with employees particularly praised in feedback from employees.

Growing the Business

Table 2 shows that 0 of the 2 KPIs established to monitor the delivery of this strategic objective were achieved in the year.

The progress of the Group's development programme during 2019/20 was on target until the final quarter when the COVID-19 pandemic led to the closure of sites and a reduction in planned handovers.

In 2019/20 the Group's members delivered 532 units of affordable housing, as shown in Figure 7 on the current page.

Figure 7: New affordable housing delivered in 2019/20.

The economic impact of housing development can be estimated through the National Housing Federation's CEBR database[5].

An estimate of the impact of the Group's development activity during the year is shown in Table 5 on this page. 1,328 jobs are estimated to have been supported through the Group's investment in new development in the year.

Homes provided	Jobs supported	Impact
532	1,328	£71.6m

Table 5: Local economic impact of housing development 2019/20.

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

Through careful architectural design, the Group's housing developments also contribute to improvements to the general built environment and towards efforts to reduce carbon emissions. Figure 8 on the next page presents a selection of the new housing delivered by the Group's members in 2019/20, showcasing high design standards.

[4] Readers should note that the figures prior to 2019 relate solely to Adactus Housing Group Ltd.

[5] http://www.housing.org.uk/topics/research/economic-impact-tool/

Delivering new homes

Figure 8: Good design in new housing 2019/20.

Year	Turnover £'000	Operating expenditure £'000	Operating surplus %	Retained surplus £'000	Retained surplus %
2016	71,175	38,218	37	15,812	22
2017	74,058	37,127	41	17,240	23
2018	171,723	117,548	34	28,335	17
2019	180,256	122,693	33	27,433	15
2020	**180,934**	**120,374**	**35**	**32,434**	**18**

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

Table 3: Five-year financial performance.

Year	2020	2019	2018	2017	2016
Housing properties at cost	1,421,879	1,346,984	732,218	632,190	577,528
Properties for sale	15,394	6,166	3,280	1,208	2,147
Cash at bank and short term deposits	96,192	80,662	43,331	43,997	47,685
Creditors amounts falling due within one year	52,194	38,654	34,373	29,897	24,991
Net current assets / (liabilities)	89,434	85,105	22,182	28,289	35,314
Total assets less current liabilities	1,382,493	1,321,959	642,469	605,364	563,123
Creditors amounts falling due after more than one year	961,508	930,802	525,883	507,167	483,488
Capital and reserves	363,940	331,506	113,868	95,209	77,969

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

Table 4: Consolidated financial position.

The Group's development strategy will yield 1,649 new affordable homes between 2018 and 2023.

This is expected to inject an additional £105.1m into the local economies, supporting in excess of 1950 jobs per annum.

At 31 March 2020, 1,089 properties were on-site.

An analysis of the Group's corporate risk position at the end of the financial year is presented on page 32.

Value for Money Metrics

Introduction

The board has considered the latest annual financial benchmark information published by the Regulator of Social Housing (RSH)[6]. This information includes a series of VFM metrics covering the 'value for money cost chain' areas of *economy*, *efficiency* and *effectiveness*.

[6] https://www.gov.uk/government/publications/2019-global-accounts-of-private-registered-providers

The analysis below has informed the Group's corporate planning process and has reaffirmed its strategy to make future VFM gains in the business.

Context

The published data covers the financial year *before* the formation of Jigsaw (2017/18), and the year immediately following the Group's launch in April 2018 (2018/19)[7]. The data therefore provides an insight into the entities that comprise Jigsaw Homes Group during what we anticipate will prove to be an unusual point in the history of the Group.

It should be noted that in the first year post-merger, we began a comprehensive programme of Service Reviews to adopt common management structures and ways of working throughout the Group. By 31 March 2019, reviews had been completed for the Group's development teams, the provision of legal services, health and safety, IT, HR, governance, neighbourhood management, income collection and finance. The

[7] For 2017/18, the data published by the RSH as 'Jigsaw' is actually the pre-merger Adactus Housing Group. We have therefore used the RSH data to create *proforma* results for 2017/18 by combining the entities that would go on to form Jigsaw Homes Group.

completed reviews resulted in a significant reduction in staffing which will lead to future reductions in costs. There were however one-off costs associated with redundancies which were borne in 2018/19.

In this context of the Group's ongoing Service Reviews, and with the most significant implications for the VFM metrics, planned maintenance programmes were the subject of a moratorium during 2018/19. Non-essential property investment works were temporarily postponed whilst stock condition data was verified and a common group-wide 'One Maintenance' delivery model was agreed.

2018/19 marked the third year of the annual rent reductions imposed on the sector. Other things being equal, the impact of this is to reduce income, suppressing performance with respect to some of the 'Efficiency' VFM metrics reported below.

Analysis

Table 6 on page 21 sets out the complete VFM metrics results for all members of Jigsaw Homes Group[8] in 2017/18 and 2018/19.

As might be expected, the data shows that one year after merger there remain differences in the operating performance of the Group's members. Perhaps most notably, *Headline Social Housing Cost per Unit* is relatively high for New Charter Homes and Jigsaw Homes Midlands. Correspondingly, both organisations' measures of *Operating Margin* are low relative to other members of Jigsaw. We expect the differences in *Headline Social Housing Cost per Unit* between Group members to converge over the coming years as common approaches to the delivery of services continue to roll-out. This will have a positive future impact on several other metrics.

The most notable year-on-year movements (indicated by the bold text in the table) are with respect to the *Reinvestment* and *New Supply — Social Housing* metrics.

The Group's output of new homes fell from 905 homes in 2018 to 579 in 2019 and this has led to a corresponding fall in the *New Supply — Social Housing* metric and accounts for the vast majority (88.7%) of the reduction in the Group's *Reinvestment* metric. 2017/18 was an exceptional year for development at Adactus Housing Association and Chorley Community Housing and, as will be shown below, despite the reduced output in 2019, the Group continues to out-perform most of its peers. With that said, our plans are to further improve performance in this area, with the Group's Development Strategy aiming to deliver c. 800 homes per year from 2021/22 onwards.

The remaining fall in the *Reinvestment* metric is acounted for by the moratorium that was placed on non-essential planned maintenance work in the first year post-merger. Table 7 on page 22 disaggregates the components of the *Reinvestment* metric and shows the year-on-year movements in its constituent parts. It can be seen that the values for 'Works to existing homes' fall sharply for both Jigsaw Homes Midlands and New Charter Homes between 2018 and 2019.

Benchmarking

In a recent publication, the RSH emphasise the importance of benchmarking the VFM metrics, highlighting in particular "the value of benchmarking with organisations that have similar business models or operating area"[9].

Given the RSH's observations, and in the interests of full transparency, it is appropriate to present Jigsaw's performance in comparison to both the sector's average performance and also to two bespoke benchmark groups[10].

We have selected our two bespoke benchmark groups by applying the following conditions to the RSH's data set:

Our first, larger bespoke benchmark group, the '*Regional Competitors*' group is comprised of organisations that have been established for over 12 years with the same regional wage index as Jigsaw. This benchmark group includes 29

[8] For completeness, we have included results for Aksa although, as a smaller organisation, the Association is not included in the RSH's dataset.

[9] *Value for money metrics and reporting 2019: Annex to 2019 Global accounts*, January 2020

[10] For benchmarking purposes, we have chosen to use the 'consolidated' datasets published by the RSH to minimise the risk of intra-group transactions distorting the metrics which is a possibility within the 'entity' dataset.

Metric	AHA	Aksa	BHA	CCH	JHM	NCH	Jigsaw
2017/18							
Economy							
Headline Social Housing Cost per Unit	£2.55k	£2.76k	£1.56k	£2.01k	£3.39k	£3.10k	£2.96k
Efficiency							
Return on Capital Employed	4.6%	7.3%	4.6%	6.8%	7.0%	4.2%	4.7%
Operating Margin — Overall	41.5%	36.1%	43.8%	46.0%	26.4%	25.6%	33.1%
Operating Margin — Social Housing Lettings	43.7%	37.3%	43.5%	44.4%	26.2%	26.1%	33.6%
Gearing	38.2%	47.2%	34.9%	63.7%	22.8%	66.6%	51.3%
Reinvestment	8.2%	11.9%	0.2%	21.0%	17.1%	4.4%	8.0%
EBITDA MRI Interest Cover	205%	268%	194%	217%	276%	129%	169%
Effectiveness							
New Supply — Non-Social Housing	0%	0%	0%	0%	0%	0%	0%
New Supply — Social Housing	5.4%	0.7%	0%	9.3%	1.2%	0.6%	2.8%
2018/19							
Economy							
Headline Social Housing Cost per Unit	£2.66k	£2.77k	£1.71k	£2.11k	£3.34k	£3.16k	£3.13k
Efficiency							
Return on Capital Employed	4.2%	**4.8%**	4.1%	6.6%	7.7%	4.5%	4.5%
Operating Margin — Overall	41.3%	34.9%	39.8%	42.6%	27.3%	28.0%	30.8%
Operating Margin — Social Housing Lettings	43.9%	34.8%	39.2%	42.4%	23.5%	28.2%	34.1%
Gearing	37.9%	44.0%	33.5%	62.4%	**14.3%**	65.8%	48.8%
Reinvestment	5.4%	**5.3%**	0.4%	**13.8%**	**4.5%**	**1.7%**	**4.5%**
EBITDA MRI Interest Cover	256%	283%	171%	238%	333%	154%	186%
Effectiveness							
New Supply — Non-Social Housing	0%	0%	0%	0%	0%	0%	0%
New Supply — Social Housing	**3.1%**	**6.9%**	0%	**2.5%**	**1.3%**	**0.8%**	**1.8%**

Table 6: VFM metric results for members of Jigsaw Homes Group. Year-on-year changes are shown by blue (a decrease) or orange (an increase). Bold text highlights year-on-year changes in excess of national sector norm.

	2018/19			2017/18		
	Works to existing homes	**Development & other**	**Total Reinvestment**	**Works to existing homes**	**Development & other**	**Total Reinvestment**
AHA	0.5%	4.9%	5.4%	0.5%	7.7%	8.2%
Aksa	0.2%	**5.1%**	**5.3%**	0.3%	11.6%	11.9%
BHA	0.4%	0.0%	0.4%	0.2%	0.0%	0.2%
CCH	0.5%	**13.3%**	**13.8%**	0.6%	20.4%	21.0%
JHM	**1.4%**	**3.0%**	**4.5%**	2.3%	14.7%	17.1%
NCH	**0.8%**	0.9%	1.7%	1.5%	2.9%	4.4%
Jigsaw	0.6%	3.9%	**4.5%**	1.0%	7.0%	8.0%

Table 7: Reinvestment metric analysis. Year-on-year changes are shown by blue (a decrease) or orange (an increase). Bold text highlights year-on-year changes in excess of national sector norm.

organisations in the 2018/19 data (30 in the 2017/18 data). It has the advantage of including all of the organisations that we consider to be our regional competitors whist accounting for the two most important differences between social housing providers that are known to impact on unit costs (regional wages and the age of the organisation)[11].

Our second bespoke benchmark group starts with the *'Regional Competitors'* group but then filters out organisations that do not own and manage similar proportions of supported housing and housing for older people to Jigsaw's members[12]. We refer to this group below as the *'Similar Stock Profile'* group. This group has the advantage of accounting for differences in stock profile which are known to have a further, albeit lesser, impact on unit costs[13] but it is a smaller benchmark group, comprising only 16 organisations in the 2018/19 data (15 in the 2017/18 data) not all of which we consider to be our competitors.

Figure 9 — Figure 11 on page 23 show Jigsaw Homes Group's consolidated position for each of the regulator's value for money metrics relative to the sector as a whole and to our two bespoke benchmark groups. The Group's relative performance against its peers between 2018 and 2019 is shown through the Group's percentile placement in each years' benchmark group[14].

Note

In all three benchmark groups considered, Jigsaw places at the zero percentile for *New Supply — Non-Social Housing*. This is unsurprising, as the Group did not develop any non-social homes in 2017/18 or in 2018/19 and doing so is not a significant part of our plans moving forward. The regulator's data shows in fact that the development of non-social housing is an activity that relatively few housing associations are *directly* involved with: the sector's median result for *New Supply — Non-Social Housing* is zero and Jigsaw therefore shares its place at the zero percentile with the vast majority of other housing associations. Given this point, no further analysis of the *New Supply — Non-Social Housing* results is made in the sections below.

Benchmarking with the National Dataset

Jigsaw's position:

- Best performing quartile: 2 metrics
- Interquartile range: 6 metrics
- Lowest performing quartile: 1 metric

Figure 9 compares Jigsaw to the national housing association data published by the regulator. It

[11] See: https://www.gov.uk/government/publications/value-for-money-summary-and-technical-reports

[12] Organisations were selected with proportions of supported housing and housing for older people ± that recorded for Jigsaw.

[13] ibid.

[14] To illustrate: the Group's 2019 *Operating Margin Overall* result places on the 75th percentile nationally. This means that 75% of the organisations in this peer group recorded a lower result than Jigsaw.

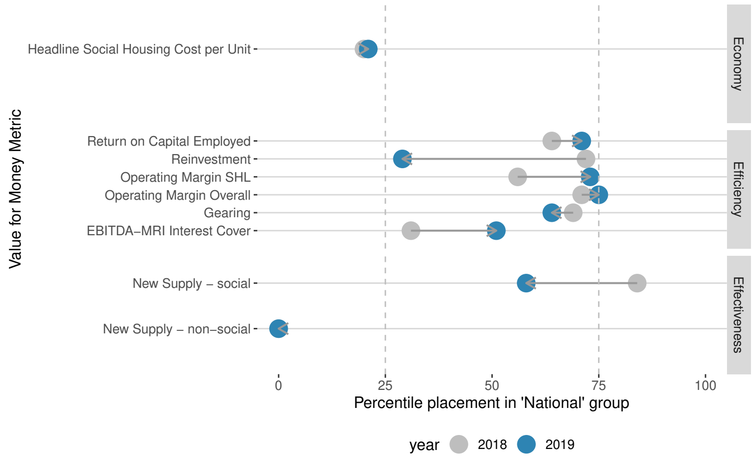


Figure 9: VFM metrics — year-on-year comparison of Jigsaw to all providers of social housing.

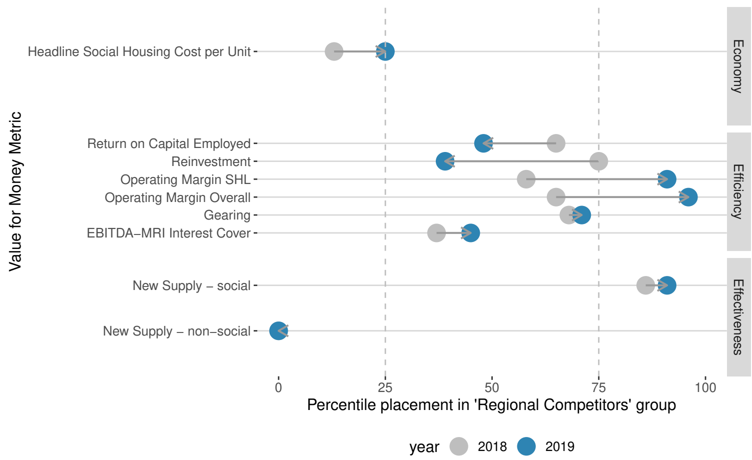


Figure 10: VFM metrics — year-on-year comparison of Jigsaw to 'Regional Competitors' benchmark group.

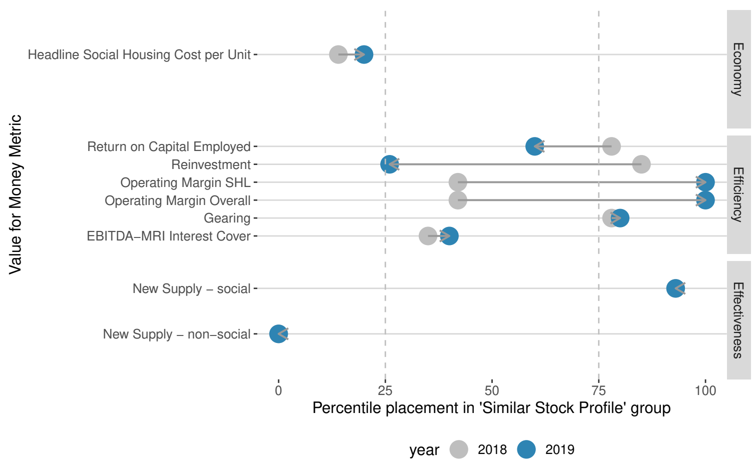


Figure 11: VFM metrics — year-on-year comparison of Jigsaw to 'Similar Stock Profile' benchmark group.

shows that Jigsaw placed in the lowest cost quartile for *Headline Social Housing Cost Per Unit* in both 2018 and 2019. Meanwhile, the Group improved its ranking between 2018 and 2019 to place just inside the top performing quartile for *Operating Margin Overall*. Two other metrics, *Return on Capital Employed* and *Operating Margin — Social Housing Lettings*, also show a relative improvement in the national benchmark group and in the 2019 data are very close to placing in the highest quartile.

Meanwhile, the Group's placement in the national data for *New Supply — Social Housing* fell between 2018 and 2019 from the highest quartile to the 58th percentile. There was also a corresponding drop in the Group's placement for *Reinvestment*.

Benchmarking with 'Regional Competitors'

Jigsaw's position:

- Best performing quartile: 4 metrics
- Interquartile range: 4 metrics
- Lowest performing quartile: 1 metric

Figure 10 compares Jigsaw to its regional competitors. It shows that the Group again places within the lowest cost quartile for *Headline Social Housing Cost Per Unit* and also records relatively high operating margin results: both *Operating Margin — Social Housing Lettings* and *Operating Margin — Overall* show a marked improvement against the benchmarked organisations between 2018 and 2019, placing within the highest quartile in the most recent year. In addition, the Group places well within the top quartile, and close to the top of the group, for *New Supply — Social Housing* in both 2018 and 2019.

The Group's relative *Gearing* is seen to increase against this benchmark group from 2018 and placed just outside of the highest quartile in 2019. As shown in Table 6 on the following page, *Gearing* actually decreased so this indicates that the *Gearing* of Jigsaw's peers tended to decrease to lower values in the same period.

Between 2018 and 2019, *Reinvestment* fell from the highest quartile to the 39th percentile and *Return on Capital Employed* is also seen to drop relative to the benchmarked peers.

Benchmarking with Organisations with a 'Similar Stock Profile'

Jigsaw's position:

- Best performing quartile: 5 metrics
- Interquartile range: 3 metrics
- Lowest performing quartile: 1 metric

Figure 11 compares Jigsaw to those regional competitors with similar proportions of supported housing and housing for older people. The themes established in the previous benchmark groups are seen to continue: Jigsaw records a consistently low *Headline Social Housing Cost Per Unit* and high levels of *New Supply — Social Housing* relative to its peers. Jigsaw's largest year-on-year movement is with respect to both measures of *Operating Margin* where the Group moves from a relatively low position in the interquartile range to the very top of the peer group. On the other hand, *Reinvestment* also falls in this benchmark group from the highest quartile in 2018 to just outside of the lowest quartile in 2019.

Conclusions

This analysis shows that Jigsaw performs well across all of the VFM metrics' themes of economy, efficiency and effectiveness and is a particularly high performer in its region.

Jigsaw Homes Group benefits from relatively low operating costs and — despite the current rent reduction regime — over 2018 and 2019 it markedly improved its generation of surpluses relative to its peers.

Furthermore, the Group's gearing position, which is higher than its regional competitors, implies that the Group's assets are being put to use to access loan finance which in combination with the Group's relatively high surpluses is funding the development of high numbers of social homes for rent.

It should be recognised that Jigsaw's *Reinvestment* metric fell markedly between 2017/18 and 2018/19 from 8.0% to 4.5% due to reductions in development and planned maintenance spend. In 2019/20 however this movement has reversed and we expect to record a result of 8.4% for the year.

Future Plans

The board approved minor revisions to its *Corporate Plan* in June 2020 as summarised in Table 8 on page 26.

With respect to influencing the VFM metrics, the following projects are of most note:

- In 2020/21 we will complete our programme of Service Reviews.
- We will raise the Group's financial capacity by pooling assets in a new treasury vehicle, Jigsaw Treasury Limited.
- We will use our improved financial capacity to increase output from the Group's Development Strategy to c. 800 units per annum from 2021/22.

However, VFM is not an adjunct to our business. Each project in our Corporate Plan supports the delivery of the Group's corporate objectives and will help improve Jigsaw's economy, efficiency and effectiveness.

As part of the new Corporate Plan, the VFM targets shown in Table 9 on page 26 were also adopted for the period to 2021/22.

An abridged version of the Group's Corporate Plan is available on the Group's website.

Corporate Priority	Goal	Goal Target
Caring for our customers, our assets and neighbourhoods	Achieve an overall Net Promoter Score of 30	31/03/2021
	Maintain compliance with the Decent Homes Standard	Throughout
	Provide £1.5m investment into community projects	31/03/2022
Building a strong corporate foundation	Maintain G1 V1 ratings across the Group	Throughout
	Deliver the business case for merger	31/03/2023
Valuing staff	Attain three star accreditation with Best Companies	31/03/2023
Growing the business	Increase development output to 800 homes per annum	31/03/2022
	Leverage external funding to deliver services to vulnerable groups	Throughout

Table 8: 2020/21 Strategic Priorities and Goals.

		Targets		
Metric	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Reinvestment (%)	7.54	7.36	5.59	7.75
New supply delivered (%)	1.59	0.89	3.06	3.25
Gearing (%)	47.73	47.31	45.99	44.52
EBTIDA MRI Interest cover (%)	201.19	203.81	228.83	246.40
Headline social housing cost per unit (£k)	2.92	2.64	2.65	2.62
OperatingMargin (%)	34.59	33.75	35.34	36.59
Return on capital employed (%)	4.53	4.50	4.51	4.71

Table 9: VFM metric targets.

3. Governance

Adactus helps re-house 25 ex-military personnel

Part of the Group's commitment to the Armed Forces Covenant since 2018.

Corporate Structure and Governance

The Group's governance structure was significantly simplified in 2019/20. The current structure is shown in Figure 12 on page 30. Figure 12 highlights how the Group uses overlapped boards to simplify its governance arrangements and to make the best use of the shared skill-set of board members and directors.

Further simplification will be undertaken through a Corporate Structures Review in 2020/21. In particular, our aim through this work will be to reduce the housing associations in the Group through merger to broadly match the number of overlapped boards.

Current Board Members

Fay Selvan

Chair of the Group board

Attendance: 4/5 80% (Board), 4/4 100% (R&N Committee)

Fay is chief executive of the Big Life Group which is a social enterprise with the mission of changing lives. It provides services for health and well-being, skills and employment, children and families. Fay is also the Chair of the International Network of Street Papers.

Dave Addy

Chair of Pensions Committee

Attendance: 5/5 100% (Board), 4/4 100% (R&A Committee)

Dave has wide ranging public sector experience as both an executive and non-executive. He has worked as chief executive of the NHS Pensions Agency and as a regional director of the Legal Services Commission. His previous non-executive experience includes service as Chair of Liverpool Citizens Advice, Treasurer at Pennine West Citizens Advice, Governor at Tameside College and Trustee at the University of Salford Students Union.

Roli Barker

Chair of the North board

Attendance: 5/5 100%

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

Gill Brown

Chair of the Commercial board

Attendance: 4/5 80% (Board), 2/3 67% (R&N Committee)

Gill is a non-executive director for St Helens and Knowsley Hospitals NHS Trust. Previous roles include governing body member for NHS Southport and Formby Clinical Commissioning Group and chief executive for Healthwatch Lancashire. Gill has also had a number of years' experience of working in the NHS in a variety of clinical, research and board roles. Gill is also a mentor for the Board Diversity Network.

Paul Chisnell

Executive Director of Finance

Attendance: 5/5 100%

Paul is Jigsaw's executive director of finance. Paul joined the Group in 2009 and is responsible for the Group's approach to treasury management and the provision of Group finance services including income collection.

Paul has developed a strong commercial background through his previous directorships with a range of independently owned businesses in the North West of England. He is particularly experienced in company funding including work with the venture capital sector.

Ed Clivery

Attendance: 5/5 100% (Board), 4/4 100% (R&N Committee)

Ed is a highly qualified banking specialist. He has spent over 20 years working in commercial and corporate banking for a number of large retail banks. He currently heads the North West Corporate business development team for Santander.

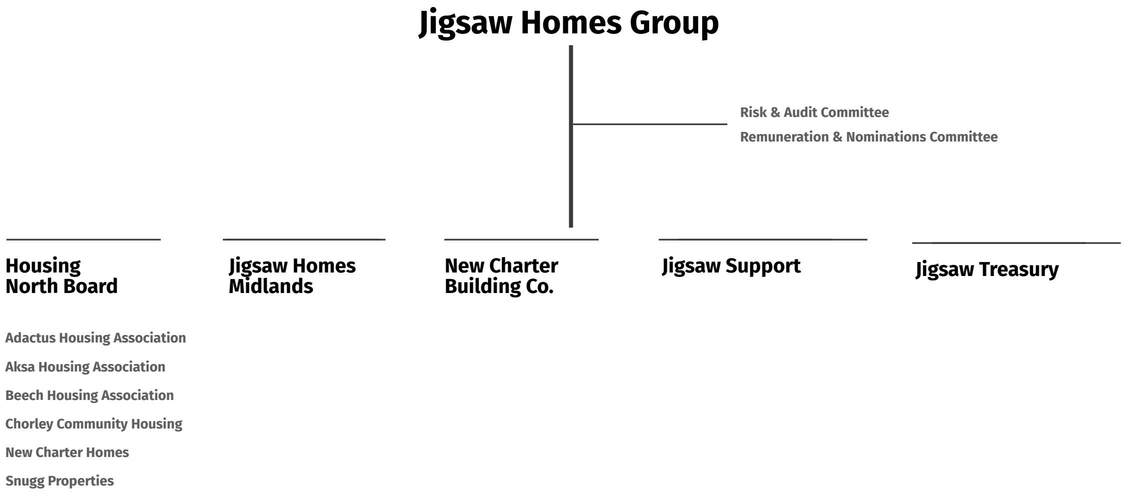


Figure 12: Corporate and governance structure — board meetings for organisations below the bold headings are held contemporaneously using overlapped meetings.

Ged Cooney

Attendance: 4/5 80%

Ged is a Tameside MBC executive cabinet member for economic growth, employment and housing. He holds the positions of chair of the Northern Local Government Pension Fund and vice deputy for the Greater Manchester Pension Fund. He is a Councillor for Droylsden West as well as a board member of another housing association based in Tameside.

Bridget Groarke

Chair of Risk & Audit Committee

Attendance: 5/5 100% (Board), 4/4 100% (R&A Committee)

Bridget is general counsel and company secretary for a global manufacturing company. She is founder and director of Commercial Compass Ltd, a business and management consultancy. Bridget has strong legal experience and has previously held a number of influential legal roles at Manchester Airport, the Co-operative Group Ltd and Intervoice Brite Ltd.

Brian Moran

Deputy Chief Executive

Attendance: 4/5 80%

Brian is Jigsaw's deputy chief executive and its company secretary. Brian is responsible for the Group's governance arrangements and for developing the strategic direction of the Group's corporate services which include the Connect service, IT, marketing, business analysis and regulatory work.

Brian has a research background and is highly experienced in data analysis.

Richard O'Connell

Attendance: 4/5 80% (Board), 4/4 100% (R&A Committee)

Richard is currently the director of resources for the Parliamentary and Health Service Ombudsman in England. As a qualified accountant, he has previously worked at PWC and as a management consultant with IBM and Capgemini. He has a wide range of experience in business and IT transformation in a number of organisations in the charitable, public and private sectors.

Hilary Roberts

Group Chief Executive

Attendance: 4/5 80%

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

She has a strong background in business growth and property development having held senior roles in this area for over 20 years.

Tim Ryan

Chair of the South board

Attendance: 4/5 80%

Tim is director of Volute Ltd, a digital development agency which creates websites, apps and learning management systems for universities, the NHS and private sector organisations. He is a registered architect and previously had a career in social housing property development.

Corporate Responsibility

Employees

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

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

Diversity and Inclusion

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

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

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

Modern Slavery and Human Trafficking Statement

The Group is absolutely committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking.

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

Streamlined Energy and Carbon Reporting (SECR)

The Green House Gas emissions and energy usage for Jigsaw Homes Group for the period April 2019 to March 2020 are reported below. We have decided to disclose emissions for the whole Group to show good practice in reporting and completeness of activities.

Scope 1 & Scope 2 Emissions

Table 10 on page 32 summarises Scope 1 and Scope 2 emissions.

Scope 3 Emissions

We are able to calculate some of our scope 3 emissions based on our 2020 SHIFT Sustainability Report and from our energy invoices. We calculate these to be 97,805.6 t CO_2e and this includes emissions from downstream leased assets, business travel, transmission and distribution of electricity. We have not yet been able to calculate emissions from upstream activities such as purchased goods and services, and capital goods.

Methodology Used

The reporting boundary covers the emissions within the operational control of Jigsaw Homes Group. We have followed the 2019 UK Government environmental reporting guidance. We have used the GHG *Protocol Corporate Accounting and Reporting Standard (revised edition)* and emission factors from the UK Government's *GHG Conversion Factors for Company Reporting 2019* to calculate the above disclosures.

	Emission Source	Units	Activity Data	tCO_2e
Scope 1	Combustion of gas for heating offices and communal areas of housing stock	kWh	25,734,990	4,731.38
	Combustion of fuel for transport purposes	l	528,000.43	1364.74
	Refrigerants and other process gases from own maintenance activities	kg	250	0.75
Total Scope 1				**6,096.87**
Scope 2	Purchased electricity (location based)	kWh	8,691,442	**2,221.53**
Total Scope 1 & 2				**8,318.40**
Intensity Ratio				**0.26t CO_2e /home managed**[a]

Table 10: SECR Scope 1 and Scope 2 Emissions.

[a] Based on 33,349 homes being managed during the reporting period.

Energy Efficiency Action

In the reporting year we have upgraded all our independent living scheme buildings to include energy efficient LED lighting. All lighting that we replace in communal areas is fitted with LED lights. At our offices at Turner House all the lights were changed to LED panels.

We are also supporting our tenants to reduce energy by fitting LED lights in some kitchens and bathrooms and providing them with replacement bulbs.

We have continued to use a scheduling system to help reduce travel distances and ensure drivers are directed to jobs close to their current location to help reduce mileage.

This is the first year that we have been required to report our carbon emissions. This data will form our carbon baseline and allow us to track progress in carbon reduction in subsequent years. This will feed into our new Sustainability Strategy which will be published next year.

Further Information

There is some uncertainty within the data as we did not have a full set of mileage data and approximately half of the estate does not have smart meters. Where data was missing, an average, based on known data, was calculated. All electricity and gas data is taken from invoices and much of this was from estimated meter readings. We are working on improving our data collection and verification.

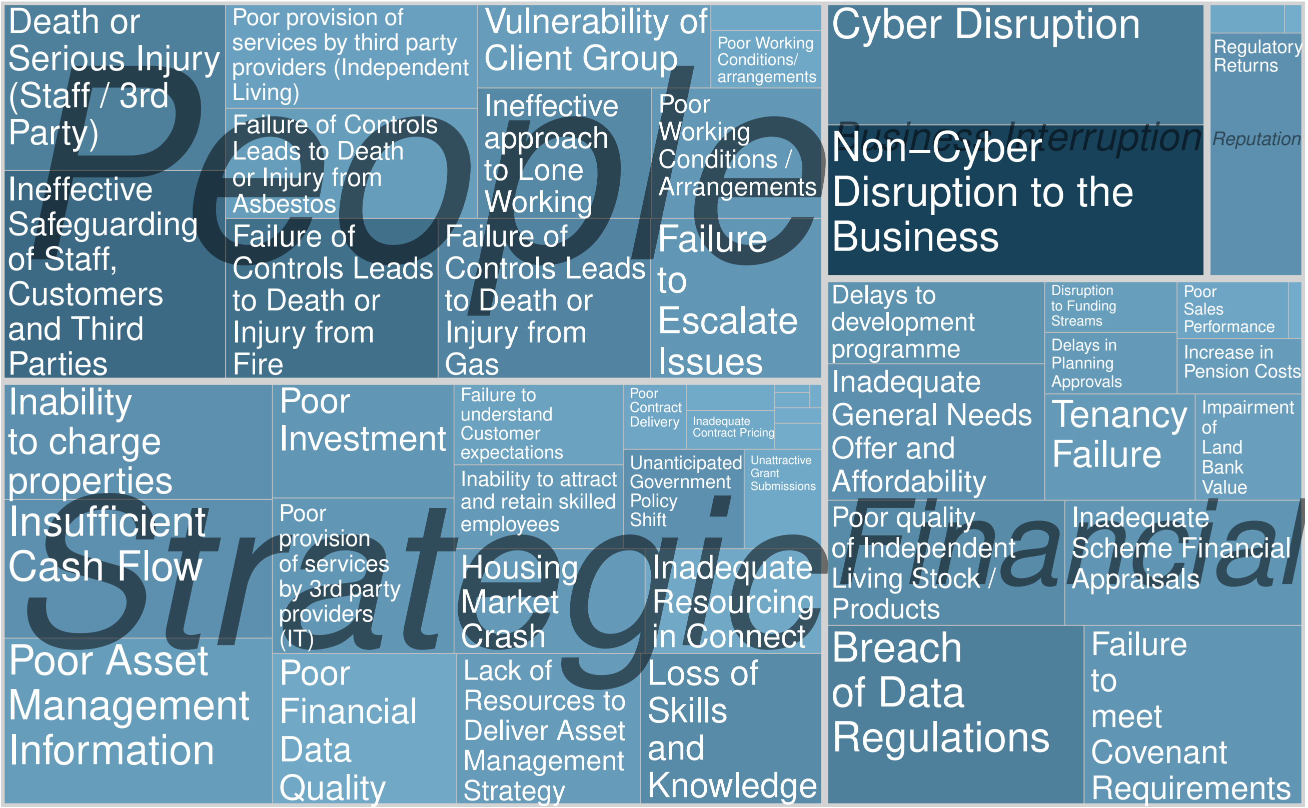
Risk Management and Internal Controls

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

Risk Management

Figure 13 on page 33 summarises the Group's risk map at 31 March 2020. The assessment shows 54 risks which could impact on the delivery of the Group's corporate objectives categorised by the impact areas of 'People', 'Strategic', 'Financial', 'Business Interuption' and 'Reputation'.

The diagram highlights that the ongoing COVID-19 pandemic has exposed the Group to a significant



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

Figure 13: Risk analysis — the ongoing COVID-19 pandemic has resulted in a significant risk to the business of Non-Cyber Business Disruption.

risk of Non-Cyber Business Disruption. This is a risk to which we were responding to at 31 March 2020. At the time of writing we can report that the Group's Business Continuity measures ensured that essential services were maintained throughout the period of national lockdown. However given the potential for future national or regional lockdowns to occur, the risk of disruption to the business remains significant and our business continuity team continues to meet regularly to anticipate and react to changes in government policy.

Elsewhere, the Group's controls work to mitigate the likelihood or impact of risks. As a result, the residual assessment of all but one risk falls within the acceptable levels defined in the Group's *Risk Management Strategy*.

Figure 13 also shows how the Group's risk register is dominated by 'People' risks — predominantly health & safety and safeguarding concerns. We have adopted comprehensive policies in both of these areas to ensure that these risks are given due attention.

Our most significant residual risks are:

- Non-Cyber Disruption to the Business.
- Failure of Controls Leads to Death or Injury from Fire.
- Death or Serious Injury (Staff / 3rd Party).
- Ineffective Safeguarding of Staff, Customers and Third Parties.
- Cyber Disruption.
- Breach of Data Regulations.

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

Internal Controls Assurance

The board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2019 up to the date of approval of this document.

Figure 14: Examples from the Group's suite of performance dashboards.

Key elements of the control framework include:

- Formal policies and procedures are in place, including the documentation of key processes and rules for the delegation of authorities (Scheme of Delegation). These policies and procedures are reviewed by the board and executive management team on an agreed cycle.
- A performance management framework is in place to provide monitoring information to the board and management. Employee progress against agreed, documented objectives is formally reviewed.
- Management report regularly on risks and how these are managed.
- The board receives quarterly information on the financial performance of the business together with a summary of key performance indicators covering the main business risks.
- Forecasts and budgets are prepared which allow the board and management to monitor financial objectives and risks. Monthly management accounts are prepared promptly and reported to board on a quarterly basis; with significant variances from budget investigated and accounted for. This reporting includes the monitoring of all loan covenants.
- There is a robust approach to treasury management supported by third party advisors.
- Regular monitoring of loan covenants and requirements of new loan facilities is in place.
- All significant new initiatives and projects are subject to formal appraisal and authorisation procedures by the appropriate board with clear links to the requirements of the Risk Management Policy.
- The Remuneration and Nominations Committee has oversight of the Group's approach to board appraisal, recruitment and succession.
- Experienced and suitably qualified employees are responsible for important business functions.
- A co-sourced internal audit service is provided by the Group, incorporating a team managed by a qualified, full-time employed audit manager complemented by third party expertise. The Risk & Audit Committee approves the annual audit plan and reviews internal audit reports as well as those from management and any third-party reviews including reports from tenant scrutiny.
- The Risk & Audit Committee reports quarterly to the board and reviews the assurance procedures, ensuring that an appropriate range of techniques is used to obtain the level of assurance required by the board.
- Risks are identified, assessed and documented in a risk register with details of how each risk will be managed. The risk register is reviewed on a quarterly basis by the executive management team and Risk &

Audit Committee. Quarterly risk updates are also provided to each board within the Group. Internal audit independently reviews the risk identification procedures and control process implemented by management and reports to Risk & Audit Committee.

- The executive management team also reports to the board on significant changes in the business and external environment which affect significant risks.
- The Group's *Probity and Anti-Fraud Policy* clearly lays out the approach to be taken with respect to whistle-blowing, anti-corruption and fraud.
- The Risk & Audit Committee and board review and approve this statement of the Group's internal controls assurance.
- A theft and fraud register is maintained by the Group Company Secretary and any fraud is reported to the Risk & Audit Committee.

Figure 15: Our tenant scrutiny panels undertake deep-dive investigations into areas voted for by tenants.

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

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

Interest Rate Risk

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

The Group currently borrows from a variety of lenders at both fixed and floating rates of interest. The Group's *Treasury Management Strategy* targets the level of fixed rates of interest to be up to 100% of its loan portfolio. At the year-end 80% (2019: 86%) of borrowings were at fixed rates between 2.1% and 10.9% with an average borrowing rate of 4.5%.

Jigsaw Homes Midlands had a £6m potential exposure to an RPI-linked loan during the year. However the board is pleased to report that this exposure has been removed following the successful refinancing completed for in June 2019. Consequently, the Group has no exposure to derivative-based hedging structures.

Liquidity Risk

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

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

With respect to short term liquidity, at the year-end the Group had access to £3.6m (2019: £6.5m) of cash balances and in excess of £72.7m (2019: £113.1m) of undrawn committed bank facilities.

Credit Risk

The Group operates a prudent policy in respect of funding counterparties and aims to minimise the risk of financial loss or liquidity exposure associated with any counterparty. Short term investments are widely diversified and are kept at a minimum by temporarily repaying revolving credit facilities in order to manage working capital requirements. During 2020 all cash investments were held with counterparties which met the requirements of Group's *Treasury Management Strategy*.

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

Unregulated Subsidiaries

The Group has a number of unregulated subsidiaries which traded in the year (see page 48). They are managed and monitored under the same internal control framework as outlined above.

There is no detrimental financial risk to the Group should the unregulated subsidiaries cease operations at any point as their assets exceed their liabilities.

Compliance

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

NHF Code of Governance

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

Regulatory Framework

The Group is subject to the Regulator of Social Housing's Regulatory Framework. The board is pleased to report full compliance.

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

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

Under the Co-operative and Community Benefit Societies Act 2014 and social housing legislation the board are required to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the *Statement of Recommended Practice: Accounting by registered social housing providers 2018* have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Group and the Association and disclose with reasonable accuracy at any time the financial position of the Group and the Association and enable them to ensure that the financial statements comply 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. They are also responsible for safeguarding the assets of the Group and the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the *Statement of Recommended Practice: Accounting by registered social housing providers 2018*.

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

Going Concern

Based on the following assessment the board is comfortable that the Group continues to be a going concern and have therefore produced financial statements on a going concern basis.

The Group's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Board approved the Group's 2020/21 budget and thirty year financial plan in March 2020 and were content that these plans were affordable and that the financial statements should be prepared on a going concern basis.

The board reviewed a range of scenarios and stress tests in order to fully understand the potential impact on the financial plan, including further reductions in rental income collected and changes to economic indicators, e.g. inflation. The board will continue to review the financial plan with the executive team to make any necessary changes and continue to work with our customers and stakeholders to deliver our services.

However, the impact of the COVID-19 pandemic and its potential financial impact has meant that the executive team and board agreed amended assumptions in revising both the 2020/21 budget and financial plan, in order to obtain assurance that the Group remains a going concern over the period of twelve months from the approval of these financial statements.

The length of the COVID-19 pandemic and the impact of the measures taken by the Government to contain this are unknown and outside of the Group's control however the board have implemented processes to manage cashflow on a weekly basis and review financial stability as the situation progresses. The board approved a revised 2020/21 budget, new key performamce indicator targets and an updated 30 year financial plan as at the end of September 2020. Board approved Recovery Plans are in place should further corrective action be required.

The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has long-term financial plans which show that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The board is, to the best of its knowledge, satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the 30 year financial plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants, thus confirming the future viability of the Group.

In addition, the board has considered the anticipated impact of Brexit based on known information at this stage, assuming that the Brexit transition period will end on 31 December 2020. As a result, the board do not expect Brexit, within a period of 12 months from the approval of these financial statements, to significantly impact the finances of the Group in relation to the validity of the going concern assumption.

Auditor

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

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

Approved by the board on 17th September 2020.

Signed on their behalf on 29th September 2020:

Fay Selvan

Group Chair

Snugg Homes

The growing team at Snugg see through a booming year helping even more people own their first home.

4. Financial Statements

Independent Auditor's Report to the Members of Jigsaw Homes Group Limited

Opinion

We have audited the financial statements of Jigsaw Homes Group Limited ("the Association") and its subsidiaries ("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 financial position, the consolidated and Association statement of changes in equity, the consolidated cash flow statement 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 surplus and the Association's deficit 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.

Other Information

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

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

We have nothing to report in this regard.

Matters on Which We Are Required to Report By Exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and 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 Statement of Board Responsibilities 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 are 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.

BDO LLP, Statutory Auditor

Manchester

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

30 September 2020

Consolidated Statement of Comprehensive Income

Year ended 31 March 2020	Notes	2020 Group £'000	Association £'000	2019 Group £'000	Association £'000
Turnover	3	180,934	40,525	180,256	45,311
Cost of sales	3	(2,704)	–	(2,104)	
Operating expenditure	3	(120,374)	(43,390)	(122,693)	(47,867)
Profit on disposal of fixed assets	5	4,722	–	4,195	
Operating surplus/(deficit)	**8**	**62,578**	**(2,865)**	**59,654**	**(2,556)**
Interest receivable	6	680	31	375	14
Interest and financing costs	7	(38,112)	(1,226)	(35,221)	(1,315)
Movement in fair value of Investment Properties		–	–	169	–
Surplus/(deficit) before tax	**8**	**25,146**	**(4,060)**	**24,977**	**(3,857)**
Taxation	9	742	797	340	397
Surplus/(deficit) for the year after tax		**25,888**	**(3,263)**	**25,317**	**(3,460)**
Other comprehensive income					
Actuarial gain in respect of pension schemes	30	6,546	4,127	2,116	2,619
Total comprehensive income for the year		**32,434**	**864**	**27,433**	**(841)**

The financial statements and notes on pages 44 to 81 were approved and authorised for issue by the Board on 17th September 2020 and were signed on its behalf on 29th September 2020 by:

F. Selvan
Chair

B. Moran
Secretary

H. Roberts
Executive Member

Consolidated Statement of Financial Position

At 31 March 2020	Notes	2020 Group £'000	2020 Association £'000	2019 Group £'000	2019 Association £'000
Fixed assets					
Tangible fixed assets	12	1,292,698	3,387	1,236,493	3,577
Investment properties	13	361	–	361	–
		1,293,059	**3,387**	**1,236,854**	**3,577**
Current assets					
Stock	14	15,394	250	6,166	186
Trade and other debtors	15	26,864	13,638	34,300	9,400
Investments	16	3,178	–	2,630	–
Cash and cash equivalents	17	96,192	3,551	80,662	6,462
		141,628	**17,439**	**123,758**	**16,048**
Less: Creditors: amounts falling due within one year	18	(52,194)	(13,106)	(38,654)	(13,170)
Net current assets		**89,434**	**4,333**	**85,104**	**2,878**
Total assets less current liabilities		**1,382,493**	**7,720**	**1,321,958**	**6,455**
Creditors: amounts falling due after more than one year	19	(961,508)	–	(930,802)	–
Pension provision	30	(53,109)	(45,714)	(55,037)	(45,313)
Other provisions		(3,937)	–	(4,614)	–
Total net assets/(liabilities)		**363,940**	**(37,994)**	**331,505**	**(38,858)**
Reserves					
Revenue reserve		363,707	(37,994)	331,272	(38,858)
Designated reserve		233	–	233	–
Total reserves		**363,940**	**(37,994)**	**331,505**	**(38,858)**

The financial statements and notes on pages 44 to 81 were approved and authorised for issue by the Board on 17th September 2020 and were signed on its behalf on 29th September 2020 by:

F. Selvan
Chair

B. Moran
Secretary

H. Roberts
Executive Member

Consolidated Statement of Changes in Equity

Group	Designated reserve £'000	Restricted reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2018	**319**	**29**	**303,725**	**304,073**
Surplus from Statement of Comprehensive	–	(29)	25,345	25,316
Actuarial gain in respect of pension schemes (Note 30)	–	–	8,883	8,883
First time recognition on SHPS pension deficit (Note 30)	–	–	(6,767)	(6,767)
Transfer of reserves (restated)	(86)	–	86	–
Balance at 31 March 2019	**233**	**–**	**331,272**	**331,505**
Surplus from Statement of Comprehensive Income	–	–	25,888	25,888
Actuarial gain in respect of pension schemes (Note 30)	–	–	6,546	6,546
Balance at 31 March 2020	**233**	**–**	**363,706**	**363,939**

Association	Revenue reserve £'000	Total £'000
Balance at 31 March 2018	**(2,071)**	**(2,071)**
Surplus from Statement of Comprehensive Income	(3,460)	(3,460)
Actuarial gain in respect of pension schemes (Note 30)	6,036	6,036
First time recognition on SHPS pension deficit (Note 30)	(3,417)	(3,417)
Transfer of engagements	(35,946)	(35,946)
Balance at 31 March 2019	**(38,858)**	**(38,858)**
Surplus from Statement of Comprehensive Income	(3,263)	(3,263)
Actuarial gain in respect of pension schemes	4,127	4,127
Balance at 31 March 2020	**(37,994)**	**(37,994)**

The financial statements and notes on pages 44 to 81 were approved and authorised for issue by the Board on 17th September 2020 and were signed on its behalf on 29th September 2020 by:

F. Selvan
Chair

B. Moran
Secretary

H. Roberts
Executive Member

The results for the year relate wholly to continuing activities and the notes on pages 48 to 81 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2020	**2020**	**2019**
	£'000	**£'000**
Net cash generated from operating activities (see below)	**83,031**	**71,346**
Cash flow from investing activities		
Purchase of tangible fixed assets	(93,031)	(57,429)
Proceeds from sale of tangible fixed assets	11,081	13,378
Grants received	23,602	11,033
Interest received	680	375
	(57,668)	**(32,643)**
Cash flow from financing activities		
Interest paid	(38,971)	(35,990)
New secured loans	40,250	30,912
Repayment of borrowings	(10,566)	(27,667)
	(9,287)	**(32,745)**
Net change in cash and cash equivalents	**16,076**	**5,958**
Cash and cash equivalents at beginning of the year	83,292	77,334
Cash and cash equivalents at end of the year	**99,368**	**83,292**

	2020	**2019**
	£'000	**£'000**
Cash flow from operating activities		
Surplus for the year	25,888	25,317
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	22,852	22,420
Taxation expense	(742)	340
Net fair value losses/(gains) recognised in profit and loss	–	(169)
Decrease/(increase) in stock and properties for sale	(1,317)	(748)
Decrease/(increase) in trade and other debtors	6,072	1,816
Increase/(decrease) in trade and other creditors	(7,207)	(6,007)
Pension costs less contributions paid	4,618	3,609
Surplus on the sale of fixed assets	(1,134)	(6,289)
Adjustments for investing or financing activities:		
Government grants utilised in the year	(3,217)	(3,017)
Interest paid	38,112	34,884
Interest received	(680)	(375)
Taxation paid	(214)	(435)
Net cash generated from operating activities	**83,031**	**71,346**

The notes on pages 48 to 81 form an integral part of these financial statements.

Notes to the Financial Statements

1. Legal Status

Jigsaw Homes Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing.

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

The Association is a member of the Jigsaw Homes Group Structure (the Group), of which Jigsaw Homes Group Limited is the parent company. The Group comprises the following principal entities:

Name	Incorporation	RSH registration	Parent
Adactus Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
AKSA Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
Beech Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
Chorley Community Housing Limited	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
Cavendish Property Developments Limited	Companies Act 2006	Non-registered	JHG
Jigsaw Homes Midlands	Co-operative and Community Benefit Societies Act 2014	Registered	JHG
Jigsaw Support Limited	Co-operative and Community Benefit Societies Act 2014	Non-registered	JHG
Jigsaw Treasury Limited	Companies Act 2006	Non-registered	JHG
New Charter Building Company Limited	Companies Act 2006	Non-registered	JHG
New Charter Homes Limited	Companies Act 2006	Registered	JHG
Palatine Contracts Limited	Companies Act 2006	Non-registered	AHA
Snugg Properties Limited	Companies Act 2006	Non-registered	AHA

Table 11: Principal group members.

The board of Adactus Housing Association Limited is the corporate trustee of the James Tomkinson Memorial Cottages Trust.

During the year, the following changes to the Group's corporate structure were made:

- In November 2019, Threshold Housing Project Limited was registered as a Community Benefit Society and changed its name to Jigsaw Support Limited.
- In March 2020 Gedling Homes was registered as a Community Benefit Society and subsequently changed its name to Jigsaw Homes Midlands Limited in August 2020.
- In March 2020, Jigsaw Treasury Limited was incorporated.
- Three minor group members were dissolved during the year as part of work to simplify the Group's corporate structure: Family Support Charity, Great Neighbourhoods and The Stanley Road Management Co. Limited.

2. Principal Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with applicable law, the United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 (SORP). The Group is required under the

Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated financial statements. 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 financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in pounds sterling.

Business Combinations

On 3rd April 2018 there was a transfer of engagements of all the trade and assets, including ownership of all subsidiary undertakings, from New Charter Housing Trust Limited to Adactus Housing Group Limited. Following this merger Adactus Housing Group changed its name to Jigsaw Homes Group Limited. On merger there was equal representation of both parties within the new management structure. As a public benefit entity combination in which the rights of the controlling parties of the combined entity remain unchanged relative to other controlling parties the transaction has been accounted for following the principles of merger accounting as set out in FRS 102 section 34.

Accordingly the consolidated results, Statements of Financial Position and cash flows 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. The corresponding figures are restated by including the results of all entities for the previous period and their Statements of Financial Position for the previous accounting date.

Parent Company Disclosure Exemptions

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

- no cash flow statement has been presented for the parent company,
- 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 Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March 2020. The consolidated financial statements incorporate the financial statements of the Association and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Going Concern

Based on the following assessment the board is comfortable that the Group continues to be a going concern and have therefore produced financial statements on a going concern basis.

The Group's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Board approved the Group's 2020/21 budget and thirty year financial plan in March 2020 and were content that these plans were affordable and that the financial statements should be prepared on a going concern basis.

The board reviewed a range of scenarios and stress tests in order to fully understand the potential impact on the financial plan, including further reductions in rental income collected and changes to economic indicators, e.g. inflation. The board will continue to review the financial plan with the executive team to make any necessary changes and continue to work with our customers and stakeholders to deliver our services.

However, the impact of the COVID-19 pandemic and its potential financial impact has meant that the executive team and board agreed amended assumptions in revising both the 2020/21 budget and financial plan, in order to obtain assurance that the Group remains a going concern over the period of twelve months from the approval of these financial statements.

The length of the COVID-19 pandemic and the impact of the measures taken by the Government to contain this are unknown and outside of the Group's control however the board have implemented processes to manage cashflow on a weekly basis and review financial stability as the situation progresses. The board approved a revised 2020/21 budget, new key performamce indicator targets and an updated 30 year financial plan as at the end of September 2020. Board approved Recovery Plans are in place should further corrective action be required.

The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has long-term financial plans which show that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The board is, to the best of its knowledge, satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the 30 year financial plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants, thus confirming the future viability of the Group.

In addition, the board has considered the anticipated impact of Brexit based on known information at this stage, assuming that the Brexit transition period will end on 31 December 2020. As a result, the board do not expect Brexit, within a period of 12 months from the approval of these financial statements, to significantly impact the finances of the Group in relation to the validity of the going concern assumption.

Judgements and Key Sources of Estimation Uncertainty

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

Development expenditure

The Group capitalises development expenditure in accordance with the accounting policy described on page 54. Initial capitalisation of costs is based on management's judgement when a development scheme is confirmed, usually when board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Categorisation of housing properties

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

Impairment

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

Other key sources of estimation and assumptions:

Tangible fixed assets

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

Revaluation of investment properties

The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine fair value at 31 March 2020. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate.

Pension and other post-employment benefits

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. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least a AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

Impairment of non-financial assets

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

Following the assessment of the indicators of impairment, it was viewed that the COVID-19 pandemic was a potential trigger for impairment in relation to stock and work in progress. Following a review, no adjustment to carrying values was required.

Turnover and Revenue Recognition

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

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

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

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

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

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

Loan Interest Costs

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

Loan Finance Issue Costs

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

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the financial statements, 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 Group operates and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the year-end 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 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 value 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

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

Gift Aid

Donations payable to charitable entities within the Jigsaw Homes Group are treated as distributions and are presented within the Statement of Changes in Equity.

Tangible Fixed Assets and Depreciation

Housing properties

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

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

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Freehold land is not depreciated.

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

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

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

UELS for identified components are as follows:

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

Table 12: Useful Economic Lives.

Other fixed assets

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

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

Table 13: Fixed Asset Depreciation Rates.

Capitalisation of Interest and Administration Costs

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

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

Property Managed By Agents

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

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

Leasing

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

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

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

Investment Property

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

Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Current Asset Investments

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

Stock and Properties Held for Sale

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

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

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

Debtors and Creditors

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

Sinking Fund

Unexpended amount collected from leaseholders for major repairs on leasehold schemes and any interest recieved are included in creditors.

Impairment of Financial Assets

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

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

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

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

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

Development Agreement

A development agreement is in place with Gedling Borough Council where investment works have been identified and any VAT incurred can be reclaimed. On the Statement of Financial Position, the long term debtor and long term provision balances show the commitment to carry out the work and the liability for the cost of the work. These will both be released to the Statement of Comprehensive Income as the work is completed over the life of the agreement.

Social Housing Grant (SHG) and Other Government Grants

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

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

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

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

Non-Government Grants

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

Recycling of Capital Grant

Where SHG is recycled, as described above, the SHG is credited to a fund which appears as a creditor in the Statement of Financial Position, until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year in the Statement of Financial Position.

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

Disposal Proceeds Fund (DPF)

Receipts from the sale of certain properties less the net book value of the property and the costs of disposal were credited to the DPF until 6 April 2017. In these cases, the creditor can be carried forward until it is used to fund the acquisition of new social housing so long as this is before 6 April 2020 or the Group has sought permission from the Regulator of Social Housing to extend this period.

Retirement Benefits

Defined benefit pensions schemes

Under defined benefit accounting, for all such schemes the Group participates in, the scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Defined contribution pensions schemes

In relation to defined contribution schemes in which the Group participates in, contributions payable are charged to the Statement of Comprehensive Income in the period to which they relate.

Financial Instruments

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

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

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

Financial instruments held are classified as follows:

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

Reserves

The Group designates those reserves which have been set aside for uses which, in the judgement of the board, prevent them from being regarded as part of the general reserves of the Group.

General reserves reflects accumulated surpluses for the Group which can be applied at its discretion for any purpose.

3. Turnover

3a) Turnover, cost of sales, operating expenditure and operating surplus.

2020	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Disposal of property, plant & equipment £'000	Operating surplus £'000
Social housing lettings (Note 3c)	155,328		(100,485)	–	54,843
Other social housing activities:					
Housing management contracts	7,591	–	(5,008)	–	2,583
First tranche low cost home ownership sales	3,660	(2,704)	–	–	956
Other rental	1,915	–	(1,715)	–	200
Supporting people contract income	988	–	(885)	–	103
Other activities	9,178	–	(10,293)	–	(1,115)
Non-social housing activities:					
Disposal of fixed assets (Note 5)	–	–	–	4,722	4,722
Other activities	2,274	–	(1,988)	–	286
Total	**180,934**	**(2,704)**	**(120,374)**	**4,722**	**62,578**

3b) Turnover, cost of sales, operating expenditure and operating surplus.

2019	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Disposal of property, plant & equipment £'000	Operating surplus £'000
Social housing lettings (Note 3c)	152,475	–	(100,436)	–	52,039
Other social housing activities:					
Housing management contracts	8,138	–	(5,597)	–	2,541
First tranche low cost home ownership sales	3,052	(2,104)	–	–	948
Other rental	2,175	–	(2,096)	–	79
Supporting people contract income	1,698	–	(1,636)	–	62
Other activities	9,123	–	(9,272)	–	(149)
Non-social housing activities:					
Disposal of fixed assets (Note 5)	–	–	–	4,195	4,195
Other activities	3,595	–	(3,656)	–	(61)
Total	**180,256**	**(2,104)**	**(122,693)**	**4,195**	**59,654**

The turnover reported for the Association of £40.5m (2019: £45.3m) relates in the main to recharges for services provided to subsidiary members of the Group.

3c) Turnover and operating expenditure.

	General housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	Total 2020 £'000	Total 2019 £'000
Income					
Rent receivable net of identifiable service charges and net of voids	122,478	15,863	1,973	140,315	138,223
Service charge income	6,532	4,780	266	11,578	10,725
Charges for support services	–	557	–	557	682
Amortised government grants	2,305	456	118	2,879	2,845
Turnover from social housing lettings	**131,315**	**21,656**	**2,357**	**155,329**	**152,475**
Operating expenditure					
Management	28,555	3,333	401	32,289	31,253
Service charge costs	2,347	5,071	286	7,704	9,775
Routine maintenance	18,348	2,905	103	21,356	19,247
Planned maintenance	10,742	2,480	112	13,334	9,693
Major repairs expenditure	2,072	104	2	2,178	7,615
Bad debts	1,297	194	5	1,496	1,263
Property lease charges	108	2	–	110	153
Depreciation of housing properties	19,127	2,159	322	21,608	21,004
Depreciation of other fixed assets	126	–	–	126	30
Other costs	276	7	1	284	403
Operating expenditure on social housing lettings	**82,998**	**16,255**	**1,232**	**100,485**	**100,436**
Operating surplus on social housing lettings	**48,318**	**5,401**	**1,125**	**54,844**	**52,039**
Void losses	1,054	168	196	1,418	1,110

4. Accommodation Owned, Managed and in Development

Group	**2020 Owned**	**No. of units Managed**	**2019 Owned**	**No. of units Managed**
Social Housing				
General needs housing				
Social rent	21,330	1,303	21,747	1,393
Affordable rent	5,825	–	5,393	4
Market rent	88	–		
Intermediate rent	166	–	88	–
Sheltered housing for older people	3,147	71	3,168	71
Supported housing	568	–	563	–
Low-cost home ownership	1,009	97	873	93
Leasehold where the Group owns the freehold	1,347	–	1,286	–
Total units social housing	**33,480**	**1,471**	**33,118**	**1,561**

The Association had five units in management (2019: five).
The Group owns 255 (2019: 237) properties which are managed by others.

Group – In Development	2020 No. of units	2019 No. of units
Social Housing		
General needs housing		
Social rent	19	44
Affordable rent	872	452
Supported housing	33	–
Low-cost home ownership	165	57
Total units social housing	**1,089**	**553**

Group – Movement in the year (owned properties)	No.of units
Opening number of units at 1 April 2019	**33,118**
New units developed	532
Units sold	(180)
Units demolished	(61)
Other adjustments	71
Closing number of units at 31 March 31 March 2020	**33,480**

5. Profit on Disposal of Fixed Assets

Group	2020 £'000	2019 £'000
Proceeds of sales	11,081	8,376
Carrying value	(6,219)	(4,181)
Incidental costs	(140)	–
Total profit	**4,722**	**4,195**

6. Interest Receivable

Group	2020 £'000	2019 £'000
Bank interest receivable	680	375
Total	**680**	**375**

7. Interest and Financing Costs

Group	2020 £'000	2019 £'000
Loans and bank overdrafts	37,233	34,436
Early redemption costs	83	85
Amortisation of loan fees	120	(45)
Notional interest on RCGF/DPF (Note 21, 22)	18	28
Interest on pension deficit (Note 30)	1,459	1,614
Interest capitalised on housing properties under construction	(801)	(897)
Total	**38,112**	**35,221**

Early redemption costs relate to costs in relation to early redemption of loans totalling £4.9m during the year (2019: £9.8m).

The weighted average interest on borrowings of 4.5% (2019: 5%) was used for calculating capitalised finance costs.

8. Operating Surplus

Group	2020 £'000	2019 £'000
The operating surplus is stated after charging:		
Auditor's remuneration (excluding VAT):		
Audit of the Group financial statements*	21	16
Audit of subsidiaries	75	85
Fees payable to the company's auditor & its associates for other services to the Group		
Taxation advice	22	18
Other	3	3
Operating lease rentals:		
Land and buildings	89	211
Other	333	715
Depreciation:		
Depreciation of housing properties	21,609	21,003
Depreciation of other fixed assets	1,242	830

£3,000 (2019: £3,000) of auditor's remuneration charged to operating surplus relates to the Association.

9. Taxation

Group	2020 £'000	2019 £'000
Current tax		
Current tax on income for the year	63	166
Adjustments in respect of previous periods	(14)	(111)
Total current tax charge	**49**	**55**
Deferred tax		
Origination and reversal of timing differences	67	(383)
Adjustment in respect of previous years	76	(12)
Effect of tax rate change on opening balance	(934)	–
Total deferred tax charge	**(791)**	**(395)**
Total tax recognised in the Statement of Comprehensive Income	**(742)**	**(340)**

	2020 Current tax £'000	Deferred tax £'000	Total tax £'000	2019 Current tax £'000	Deferred tax £'000	Total tax £'000
Recognised in Statement of Comprehensive Income	49	(791)	(742)	55	(395)	(340)
Total tax	**49**	**(791)**	**(742)**	**55**	**(395)**	**(340)**

Reconciliation of effective tax rate	**2020**	**2019**
	£'000	**£'000**
Surplus for the year	25,888	25,317
Total tax expense	(742)	(340)
Surplus excluding taxation	**25,146**	**24,977**
Tax using the UK corporation tax rate of 19% (2019: 19%)	4,778	4,745
Effect of tax free income due to charitable activities	(5,244)	(5,273)
Amounts credited directly to other comprehensive income	541	1,020
Fixed asset differences	70	51
Other permanent differences	–	(625)
Other tax adjustments, reliefs and transfers	–	(129)
Net expenses not deductable for tax purposes	5	7
Income not taxable for tax purposes	(35)	(109)
Adjustments in respect of prior periods	61	(122)
Tax rate differences on deferred tax	(932)	49
Chargeable gains	41	16
Deferred tax not recognised	(27)	30
Total tax charge	**(742)**	**(340)**

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets at 31 March have been calculated based on these rates.

Deferred tax assets and liabilities	**Assets**		**Liabilities**		**Net**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Accelerated capital allowances	–	–	–	40	–	40
Unused tax losses	–	(187)	–	–	–	(187)
Other short term timing differences	–	(7,872)	–	–	–	(7,872)
Tax (assets) / liabilities	**–**	**(8,059)**	**–**	**40**	**–**	**(8,019)**

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £41,059 (2019: £14,164) in respect of capital losses carried forward and short term timing differences.

10. Directors' Remuneration

Directors (key management personnel) are defined as members of the Board, the group chief executive and any other person who is a member of the senior management team or its equivalent. There were no pension payments made in 2019/20 for the group chief executive, who was the highest paid director in the year. The Transformation Director was the highest paid director in the previous year.

Group	**2020**	**2019**
	£'000	**£'000**
Executive directors' emoluments	1,062	1,241
Amounts paid to non-executive directors	203	229
Compensation for loss of office	–	469
Contributions made to pension schemes	52	105
Emoluments payable to the highest paid Executive (excluding pension contributions)	**226**	**350**

Board members	**Total 2020**	**Total 2019**
Non-executive		
D Addy	9,500	9,500
S Akhtar	4,500	4,500
O Baker	–	2,250
S Barnes	–	750
S Bibi	–	4,500
W Bray	–	750
G Brown	16,362	15,750
A Cain	–	2,988
W Clarke	–	4,500
J Clayton	–	12,000
E Clivery	9,500	9,500
M Dunford	–	9,500
S Dunn	6,073	6,000
G Durbin	4,500	4,167
L Garsden	4,525	4,500
C Green	4,500	4,500
B Groarke	15,750	15,750
P Hoey	–	4,500
M Kenyon	5,302	4,500
A Leah	4,523	4,500
P Lees	4,525	4,500
Cllr R Lees	4,525	4,500
L M Jassi	–	14,063
B Miller	–	750
J Mutch	4,500	4,500
S Normansell	4,541	4,500
R O'Connell	9,500	9,500
G P Cooney	–	3,615
K Potts	4,500	2,250
V Ricci	–	750
M Richmond	–	4,500
M Rudkin	4,500	4,500
T Ryan	11,711	14,063
J Ryan	–	–
F Selvan	25,750	25,750
M Taylor	–	4,500
J Taylor	–	4,500
S White	4,550	1,500
J Clarke	4,125	–
G Cooney	9,500	–
M McDermott	1,880	–
T Powell	4,378	–
R Barker	10,674	–
D Jackson	2,080	–
C Beaumont	4,332	–
O Ryan	2,250	–
Total	202,856	233,146

11. Employee Information

	Group		Association	
	2020	**2019**	**2020**	**2019**
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:				
Management and administration	366	379	306	335
Development	27	24	27	24
Housing, support and care	673	644	335	433
Manual	153	198	–	–
Other	49	45	–	45
Total	**1,268**	**1,290**	**668**	**837**

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Staff costs				
Wages and salaries	38,703	38,069	21,158	24,183
Social security costs	3,468	3,483	1,988	2,223
Other pension costs	4,833	5,064	2,480	3,070
Total	**47,004**	**46,616**	**25,626**	**29,476**

Aggregate number of full time equivalent staff whose remuneration (including pension contributions) exceeded £60,000 in the period:	Group 2020	2019
£60,001 – £70,000	7	40
£70,001 – £80,000	11	7
£80,001 – £90,000	3	2
£90,001 – £100,000	3	10
£100,001 – £110,000	2	2
£110,001 – £120,000	–	3
£120,001 – £130,000	2	2
£130,001 – £140,000	–	1
£140,001 – £150,000	–	–
£150,001 – £160,000	–	1
£160,001 – £170,000	–	2
£170,001 – £180,000	–	2
£180,001 – £190,000	2	1
£190,001 – £200,000	–	1
£200,001 – £210,000	2	–
£210,001 – £220,000	–	–
£220,001 – £230,000	1	–
£230,001 – £240,000	–	–
£240,001 – £250,000	–	–
£250,001 – £260,000	–	2
£260,001 – £270,000	–	–
£270,001 – £280,000	–	–
£280,001 – £290,000	–	–
£290,001 – £300,000	–	–
£300,001 – £310,000	–	–
£310,001 – £320,000	–	–
£320,001 – £330,000	–	–
£330,001 – £340,000	–	1
£340,001 – £350,000	–	1

12. Tangible Fixed Assets

Housing properties pasted as values from below	Social housing properties for letting completed £'000	Social housing properties for letting under construction £'000	Shared ownership properties completed £'000	Shared ownership properties under construction £'000	Total housing properties £'000
Cost					
At start of the year	1,257,597	27,811	60,701	875	1,346,984
Additions to properties acquired	(30)	61,476	–	27,066	88,512
Capitalised administration costs	–	1,132	–	461	1,593
Interest capitalised	–	650	–	157	807
Transfers to/from stock	–	–	(6,707)	(1,165)	(7,872)
Reclassification cost	(543)	4	492	71	24
Component replacements	4,942	(1)	–	–	4,941
Components replaced cost	(1,782)	–	–	–	(1,782)
Schemes completed	46,630	(46,630)	24,311	(24,311)	–
Disposals cost	(6,506)	–	(4,822)	–	(11,328)
At end of the year cost	**1,300,308**	**44,442**	**73,975**	**3,154**	**1,421,879**
Depreciation and impairment					
At start of the year	128,966	–	3,770		132,736
Charge for the year	21,146	–	464	–	21,610
Components replaced	(1,782)	–	–	–	(1,782)
Reclassification	(28)	–	52	–	24
Disposals	(1,224)	–	(227)	–	(1,451)
At end of the year	**147,078**	**–**	**4,059**	**–**	**151,137**
Net book value:					
At 31 March 2020	**1,153,230**	**44,442**	**69,916**	**3,154**	**1,270,742**
At 31 March 2019	1,128,631	27,811	56,931	875	1,214,248

All properties are held on either a freehold or long leasehold basis. There are 1,934 properties held on a long leasehold basis with an associated cost of £45.9m. 97% of the remaining lease periods are greater than 70 years.

The weighted average interest on borrowings of 4.5% (2019: 5%) was used for calculating capitalised finance costs.

The Group considers its housing schemes to represent separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. During the current year, the Group has carried out a review of impairment. This review involved an assessment of existing social housing properties to determine if there has been any indicator of impairment in the current financial year. This review is done at a scheme level, which is deemed to be an appropriate level of a cash generating unit of housing property assets. Where any potential indicator as defined in FRS 102.27 *Impairment of Assets* is identified, a review of the affected scheme is undertaken to determine if an impairment is required. Examples

of key indicators for impairment include:

- Change in government policy, regulation or legislation which has a material detrimental impact.
- A change in demand for a property that is considered irreversible.
- Material reduction in the market value of properties intended to be sold.
- Obsolescence of a property or part of a property.

An assessment was carried out to identify impairment indicators linked to the fixed assets at year end. Perhaps of most note is the fact that COVID-19 has not to date had a detrimental impact on the market value of housing properties and demand remains healthy. There were no indicators identified that required a full impairment review to be carried out using the depreciated replacement cost methodology.

Group	2020 £'000	2019 £'000
Works to existing properties in the year:		
Improvement works capitalised	4,942	7,575
Amounts charged to expenditure	36,867	36,555
Total	**41,809**	**44,130**

Group – Other fixed assets	Land and buildings £'000	Motor vehicles, plant & machinery £'000	Furniture and equipment £'000	Total other fixed assets £'000
Cost				
At start of the year	24,540	600	19,878	45,018
Additions	–	69	902	971
Disposals	–	(32)	(292)	(324)
At end of the year	**24,540**	**637**	**20,488**	**45,665**
Depreciation and impairment				
At start of the year	5,845	416	16,512	22,773
Charge for the year	162	66	766	994
Disposals	248	(19)	(287)	(58)
At end of the year	**6,255**	**463**	**16,991**	**23,709**
Net book value:				
At 31 March 2020	**18,285**	**174**	**3,497**	**21,956**
At 31 March 2019	18,695	184	3,366	22,245

Other fixed assets – Association	Freehold premises £'000	IT equipment £'000	Furniture and equipment £'000	Total other fixed assets £'000
Cost				
At start of the year	3,458	13,137	–	16,595
Additions to properties acquired	–	128	–	128
At end of the year	**3,458**	**13,265**	**–**	**16,723**
Depreciation and impairment				
At start of the year	446	12,572	–	13,018
Charge for the year	36	282		318
At end of the year	**482**	**12,854**	**–**	**13,336**
Net book value:				
At 31 March 2020	**2,976**	**411**	**–**	**3,387**
At 31 March 2019	3,012	565	–	3,577

13. Investment Properties

Group	2020 £'000	2019 £'000
At start of year	361	192
Gain/(loss) from adjustment in value	–	169
At end of year	**361**	**361**

Fair value of the investment properties is based on a valuation on 31 March 2019 by independent valuer Bruton Knowles. The valuer holds a Royal Institution of Chartered Surveyors qualification and has recent experience in the location and class of investment property being valued. The valuation was made on an existing use value basis in accordance with the RICS Valuation - Professional Standards January 2014 Global & UK Edition (as amended April 2015). A formal valuation is carried out every three years.

14. Stock

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
First tranche shared ownership properties				
Completed	7,370	1,263	–	–
Work in progress	2,013	2,450	–	–
Outright sale properties				
Completed	–	1,413	–	–
Work in progress	4,840	–	–	–
Materials stock	1,171	1,040	250	186
Total	**15,394**	**6,166**	**250**	**186**

15. Trade and Other Debtors

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Rent arrears	8,649	9,418	–	–
Less: provision for bad debts	(6,156)	(5,271)	–	–
Sub-total	**2,493**	**4,147**	**–**	**–**
Trade debtors	1,959	783	–	–
Less: provision for bad debts	(533)	(26)	–	–
Sub-total	**1,426**	**757**	**–**	**–**
Prepayments and accrued income	4,408	2,707	575	708
Amounts owed by group undertakings	–	–	3,422	176
Intra – Group loans	–	–	–	–
Other taxation and social security	30	157	–	–
Social housing grant receivable	1,833	9,201	–	–
Deferred tax	8,857	8,059	8,856	8,059
Other debtors	5,742	6,723	785	457
Lease debtor	–	584		
Total due within one year	20,870	32,335	13,638	9,400
Debtors due after more than one year	2,074	1,963	–	–
Total	**26,864**	**34,300**	**13,638**	**9,400**

A number of tenants in arrears are in formal repayment agreements with the Group. An assessment of the net present value of those repayment agreements was carried out. The potential adjustment identified was insignificant and was less than the provision for bad debts against those tenancies. On this basis, no adjustment has been made in the financial statements in relation to the net present value of the repayment agreements.

The debtor due after more than one year represents the obligation to have refurbishment work carried out to the properties transferred to Jigsaw Homes Midlands (then named Gedling Homes) net of monies budgeted to be spent in 2020/21.

Gedling Borough Council entered into a contract with Jigsaw Homes Midlands (then named Gedling Homes) for it to carry out these improvement works on its behalf. Essentially the "benefit" (commitment owed) to Jigsaw Homes Midlands under the contract has created a debtor which is effectively offset by the provision stated in Note 18. The debtor will reduce as Jigsaw Homes Midlands completes the contracted work.

16. Investments

Investments relate to money held on deposit at various financial institutions and shares held in subsidiary companies (see note 1 for details of subsidiaries) .

17. Cash and Cash Equivalents

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Cash at bank	96,192	80,662	3,551	6,462
Total	**96,192**	**80,662**	**3,551**	**6,462**

18. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Loans and overdrafts (Note 19b)	18,604	5,714	–	
Trade creditors	3,335	3,258	274	330
Social housing grant received in advance	353	2,013	–	–
Amounts owed to group undertakings	–	–	10,019	10,292
Funds held on behalf of homeowners	1,191	1,037	–	–
Rents and service charges paid in advance	4,823	3,767	–	–
Deferred tax	45	40	–	–
Corporation tax	5	164	–	–
Other taxation and social security payable	1,114	1,702	506	617
Accruals and deferred income	14,433	12,332	1,413	1,322
Deferred capital grant (Note 20)	2,927	2,844	–	–
Recycled capital grant fund (Note 21)	455	1,078	–	–
Other creditors	4,909	4,705	894	609
Total	**52,194**	**38,654**	**13,106**	**13,170**

The provision for the developement agreement/VAT shelter represents the best estimate of the costs of contracted works for the repair and improvement of transferred properties incurred under the development agreement. The provision will be utilised as the works are actually completed. See Note 15 for further details.

19. Creditors: Amounts Falling Due After More Than One Year

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Social housing loans (Note 19b)	684,087	667,147	–	–
Deferred capital grant (Note 20)	274,326	259,799	–	–
Recycled capital grant fund (Note 21)	1,535	2,016	–	–
Disposal proceeds fund (Note 22)	1,074	1,663	–	–
Local authority loan	105	105	–	–
Empty properties funding	20	–	–	–
Other creditors	360	72	–	–
Total	**961,507**	**930,802**	**–**	**–**

19b) Debt Analysis.

Group	2020	2019
	£'000	£'000
Social housing loans		
Loans repayable by instalments:		
Within one year	5,364	5,474
In one year or more but less than two years	13,767	18,542
In two years or more but less than five years	49,376	67,063
In five years or more	475,315	479,309
Loans not repayable by instalments:		
Within one year	13,000	–
In one year or more but less than two years	31,519	–
In two years or more but less than five years	56,500	28,520
In five years or more	58,400	74,400
Fair value adjustment on financial instruments	541	621
Less: loan issue costs	(6,705)	(6,919)
Loans premium:		
Amount due to be released within one year	240	240
Amount due to be released after more than one year	5,373	5,612
Total loans	**702,690**	**672,862**

Loans from external funders are secured by fixed charges on individual housing properties. Housing loans are repayable with interest chargeable at varying rates from 0.1% to 10.9% during the year.

The interest rate profile of the Group at 31 March 2020 was	Total	Variable rate	Fixed rate	Weighted average rate	Weighted average term
	£'000	£'000	£'000	%	Years
Instalment loans	562,322	66,076	496,246	5	17
Non-instalment loans	140,919	75,519	65,400	3	8
Total loans	**703,241**	**141,595**	**561,646**	**4**	**15**

At 31 March 2020 the Group had the following borrowing facilities:	£'000
Undrawn facilities	72,695
Total	**72,695**

20. Deferred Capital Grant

Group	2020	2019
	£'000	£'000
At start of the year	262,644	249,459
Grant received in the year	14,096	15,806
Disposals	(2,185)	(1,126)
Released to income in the year	(2,877)	(2,845)
Additions from DPF/RCGF (Note 21, 22)	2,571	1,350
Adjustment (Local authority loan)	433	–
At end of the year	**274,682**	**262,644**
Amount due to be released within one year	2,927	2,844
Amount due to be released after more than one year	274,326	259,800
Total	**277,253**	**262,644**

21. Recycled Capital Grant Fund

Group	2020	2019
	£'000	£'000
At the start of the year	3,095	3,228
Inputs: grants to recycle	859	821
Interest accrued	19	28
Transfer from other Registered Providers within the Group	–	(983)
Recycling: grants recycled	(1,982)	–
At the end of the year	**1,991**	**3,094**
Amount three years or older where repayment may be required	–	–

22. Disposal Proceeds Fund

Group	2020	2019
	£'000	£'000
At the start of the year	1,663	2,030
Amounts utilised in the year	(589)	(367)
At the end of the year	**1,074**	**1,663**
Amount three years or older where repayment may be required	938	–

23. Non-Equity Share Capital

Association	2020	2019
	£	£
Allotted issued and fully paid		
At the start of the year	10	10
At the end of the year	**10**	**10**

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights. All shares are fully paid.

24. Reserves

Revenue reserves records retained earnings and accumulated losses. Share capital represents the nominal values of shares that have been issued.

25. Capital Commitments

Group	2020	2019
	£'000	**£'000**
Capital expenditure contracted for but not provided for in the Financial Statements	108,317	59,578
Capital expenditure authorised by the Board but not yet been contracted for	122,116	123,490
Total	**230,433**	**183,068**
The Group expects these commitments to be financed with:		
Social housing grant	35,263	32,877
Proceeds from the sales of properties	41,469	17,321
Committed loan facilities and surpluses generated from operating activities	153,701	132,870
Total	**230,433**	**183,068**

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

26. Operating Leases

Operating lease payment obligations are as follows:	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Land and buildings:				
Within one year	176	142	–	–
In one year or more but less than five years	511	460	–	–
In five years or more	311	536	–	–
Others:				
Within one year	238	492	238	489
In one year or more but less than five years	37	231	37	231
Total	**1,273**	**1,861**	**275**	**720**

Lease agreements do not include contingent rent or restrictions. Other operating leases for motor vehicles include purchase options. Leases for land & buildings include renewal periods after five years throughout the lease.

27. Grant and Financial Assistance

Group	2020	2019
	£'000	**£'000**
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant (Note 20)	277,253	262,644
Recognised as income in Statement of Comprehensive Income	102,549	100,215
Total	**379,802**	**362,859**

28. Related Parties

Association	Income £'000	Expenditure £'000	Gift Aid £'000	Debtors/ (Creditors) £'000
Adactus Housing Association	14,120	–	–	1,604
AKSA Homes	570	–	–	35
Beech Housing Association	1,091	–	–	138
Chorley Community Housing	5,552	–	–	256
Cavendish Property Developments	–	–	–	62
Snugg Properties	–	–	–	2
Jigsaw Support	103	–	–	(3)
Jigsaw Homes Midlands	1,122	–	–	109
New Charter Homes	16,796	(500)	–	(10,015)
New Charter Building Company	808	–	–	1,215

The Jigsaw Group Structure is shown in Note 1.

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

29. Financial Instruments

Group	Group 2020 £'000	2019 £'000	Association 2020 £'000	2019 £'000
Financial Assets				
• Trade receivables	3,919	4,905	–	–
• Other receivables	22,944	29,395	13,639	9,400
• Short term investments	3,178	2,630	–	–
• Cash and cash equivalents	96,192	80,662	3,551	6,462
Total Financial Assets	**126,233**	**117,592**	**17,190**	**15,862**
Financial Liabilities				
Financial Liabilities measured at amortised cost				
• Loans payable	702,691	672,861	–	–
Financial Liabilities measured at historical cost				
• Trade creditors	3,335	3,258	274	330
• Other creditors	307,655	293,336	12,832	12,840
Total Financial Liabilities	**1,013,681**	**969,455**	**13,106**	**13,170**

30. Pensions

Defined Benefit Pension Obligations

The Group participates in four pension schemes: the Social Housing Pension Scheme (SHPS), the Greater Manchester Pension Fund (GMPF), the Nottinghamshire Local Government Pension Scheme (NLGPS), and the Lancashire County Pension Fund (LCPF). All four schemes are multi-employer defined benefit schemes. The schemes are funded and are contracted out of the state scheme.

Social Housing Pension Scheme (SHPS)

The Group participates in the SHPS multi-employer pension defined benefit scheme.

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.

There is an actuarial valuation of the SHPS every three years. The main purpose of the valuation is to determine the financial position of the SHPS in order to determine the level of future contributions required so that the SHPS can meet its pension obligations as they fall due.

The last formal valuation of the SHPS pension scheme was performed at 30 September 2017 by a professionally qualified actuary using the Projected Unit Method. 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.

During the year to 31 March 2020 Group paid contributions at the rate of 19.2% (2019: 12.6%). Member contributions varied between 12.6% and 8.4%.

Greater Manchester Pension Fund (GMPF)

The Group participates in the Greater Manchester Pension Fund (GMPF). GMPF is a multi-employer defined benefit scheme under the regulations governing the Local Government Pension Scheme. This scheme is funded and is contracted out of the state scheme.

There is an actuarial valuation of the GMPF every 3 years. The main purpose of the valuation is to determine the financial position of the GMPF in order to determine the level of future contributions required so that the GMPF can meet its pension obligations as they fall due.

The last formal valuation of the GMPF was performed at 31 March 2019 by a professionally qualified actuary using the Projected Unit Method. This valuation revealed a surplus of £529m.

During the year to 31 March 2020, the Group's members paid contributions of 18.5% (2019: 19.1%) for Adactus Housing Association employees and 23.3% (2019: 27.7%) for employees of New Charter Homes and New Charter Building Company.

Lancashire County Pension Fund (LCPF)

Chorley Community Housing Limited (CCH) participates in the Lancashire County Pension Fund (LCPF). The LCPF is a multi-employer defined benefit scheme under the regulations governing the Local Government Pension Scheme. This scheme is funded and is contracted out of the state scheme.

There is an actuarial valuation of the LCPF every three years. The main purpose of the valuation is to determine the financial position of the LCPF in order to determine the level of future contributions required so that the LCPF can meet its pension obligations as they fall due.

The last formal valuation of the LCPF was performed at 31 March 2019 by a professionally qualified actuary using the Projected Unit Method. This valuation revealed a surplus of £12m. A Recovery Plan has been put in place with the aim of removing this surplus by 31 March 2035.

During the year to 31 March 2020 CCH paid contributions at the rate of 15.6% (2019: 15.6%) . Member contributions varied between 5.5% and 12.5%.

Nottinghamshire Local Government Pension Scheme (NLGPS)

Jigsaw Homes Midlands participates in the Nottinghamshire Local Government Pension Scheme (NLGPS). The NLGPS is a multi-employer defined benefit scheme under the regulations governing the Local Government Pension Scheme. This scheme is funded and is contracted out of the state scheme.

There is an actuarial valuation of the NLGPS every three years. The main purpose of the valuation is to determine the financial position of the NLGPS in order to determine the level of future contributions required so that the NLGPS can meet its pension obligations as they fall due.

The last formal valuation of the NLGPS pension scheme was performed at 31 March 2019 by a professionally qualified actuary using the Projected Unit Method. This valuation revealed a deficit of £405m.

Although under FRS102 accounting the Association has a notional pension deficit for accounting purposes, it does not have an actuarial deficit and therefore the Association does not make secondary contributions to the scheme. The pension scheme does not require a Recovery Plan.

During the year to 31 March 2020 Jigsaw Homes Midlands paid contributions at the rate of 17.9% (2019: 14.6%). Member contributions varied between 5.5% and 12.5%.

	2020	**2019**
	£'000	**£'000**
	Group	**Group**
Defined benefit pension liability:		
Social Housing Pension Scheme	6,407	11,867
Greater Manchester Pension fund	43,629	41,273
Lancashire County Pension fund	2,140	1,349
Nottingham Pension fund	959	627
	53,135	**55,116**
Amounts recognised in operating costs:		
Social Housing Pension Scheme	1,048	1,238
Greater Manchester Pension fund	7,791	6,384
Lancashire County Pension fund	719	238
Nottingham Pension fund	733	968
	10,291	**8,828**
Net amounts recognised in finance costs:		
Social Housing Pension Scheme	283	341
Greater Manchester Pension fund	1,104	1,193
Lancashire County Pension fund	34	47
Nottingham Pension fund	12	34
	1,433	**1,615**
Actuarial gains/(losses) recognised in other comprehensive income:		
Social Housing Pension Scheme	4,345	1,067
Greater Manchester Pension fund	2,554	5,412
Lancashire County Pension fund	337	(709)
Nottingham Pension fund	30	1,462
	7,266	**7,232**

Financial Assumptions and Paticulars of Amounts Recognised in the Financial Statements

The major assumptions used by the actuary in assessing scheme liabilities as at 31 March 2020 together with the analysis of amounts recognised in the financial statements are as follows:

Statement of Financial Position Items

	SHPS (Group) £'000	SHPS (Assoc.) £'000	GMPF (Group) £'000	GMPF (Assoc.) £'000	LCPF £'000	NLGPS £'000	Total (Group) £'000	Total (Assoc.) £'000
2020 by scheme								
Present value of funded benefit obligations	53,245	22,247	205,981	202,970	17,699	12,247	289,172	225,217
Fair value of plan assets	46,838	19,320	162,352	160,183	15,559	11,288	236,037	179,503
Deficit/(surplus)	**6,407**	**2,927**	**43,629**	**42,787**	**2,140**	**959**	**53,135**	**45,714**
2019 by scheme								
Present value of funded benefit obligations	55,965	22,753	217,897	214,608	16,318	12,426	302,606	237,361
Fair value of plan assets	44,098	17,805	176,624	174,218	14,969	11,799	247,490	192,023
Deficit/(surplus)	**11,867**	**4,948**	**41,273**	**40,390**	**1,349**	**627**	**55,116**	**45,338**

Components of Pension Cost

	SHPS (Group) £'000	SHPS (Assoc.) £'000	GMPF (Group) £'000	GMPF (Assoc.) £'000	LCPF £'000	NLGPS £'000	Total (Group) £'000	Total (Assoc.) £'000
2020 by scheme								
Service cost	1,005	577	7,791	7,708	715	728	10,239	8,285
Net interest cost	283	119	1,104	1,082	34	12	1,433	1,201
Administrative expenses	43	19	–	–	4	5	52	19
Total pension cost recognised in Statement of Comprehensive Income	**1,331**	**715**	**8,895**	**8,790**	**753**	**745**	**11,724**	**9,505**
2019 by scheme								
Service cost	1,202	743	6,384	6,306	234	964	8,784	7,049
Net interest cost	341	146	1,193	1,169	47	34	1,615	1,315
Administrative expenses	36	15	–	–	4	4	44	15
Total pension cost recognised in Statement of Comprehensive Income	**1,579**	**904**	**7,577**	**7,475**	**285**	**1,002**	**10,443**	**8,379**

Statement of other Comprehensive Income

	SHPS (Group) £'000	SHPS (Assoc.) £'000	GMPF (Group) £'000	GMPF (Assoc.) £'000	LCPF £'000	NLGPS £'000	Total (Group) £'000	Total (Assoc.) £'000
2020 by scheme								
Experience on plan assets (excl amounts in **net interest cost) – (gain)/loss**	**384**	**393**	**(18,606)**	**(18,863)**	**(321)**	**(1,163)**	**(19,706)**	**(18,470)**
Experience gains and losses on the plan **liabilities – (gain)/loss**	**(2,314)**	**(1,022)**	**12,061**	**12,326**	**379**	**547**	– **10,673**	– **11,304**
Re-measurements – demographic assumptions	2,182	925	6,276	6,186	–	247	8,705	7,111
Re-measurements – financial assumptions	**4,093**	**1,383**	**2,823**	**2,799**	**279**	**399**	**7,594**	**4,182**
Total	4,345	1,679	2,554	2,448	337	30	7,266	4,127
2019 by scheme								
Experience on plan assets (excl amounts in net interest cost) – (gain)/loss	1,128	501	7,753	7,647	(1,188)	792	8,485	8,148
Experience gains and losses on the plan liabilities – (gain)/loss	311	362	(2,322)	(2,322)	–	–	(2,011)	(1,960)
Re-measurements – demographic assumptions	(1,588)	(648)	–	–	–	747	(841)	(648)
Re-measurements – financial assumptions	1,216	496	(19)	–	479	(77)	1,599	496
Total	1,067	711	5,412	5,325	(709)	1,462	7,232	6,036

Change in Benefit Obligations

	SHPS (Group) £'000	SHPS (Assoc.) £'000	GMPF (Group) £'000	GMPF (Assoc.) £'000	LCPF £'000	NLGPS £'000	Total (Group) £'000	Total (Assoc.) £'000
2020 by scheme								
Benefit obligation at 1 April	55,965	22,753	217,870	214,608	16,318	12,426	302,579	237,361
Current service cost	1,005	577	5,709	5,626	234	714	7,662	6,203
Expenses	43	19	–		–	–	43	19
Interest on pension liabilities	1,402	573	5,534	5,452	407	311	7,654	6,025
Member contributions	40	33	987	974	51	133	1,211	1,007
Past service costs including curtailments	–		1,950	1,950	481	14	2,445	1,950
Experience on plan liabilities (gain)/loss	2,514	1,022	(12,583)	(12,326)	379	(547)	(10,237)	(11,304)
Re-measurements (liabilities)							–	–
(Gain)/loss on demographic assumptions	(2,278)	(925)	(6,276)	(6,186)	–	(247)	(8,801)	(7,111)
(Gain)/loss on financial assumptions	(4,279)	(1,383)	(2,823)	(2,799)	279	(399)	(7,222)	(4,182)
Benefits/transfers paid	(1,167)	(422)	(4,414)	(4,329)	(450)	(158)	(6,189)	(4,751)
As at 31 March 2020	**53,245**	**22,247**	**205,954**	**202,970**	**17,699**	**12,247**	**289,145**	**225,217**
2019 by scheme								
Benefit obligation at 1 April	55,032	21,960	206,277	203,166	15,384	11,921	288,614	225,126
Current service cost	1,202	743	6,384	6,306	234	823	8,643	7,049
Expenses	36	15	–		–	–	36	15
Interest on pension liabilities	608	576	5,639	5,554	397	304	6,948	6,130
Member contributions	854	38	1,092	1,079	54	145	2,145	1,117
Past service costs including curtailments	–		–	–	–	141	141	–
Experience on plan liabilities (gain)/loss	(414)	(362)	–	–	–	–	(414)	(362)
Re-measurements (liabilities)							–	–
(Gain)/loss on demographic assumptions	1,652	648	–	–	–	(747)	905	648
(Gain)/loss on financial assumptions	(1,292)	(496)	2,341	2,322	479	77	1,605	1,826
Benefits/transfers paid	(1,711)	(369)	(3,890)	(3,819)	(230)	(238)	(6,069)	(4,188)
As at 31 March 2020	**55,967**	**22,753**	**217,843**	**214,608**	**16,318**	**12,426**	**302,554**	**237,361**

Change in Plan Assets

	SHPS (Group) £'000	SHPS (Assoc.) £'000	GMPF (Group) £'000	GMPF (Assoc.) £'000	LCPF £'000	NLGPS £'000	Total (Group) £'000	Total (Assoc.) £'000
2020 by scheme								
Fair value of plan assets at 1 April	44,098	17,805	176,624	174,218	14,969	11,799	247,490	192,023
Interest on plan assets	1,119	454	4,430	4,370	373	299	6,221	4,824
Return on assets less interest	430	393	(19,128)	(18,863)	321	(1,163)	(19,540)	(18,470)
Administration expenses	–	–	–	–	(4)	(5)	(9)	–
Employer contributions	2,318	1,057	3,826	3,813	299	383	6,826	4,870
Member contributions	40	33	1,014	974	51	133	1,238	1,007
Benefits/transfers paid	(1,167)	(422)	(4,414)	(4,329)	(450)	(158)	(6,189)	(4,751)
Fair value of plan assets at 31 March	**46,838**	**19,320**	**162,352**	**160,183**	**15,559**	**11,288**	**236,037**	**179,503**
2019 by scheme								
Fair value of plan assets at 1 April	41,517	16,248	163,239	160,980	13,518	10,433	228,707	177,228
Interest on plan assets	1,080	430	4,421	4,360	350	270	6,121	4,790
Return on assets less interest	1,244	501	7,753	7,647	1,188	792	10,977	8,148
Administration expenses	–	–	–	–	(4)	(4)	(8)	–
Employer contributions	1,946	977	4,009	3,971	93	401	6,449	4,948
Member contributions	42	38	1,092	1,079	54	145	1,333	1,117
Benefits/transfers paid	(1,731)	(389)	(3,890)	(3,819)	(230)	(238)	(6,089)	(4,208)
Fair value of plan assets at 31 March	**44,098**	**17,805**	**176,624**	**174,218**	**14,969**	**11,799**	**247,490**	**192,023**

Asset Allocation

	2020 £'000	2019 £'000
Equities	2826 to 110526	2996 to 120210
Government bonds	469 to 469	339 to 524
Other bonds	389 to 24027	180 to 26132
Property	426 to 11212	401 to 13937
Cash/liquidity	91 to 14416	34 to 13937
Other	5166 to 5166	6197 to 6197
Absolute return	1007 to 1007	1540 to 1540
Alternative risk premia	1351 to 1351	1027 to 1027
Credit relative value	530 to 530	326 to 326
Distressed opportunities	372 to 372	324 to 324
Emerging markets debt	585 to 585	614 to 614
Fund of hedge funds	11 to 11	80 to 80
Infrastructure	702 to 1438	581 to 934
Insurance linked securities	593 to 593	511 to 511
Liability driven investment	6412 to 6412	6511 to 6511
Long lease property	334 to 334	262 to 262
Private debt	389 to 389	239 to 239
Risk sharing	652 to 652	538 to 538
Secured income	733 to 733	637 to 637
Opportunistic illiquid Credit	468 to 468	0 to 0
Inflation linked pooled funds	422 to 422	427 to 427

Financial Assumptions

	2020 %	2019 %
Rate of CPI inflation	1.51 to 2.1	2 to 2.3
Pension increase rate	2 to 2.2	2 to 2.3
Salary Increase rate	2 to 3.6	2 to 2.28
Discount rate	2.3 to 2.4	2.5 to 2.5

Mortality Assumptions

	Males	Females
Current Pensioners	20.5 to 23.8	23.1 to 27.3
Future retiring in 20 years	21.6 to 22.9	24.4 to 25.5

Defined Contribution Pension Obligations

The Group participates in defined contribution schemes where the amount charged to the statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

31. Analysis of Changes in Net Debt

Group	At 1 April 2019	Cash flows	New finance leases	Other non-cash changes	At 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	80,662	15,528	–	–	96,190
Investments	2,630	548	–	–	3,178
Obligations under finance leases	(1,861)	415	–	174	(1,272)
Bank loans	(672,862)	(29,684)	–	(143)	(702,689)
Net debt	**(591,431)**	**(13,193)**	**–**	**31**	**(604,593)**

32. Post-year Events

In May 2020, the Group restructured its treasury arrangements through the creation of a treasury vehicle, Jigsaw Treasury Limited, through which all its future treasury arrangements will be organised. This restructuring has enabled the Group to benefit from pooling of assets and resources to signficantly increase its finance capacity to further increase the Group's financial strength and to underpin the Group's future growth aspirations.

Connect awarded CCA Global Standard

The independent assessment involved both connect offices in Ashton-under-Lyne and Leigh.

Creating homes. Building lives.

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