Financial Statements for the year ended 31 March 2020

Creating homes. Building lives.

Jigsaw

Jigsaw Homes Midlands
(formerly Gedling Homes)

Contents

Company Information 1

1. Introduction 2

Chair's Statement 4

About Us 7

2. Strategic Report 8

Review of the Year 11

3. Governance 15

Corporate Structure and Governance 17

Corporate Responsibility 18

Risk Management and Internal Controls 19

Compliance 22

4. Financial Statements 26

Independent Auditor's Report to the Members of Jigsaw Homes Midlands 27

Statement of Comprehensive Income 29

Statement of Financial Position 30

Statement of Changes in Equity 31

Notes to the Financial Statements 32

Company Information

Registration number	Co-operative and Community Benefit Societies Act 2014, number RS008378 Prior to 31 March 2020 registered under the Companies Act 2006, number 5975258
Regulator of Social Housing Registration Number	L4532
Registered office	Cavendish Street Ashton-under-Lyne Tameside Greater Manchester OL6 7AT
Board members	T. Ryan (chair) J. Clarke D. Jackson M. Kenyon M. McDermott K. Potts M. Rudkin S. White D. Kelly (executive member) (appointed 27 November 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

Big Soup Share

Jigsaw Homes Midlands tenants enjoy a special lunch as part of the Royal Horticultural Society's annual Big Soup Share.

Chair's Statement

On behalf of the board of management, I am very pleased to present the report and financial statements for Jigsaw Homes Midlands 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 Association'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 can be proud of what we have achieved as part of Jigsaw Homes Group in such a short space of time. Together, 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 Association 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."

Tim Ryan

Association Chair

Our vision:

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

Our mission:

Creating homes. Building lives.

Our values and behaviours:

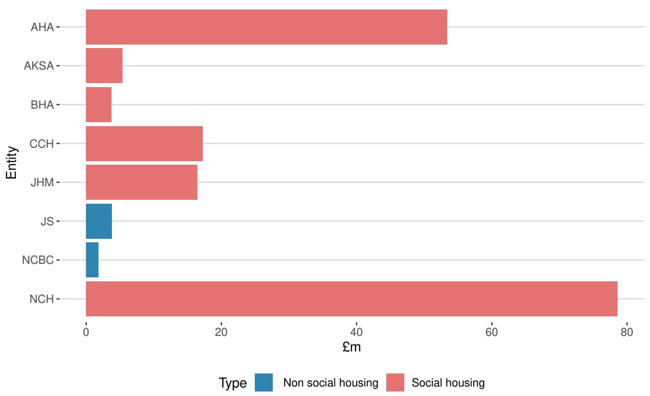
About Us

We are a member of Jigsaw Homes Group which was formed in 2018 through the merger of two of the housing sector's leading organisations: Adactus Housing Group and New Charter Housing Trust. 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, Jigsaw is the 30th largest housing group in the country[2]. The turnover of the Group's principal members is shown in Figure 1 on this page.



Source: financial statements 2019/20.

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

[1] Previously Gedling Homes, renamed August 2020.
[2] https://www.gov.uk/government/publications/2019-global-accounts-of-private-registered-providers

Our Activities

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

The core of our business is centered on the management of 3,533 homes — principally social housing for rent. The location of the homes we manage is shown in Figure 2 on the current page. The Association is active in 2 local authority areas.

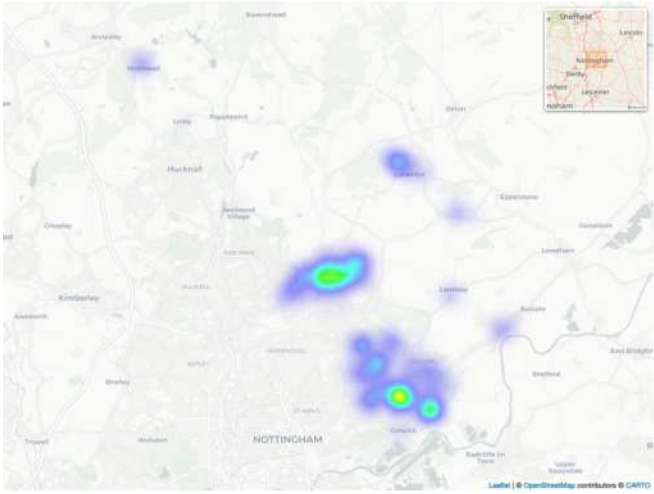


Figure 2: Location of housing stock — shading shows concentrations.

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

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

Vision, Mission and Corporate Values

Vision

Our Vision is:

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

Mission

We will do this by:

> "Creating homes. Building lives."

Corporate Values

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

- Empowerment
- Social Impact
- Efficiency
- Collaboration
- Innovation

2. Strategic Report

In safe hands

99% of Emergency repairs were attended and made safe within 24 hours.

Review of the Year

Operational Performance

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

Caring for Our Customers, Our Assets and Neighbourhoods

Table 1 on the next page shows that 11 of the 19 KPIs established to monitor the delivery of this strategic objective were achieved in the year.

One very high priority KPI target was not achieved in this area: *Customer Net Promoter Score*. Due to the nature of how Net Promoter Score is calculated, it is prone to wider sampling error than other measures of satisfaction and was seen to vary widely for the Association from quarter to quarter. An audit of this measure is planned during 2020/21 alongside research to better understand the drivers of this metric.

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. Whilst we understand that our experience has been fairly typical in the sector, the fact that some year-end targets were missed with respect to 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 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.

Building a Strong Corporate Foundation

Table 1 on the following page shows that 5 of the 6 KPIs established to monitor the delivery of this strategic objective were achieved in the year.

All very high priority KPI targets were achieved in this area.

A summary of the Association's recent financial results is shown in Table 2 on the next page and highlights of the Association's financial position are shown in Table 3 on page 13.

The board is pleased to report that *Total Comprehensive Income* amounted to £5.3m or 32% of turnover.

With regard to loan finance, during the year the Association repaid £0.9m in line with agreed debt profiles. £0m of loan finance was drawn-down in the year. At the year-end debt borrowings amounted to £21.1m, maturing as outlined in Note 16 to the financial statements.

Valuing Staff

Table 1 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 Association'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 1 shows that 2 of the 2 KPIs established to monitor the delivery of this strategic objective were achieved in the year.

In 2019/20 the Association delivered 31 units of affordable housing, as shown in Figure 3 on page 13.

The economic impact of housing development can be estimated through the National Housing Federation's CEBR database[3].

An estimate of the impact of the Association's development activity during the year is shown in Table 4 on page 13. 3 jobs are estimated to have been supported through the Association's investment in new development in the year.

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

	KPI	KPI priority	Target	Actual	Trend
	Caring for our customers our assets and neighbourhoods				
	Current Tenant Arrears	Very High	3.03%	2.6%	↓
●	Customer Net Promoter Score	Very High	30	17	↓
	Income Collected	Very High	99.0%	100.8%	↓
●	Out-of-date Fire Risk Assessments	High	0	2	↓
●	Satisfaction with Repairs	High	88.0%	87%	↓
	Void Loss	High	1%	0.81%	↓
	Average Time for Non-Emergency Repairs	Medium	15 days	10.1 days	↓
	Emergencies Attended and Made Safe within 24hrs	Medium	97.0%	99.3%	↓
●	Enquiry Resolved at First Point of Contact	Medium	75%	70%	↑
	Lost/Abandoned Calls	Medium	10%	6.6%	↓
●	Median Void Length – General Needs	Medium	20 days	41 days	↓
●	Median Void Length – Retirement Living	Medium	20 days	21 days	↓
	Number of Properties Improved to Level D or above	Medium	11	14	↓
●	Progress of Planned Programme	Medium	98.0%	91%	↓
	Properties compliant with gas safety requirements at quarter end	Medium	100%	100%	—
	Properties with Invalid Gas Certificates during Reporting Period	Medium	0	0	—
	Responsive and Void Cost Per Unit	Medium	£666	£651	↑
●	RIDDOR incidents	Medium	0	1	↓
	Satisfaction with handling of ASB Case	Medium	70.0%	93.3%	↑
	Building a strong corporate foundation				
	EBITDA MRI Interest Cover	Very High	398.4%	418.7%	↓
	Gearing	Very High	15.2%	6.5%	↑
	Headline Social Housing Cost Per Unit	Very High	£2991	£2758	↑
	Operating Margin	Very High	29.6%	35.5%	↓
●	Reinvestment	High	11.8%	4.6%	↓
	Return on Capital Employed	High	6.3%	9.8%	↓
	Valuing staff				
●	Compliance With Mandatory Training	Medium	100%	96.3%	↑
	Employee Net Promoter Score	Medium	5	58	↑
	Growing the business				
	New Supply Delivered	High	0.23%	0.88%	↑
	Units Delivered	High	8	31	↑

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

Table 1: Quarterly KPI performance at year end.

Year	Turnover £'000	Operating expenditure £'000	Operating surplus %	Retained surplus £'000	Retained surplus %
2016	15,273	12,633	17	2,279	15
2017	14,926	10,516	30	2,648	18
2018	14,747	10,857	31	3,880	26
2019	16,163	11,174	33	5,459	34
2020	**16,440**	**10,635**	**41**	**5,257**	**32**

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

Table 2: Five-year financial performance.

Year	2020	2019	2018	2017	2016
Housing properties at cost	60,429	57,701	52,978	45,614	45,559
Properties for sale	368	458	393	–	137
Cash at bank and short term deposits	17,231	14,211	10,464	12,467	8,798
Creditors amounts falling due within one year	2,936	3,299	3,937	4,348	4,969
Net current assets / (liabilities)	19,210	16,613	13,887	18,518	17,947
Total assets less current liabilities	74,582	70,156	66,717	64,195	63,600
Creditors amounts falling due after more than one year	22,701	23,271	23,478	21,781	20,456
Capital and reserves	47,006	41,749	36,290	32,410	29,762

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

Table 3: Consolidated financial position.

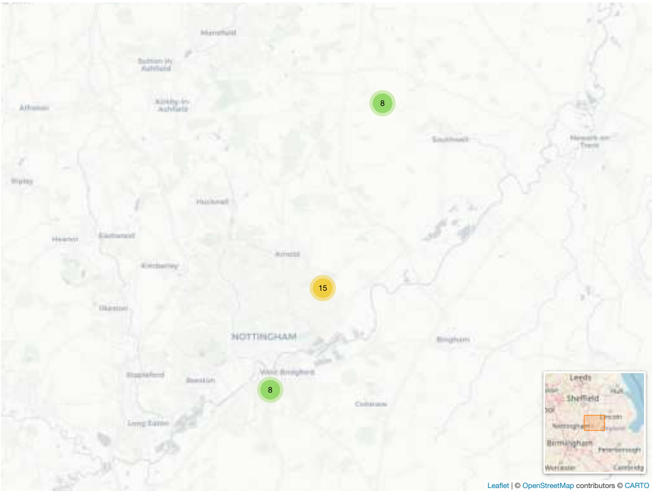


Figure 3: New affordable housing delivered in 2019/20.

Homes provided	Jobs supported	Impact
31	3	£55m

Table 4: Local economic impact of housing development 2019/20.

The Association'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 Association's housing developments also contribute to improvements to the general built environment and towards efforts to reduce carbon emissions. Figure 4 on the next page presents a selection of the new housing delivered by the Association in 2019/20, showcasing high design standards.

The Association's development strategy will yield 152 new affordable homes between 2018 and 2023.

This is expected to inject an additional £6.3m into the local economies, supporting in excess of 126 jobs per annum.

At 31 March 2020, 16 properties were on-site.

Note: Please see the financial statements of our parent — Jigsaw Homes Group — for a full report on the value for money performance of the Group, including details of our performance with respect to the 2019 Value for Money metrics published by the Regulator of Social Housing.

An analysis of the Association's corporate risk position at the end of the financial year is presented on page 19.

Delivering new homes

Jigsaw Homes Midlands

Part of Jigsaw Group

Figure 4: Good design in new housing 2019/20.

3. Governance

Holocaust memorial trip

Jigsaw Homes Midlands facilitates holocaust memorial trip for local children.

Corporate Structure and Governance

The Group's governance structure was significantly simplified in 2019/20. The current structure is shown in Figure 5 on the next page. Figure 5 highlights how the Group uses overlapped boards to simplify its governance arrangements and to make the best use of the shared skill-set of 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

Tim Ryan

Chair of the board

Attendance: 4/4 100% (Board), 4/5 80% (Group Board)

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.

John Clarke

Attendance: 1/4 25%

John is the leader of Gedling Borough Council and has strategic oversight of all of the Council's affairs. John was formerly the chairman of the Nottinghamshire Police and Crime Panel after having been the chair of the Police Authority for ten years. He has also been a school governor at many schools across Gedling and is actively involved with a number of community groups across the Borough. John is currently a member of Nottinghamshire County Council and Nottinghamshire Fire & Rescue Service.

Dianne Jackson

Attendance: 4/4 100%

Dianne is a qualified accountant and leads finance and non-finance teams at Nova Education Trust to ensure, through collaborative working across departments, strategic and fiscal objectives are achieved. Dianne has board experience as the chair of Notts County Football In the Community and also as a board member at Portland College.

Donna Kelly

Group Director of Support and Neighbourhoods

Attendance: 1/1 100%

Donna is Group Director of Support and Neighbourhoods. She is responsible for all of Jigsaw's Neighbourhood Plans and support services.

She has over 26 years experience in supported housing, with many years spent in management and director roles.

Donna is also the Chair for the National Housing Federation's Regional and National Health and Housing Group.

Melvin Kenyon

Attendance: 3/4 75% (Board), 4/4 100% (R&A Committee)

Melvin brings a wealth of knowledge from his prior executive roles in both the private and public sectors along with substantial risk management experience. Melvin also currently serves as a non-executive director of Ongo Homes, the LEAD Academy Trust, and is a member of Nottingham Trent University's Audit & Risk Committee.

Michael McDermott

Attendance: 4/4 100%

Mike has worked in a range of senior management roles with a number of building societies for more than thirty years including twelve years as chief executive of a society, close to Chesterfield. More recently, Mike has provided support governance, risk and compliance consultancy to firms in the financial services sector as well as general advice and support to small and medium sized businesses. He also sits as a trustee on a pension scheme and as a governor at an academy in the Midlands.

Karen Potts

Attendance: 4/4 100%

Karen is a member of the Chartered Institute of Procurement and Supply and a director of a small

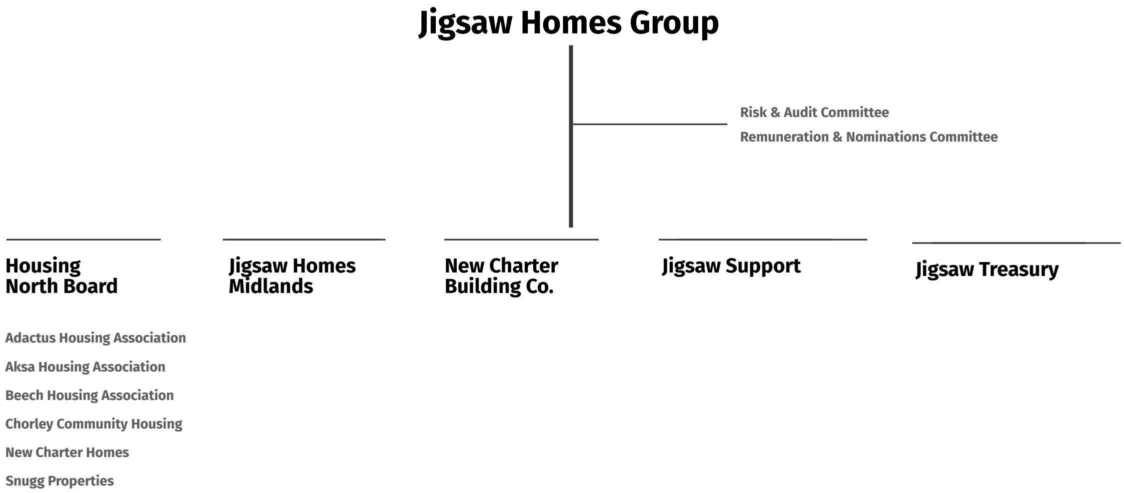


Figure 5: Corporate and governance structure — board meetings for organisations below the bold headings are held contemporaneously using overlapped meetings.

consultancy business providing procurement advice. She has 25 years' procurement experience in the public and private sectors having previously held the position of head of IT procurement with Royal Mail and the National College of Teaching and Leadership. Outside of work Karen is chair of governors at a primary school and is currently chair of the board of trustees for Two Counties Multi-Academy Trust.

Michelle Rudkin

Attendance: 3/4 75%

Michelle currently works as a teaching assistant. She has previously been a tenant inspector and was involved in the tender vetting process for Gedling Homes' repair service before this was brought in-house.

Stephen White

Attendance: 2/4 50%

Stephen has a wealth of knowledge and experience of the social housing sector having held senior management roles at both Anchor Trust and also as Director of Operations and Care at Tuntum Housing Association, a BME-led housing association, where he also served as Deputy Chief Executive before retiring in 2016.

Corporate Responsibility

Employees

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

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

Diversity and Inclusion

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

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

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

Modern Slavery and Human Trafficking Statement

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

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

Risk Management and Internal Controls

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

Risk Management

Figure 6 on the following page summarises the Association's risk map at 31 March 2020. The assessment shows 41 risks which could impact on the delivery of the Association'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 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 Association'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 6 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 Association is ongoing and has been in place throughout the period commencing 1 April 2019 up to the date of approval of this document.

Key elements of the control framework include:

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

Figure 6: Risk analysis — the ongoing COVID-19 pandemic has resulted in a significant risk to the business of Non-Cyber Business Disruption.

Figure 7: Examples from the Group's suite of performance dashboards.

- 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 Association's approach to board appraisal, recruitment and succession.
- Experienced and suitably qualified employees are responsible for important business functions.
- A co-sourced internal audit service is provided by the Group, incorporating a team managed by a qualified, full-time employed audit manager complemented by third party expertise. The Risk & Audit Committee approves the annual audit plan and reviews internal audit reports as well as those from management and any third-party reviews including reports from tenant scrutiny.
- The Risk & Audit Committee reports quarterly to the board and reviews the assurance procedures, ensuring that an appropriate range of techniques 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 Association'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 8: Our tenant scrutiny panels undertake deep-dive investigations into areas voted for by tenants.

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

The existence of these financial instruments exposes the Association to a number of financial risks. The main risks arising from the Association's financial instruments are considered by board to be interest rate risk, liquidity risk and credit risk.

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

The Association currently borrows from a variety of lenders at both fixed and floating rates of interest. The Association's *Treasury Management Strategy* targets the level of fixed rates of interest to be up to 100% of its loan portfolio. At the year-end 100% (2019: 7%) of borrowings were at fixed rates between 7.2% and 7.2% with an average borrowing rate of 7.2%.

Liquidity Risk

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

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

With respect to short term liquidity, at the year-end the Association had access to £17.2m (2019: £14.2m) of cash balances and in excess of £12.3m (2019: £12.5m) of undrawn committed bank facilities.

Credit Risk

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

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

Compliance

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

NHF Code of Governance

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

Regulatory Framework

The Association 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 Association and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of 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 Association'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 Association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Going Concern

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

The Association'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 Association'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 Association 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 Association'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 Association has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association 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 Association.

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 Association's auditor for the purposes of their audit, and to establish that the auditor is aware of that information. The board members are not aware of any relevant audit information of which the auditor is not aware.

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

Approved by the board on 9th September 2020.

Signed on their behalf on 29th September 2020:

Tim Ryan

Association Chair

Reducing social isolation

Nabarro Court Social Group in Gelding gets much needed funding from Jigsaw Foundation to host a series of events including Bingo, quiz nights and coffee mornings.

4. Financial Statements

Independent Auditor's Report to the Members of Jigsaw Homes Midlands

Opinion

We have audited the financial statements of Jigsaw Homes Midlands ("the Association") for the year ended 31 March 2020 which comprises the Association statement of comprehensive income, the Association statement of financial position, the Association statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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

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

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report and Governance 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 Housing and Regeneration Act 2008 or have previously reported to you you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the board members' responsibilities statements set out on page 22, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Use of Our Report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008. 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

BDO LLP, Statutory Auditor

Manchester

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

30 September 2020

Statement of Comprehensive Income

Year ended 31 March 2020	**Notes**	**2020**	**2019**
		£'000	**£'000**
Turnover	3	16,440	16,163
Cost of sales	3	(715)	(584)
Operating expenditure	3	(10,635)	(11,174)
Profit on disposal of fixed assets	5	1,708	970
Operating surplus	**8**	**6,798**	**5,375**
Interest receivable	6	143	42
Interest and financing costs	7	(1,714)	(1,420)
Surplus for the year		**5,227**	**3,997**
Other comprehensive income			
Actuarial gain/(loss) in respect of pension schemes	25	30	1,462
Total comprehensive income for the year		**5,257**	**5,459**

The financial statements and notes on pages 29 to 55 were approved and authorised for issue by the Board on 9th September 2020 and were signed on its behalf on 29th September 2020 by:

T. Ryan
Chair

B. Moran
Secretary

D. Kelly
Executive Member

Statement of Financial Position

At 31 March 2020	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	11	55,372	53,543
		55,372	**53,543**
Current assets			
Stock	12	368	458
Trade and other debtors	13	4,547	5,243
Cash and cash equivalents	14	17,231	14,211
		22,146	**19,912**
Less: Creditors: amounts falling due within one year	15	(2,936)	(3,299)
Net current assets/(liabilities)		**19,210**	**16,613**
Total assets less current liabilities		**74,582**	**70,156**
Creditors: amounts falling due after more than one year	16	(22,701)	(23,271)
Pension provision	25	(959)	(627)
Other provisions		(3,916)	(4,509)
Total net assets		**47,006**	**41,749**
Reserves			
Revenue reserve		47,006	41,749
Total reserves		**47,006**	**41,749**

The financial statements and notes on pages 29 to 55 were approved and authorised for issue by the Board on 9th September 2020 and were signed on its behalf on 29th September 2020 by:

T. Ryan	B. Moran	D. Kelly
Chair	**Secretary**	**Executive Member**

Statement of Changes in Equity

	Revenue reserve £'000	Total £'000
Balance at 31 March 2018	**36,290**	**36,290**
Surplus from Statement of Comprehensive Income	3,997	3,997
Actuarial gain in respect of pension schemes (Note 25)	1,462	1,462
Balance at 31 March 2019	**41,749**	**41,749**
Surplus from Statement of Comprehensive Income	5,227	5,227
Actuarial gain in respect of pension schemes	30	30
Balance at 31 March 2020	**47,006**	**47,006**

The financial statements and notes on pages 29 to 55 were approved and authorised for issue by the Board on 9th September 2020 and were signed on its behalf on 29th September 2020 by:

T. Ryan
Chair

B. Moran
Secretary

D. Kelly
Executive Member

The results for the year relate wholly to continuing activities and the notes on pages 32 to 55 form an integral part of these financial statements.

Notes to the Financial Statements

1. Legal Status

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

Table 5: 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies.

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in pounds sterling.

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

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

This information is included in the consolidated financial statements of Jigsaw Homes Group Limited as at 31 March 2020 and these financial statements may be obtained from their registered office.

Going Concern

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

The Association'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 Association'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 Association 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 Association'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 Association has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association 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 Association.

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 Association capitalises development expenditure in accordance with the accounting policy described on page 37. Initial capitalisation of costs is based on management's judgement when a development scheme is confirmed, usually when board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Categorisation of housing properties

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

Impairment

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

Other key sources of estimation and assumptions:

Tangible fixed assets

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

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 Association, otherwise it is recognised to the extent costs are incurred.

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

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

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

Loan Interest Costs

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

Loan Finance Issue Costs

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

Value Added Tax

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

Tangible Fixed Assets and Depreciation

Housing properties

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

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

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

Freehold land is not depreciated.

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

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

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

UELS for identified components are as follows:

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

Table 6: Useful Economic Lives.

Other fixed assets

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

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

Table 7: Fixed Asset Depreciation Rates.

Capitalisation of Interest and Administration Costs

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

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

Property Managed By Agents

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

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

Leasing

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

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

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

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

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

Non-Government Grants

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

Recycling of Capital Grant

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

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

Disposal Proceeds Fund (DPF)

Receipts from the sale of certain properties less the net book value of the property and the costs of disposal 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 Association 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 Association 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 Association 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 Association 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 Association.

General reserves reflects accumulated surpluses for the Association 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)	14,625	–	(10,635)	–	3,990
Other social housing activities:					
First tranche low cost home ownership sales	1,328	(715)	–	–	613
Other activities	487	–	–	–	487
Non-social housing activities:					
Disposal of fixed assets (Note 5)	–	–	–	1,708	1,708
Total	**16,440**	**(715)**	**(10,635)**	**1,708**	**6,798**

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)	14,605	–	(11,174)	–	3,431
Other social housing activities:					
First tranche low cost home ownership sales	1,076	(584)	–	–	492
Other activities	482	–	–	–	482
Non-social housing activities:	**–**	**–**	**–**	**–**	**–**
Disposal of fixed assets (Note 5)	–	–	–	970	970
Total	**16,163**	**(584)**	**(11,174)**	**970**	**5,375**

3c) Turnover and operating expenditure.

	General housing £'000	Supported housing and housing for older people £'000	Total 2020 £'000	Total 2019 £'000
Income				
Rent receivable net of identifiable service charges and net of voids	9,870	3,468	13,338	13,306
				–
Service charge income	935	329	1,264	1,276
Amortised government grants	17	6	23	23
Turnover from social housing lettings	**10,822**	**3,803**	**14,625**	**14,605**
Operating expenditure				
Management	2,233	785	3,018	3,673
Service charge costs	1,076	378	1,454	1,285
Routine maintenance	1,607	565	2,172	2,037
Planned maintenance	1,929	678	2,607	1,159
Major repairs expenditure	13	5	18	1,832
Bad debts	183	64	247	84
Property lease charges	6	2	8	30
Depreciation of housing properties	813	286	1,099	1,074
Other costs	10	2	12	–
Operating expenditure on social housing lettings	**7,870**	**2,765**	**10,635**	**11,174**
Operating surplus on social housing lettings	**2,952**	**1,038**	**3,990**	**3,431**
Void losses	63	22	86	65

4. Accommodation Owned, Managed and in Development

	2020 Owned	No. of units Managed	2019 Owned	No. of units Managed
Social Housing				
General needs housing				
Social rent	2,231	–	2,259	–
Affordable rent	136	–	117	–
Sheltered housing for older people	846	–	843	–
Low-cost home ownership	24	–	12	–
Leasehold where the Group owns the freehold	296	–	283	–
Total units social housing	**3,533**	**–**	**3,514**	**–**

The Association owns 0 (2019: 0) properties which are managed by others.

In Development	2020 No. of units	2019 No. of units
Social Housing		
General needs housing		
Affordable rent	1	11
Low-cost home ownership	15	5
Total units social housing	**16**	**16**

Movement in the year (owned properties)	No.of units
Opening number of units at 1 April 2019	**3,514**
New units developed	31
Units sold	(28)
Other adjustments	16
Closing number of units at 31 March 2020	**3,533**

5. Profit on Disposal of Fixed Assets

	2020	2019
	£'000	£'000
Proceeds of sales	2,117	1,218
Carrying value	(389)	(248)
Incidental costs	(20)	–
Total loss	**1,708**	**970**

6. Interest Receivable

	2020	2019
	£'000	£'000
Bank interest receivable	143	42
Total	**143**	**42**

7. Interest and Financing Costs

	2020	2019
	£'000	£'000
Loans and bank overdrafts	1,717	1,396
Interest on pension deficit (Note 25)	12	34
Interest capitalised on housing properties under construction	(15)	(10)
Total	**1,714**	**1,420**

The weighted average interest on borrowings of 7.2% (2019: 5.8%) was used for calculating capitalised finance costs.

8. Operating Surplus

	2020	2019
	£'000	£'000
The operating surplus is stated after charging:		
Auditor's remuneration (excluding VAT):		
Audit of subsidiaries	8	8
Fees payable to the company's auditor & its associates for other services to the Group		
Operating lease rentals:		
Land and buildings	65	83
Depreciation:		
Depreciation of housing properties	1,099	1,074
Depreciation of other fixed assets	6	32

9. Directors' Remuneration

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

10. Employee Information

	2020	2019
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Management and administration	9	14
Housing, support and care	82	31
Manual	–	46
Total	**91**	**91**

	2020 £'000	2019 £'000
Staff costs		
Wages and salaries	2,502	1,692
Social security costs	224	144
Other pension costs	307	202
Total	**3,033**	**2,038**

During the year, there were no employees who received more than £60,000 per annum in remuneration.

11. Tangible Fixed Assets

Housing properties	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	56,431	153	1,103	14	57,701
Additions to properties acquired	2	2,059	–	1,286	3,347
Capitalised administration costs	–	50	–	67	117
Interest capitalised	–	5	–	10	15
Transfers to/from stock	–	–	57	(6)	51
Reclassification cost	24	4	(75)	71	24
Component replacements	373	–	–	–	373
Components replaced cost	(84)	–	–	–	(84)
Schemes completed	2019	(2,019)	1,313	(1,313)	–
Disposals cost	(427)	–	(688)	–	(1,115)
At end of the year cost	**58,338**	**252**	**1,710**	**129**	**60,429**
Depreciation and impairment					
At start of the year	4,158	–	–	–	4,158
Charge for the year	1,092	–	7	–	1,099
Components replaced	(84)	–	–	–	(84)
Reclassification	24	–	–	–	24
Disposals	(20)	–	(1)	–	(21)
At end of the year	**5,170**	**–**	**6**	**–**	**5,176**
Net book value:					
At 31 March 2020	**53,168**	**252**	**1,704**	**129**	**55,253**
At 31 March 2019	52,273	153	1,103	14	53,543

The weighted average interest on borrowings of 7.2% (2019: 5.8%) was used for calculating capitalised finance costs.

The Association 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 Association 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.

	2020 £'000	2019 £'000
Works to existing properties in the year:		
Improvement works capitalised	373	765
Amounts charged to expenditure	4,797	5,027
Total	**5,170**	**5,792**

Other fixed assets – Association	**Freehold premises £'000**	**Furniture and equipment £'000**	**Total other fixed assets £'000**
Cost			
At start of the year	159	–	159
Additions to properties acquired		125	125
Disposals	(159)		(159)
At end of the year	**–**	**125**	**125**
Depreciation and impairment			
At start of the year	159	–	159
Charge for the year		6	6
At end of the year	**–**	**6**	**6**
Net book value:			
At 31 March 2020	**–**	**119**	**119**
At 31 March 2019	–	–	–

12. Stock

	2020 £'000	**2019 £'000**
First tranche shared ownership properties		
Completed	64	152
Work in progress	36	–
Outright sale properties		
Materials stock	268	306
Total	**368**	**458**

13. Trade and Other Debtors

	2020 £'000	**2019 £'000** RESTATED
Rent arrears	801	744
Less: provision for bad debts	(488)	(257)
Sub-total	**313**	**487**
Trade debtors	302	296
Less: provision for bad debts	(248)	(245)
Sub-total	**54**	**51**
Prepayments and accrued income	77	30
Amounts owed by group undertakings	35	18
Other debtors	1,994	2,694
Total due within one year	**2,473**	**3,280**
Debtors due after more than one year	2,074	1,963
Total	**4,547**	**5,243**

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

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 15. The debtor will reduce as Jigsaw Homes Midlands completes the contracted work.

14. Cash and Cash Equivalents

	2020 £'000	2019 £'000
Cash at bank	17,231	14,211
Total	**17,231**	**14,211**

15. Creditors: Amounts Falling Due Within One Year

	2020 £'000	2019 £'000
Loans and overdrafts (Note 16b)	918	942
Trade creditors	268	1,082
Amounts owed to group undertakings	231	115
Rents and service charges paid in advance	366	253
Other taxation and social security payable	72	
Accruals and deferred income	689	846
Deferred capital grant (Note 17)	23	23
Other creditors	369	38
Total	**2,936**	**3,299**

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 13 for further details.

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

	2020 £'000	2019 £'000
Social housing loans (Note 16b)	20,024	20,932
Deferred capital grant (Note 17)	2,181	2,203
Disposal proceeds fund (Note 18)	136	136
VRTB	360	
Total	**22,701**	**23,271**

16b) Debt Analysis.

	2020 £'000	2019 £'000
Social housing loans		
Loans repayable by instalments:		
Within one year	918	942
In one year or more but less than two years	1,135	918
In two years or more but less than five years	3,745	3,446
In five years or more	15,324	16,757
Less: loan issue costs	(180)	(189)
Total loans	**20,942**	**21,874**

Loans from external funders are secured by fixed charges on individual housing properties. Housing loans are repayable with interest chargeable at varying rates from 1.3% to 7.2% during the year.

The interest rate profile of the association at 31 March 2020 was	Total	Variable rate	Fixed rate	Weighted average rate	Weighted average term
	£'000	£'000	£'000	%	Years
Instalment loans	21,122	–	21,122	7	13
Total loans	**21,122**	**–**	**21,122**	**7**	**13**

At 31 March 2020 the Group had the following borrowing facilities:	£'000
Undrawn facilities	12,300
Total	**12,300**

17. Deferred Capital Grant

	2020	2019
	£'000	£'000
At start of the year	2,226	1,463
Grant received in the year	–	786
Released to income in the year	(22)	(23)
At end of the year	**2,204**	**2,226**
Amount due to be released within one year	23	23
Amount due to be released after more than one year	2,181	2,203
Total	**2,204**	**2,226**

18. Disposal Proceeds Fund

	2020	2019
	£'000	£'000
At the start of the year	136	136
At the end of the year	**136**	**136**

19. Reserves

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

20. Capital Commitments

	2020	2019
	£'000	**£'000**
Capital expenditure contracted for but not provided for in the Financial Statements	2,060	1,369
Capital expenditure authorised by the Board but not yet been contracted for	11,536	16,186
Total	**13,596**	**17,555**
The Association expects these commitments to be financed with:		
Social housing grant	1,768	–
Proceeds from the sales of properties	1,523	2,318
Committed loan facilities and surpluses generated from operating activities	10,305	15,237
Total	**13,596**	**17,555**

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

21. Operating Leases

Operating lease payment obligations are as follows:

	2020	2019
	£'000	£'000
Land and buildings:		
Within one year	73	56
In one year or more but less than five years	288	90
In five years or more	52	
Total	**413**	**146**

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.

22. Grant and Financial Assistance

	2020	2019
	£'000	**£'000**
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant (Note 17)	2,204	2,226
Recognised as income in Statement of Comprehensive Income	9,482	9,505
Total	**11,686**	**11,731**

23. Related Parties

	Income £'000	Expenditure £'000	Gift Aid £'000	Debtors/ (Creditors) £'000
Jigsaw Homes Group Ltd	–	(1,122)	–	(99)
Cavendish Property Developments	–	–	–	(1)
New Charter Homes	–	–	–	35
New Charter Building Company	–	(384)	–	(132)

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.

During the year one tenant, Michelle Rudkin, served as a member of the board. Their tenancy is on normal social housing terms and they were unable to use their position on the board to their advantage.

24. Financial Instruments

	2020 £'000	2019 £'000
Financial Assets		
Financial assets measured at historical cost		
• Trade receivables	367	538
• Other receivables	4,180	4,705
• Short term investments	–	–
• Cash and cash equivalents	17,231	14,211
Total Financial Assets	**21,778**	**19,454**
Financial Liabilities		
Financial Liabilities measured at amortised cost		
• Loans payable	20,942	21,874
Financial Liabilities measured at historical cost		
• Trade creditors	268	1,082
• Other creditors	4,067	3,614
Total Financial Liabilities	**25,277**	**26,570**

25. Pensions

Defined Benefit Pension Obligations

The Association participates in one pension scheme, the Nottinghamshire Local Government Pension Scheme (NLGPS). This scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the state scheme.

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%.

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

	NLGPS
	£'000
2020 by scheme	
Present value of funded benefit obligations	12,247
Fair value of plan assets	11,288
Deficit/(surplus)	**959**
2019 by scheme	
Present value of funded benefit obligations	12,426
Fair value of plan assets	11,799
Deficit/(surplus)	**627**

Components of Pension Cost for the Period

	NLGPS
	£'000
2020 by scheme	
Service cost	728
Net interest cost	12
Administrative expenses	5
Total pension cost recognised in Statement of Comprehensive Income	**745**
2019 by scheme	
Service cost	964
Net interest cost	34
Administrative expenses	4
Total pension cost recognised in Statement of Comprehensive Income	**1,002**

Statement of other Comprehensive Income

	NLGPS
	£'000
2020 by scheme	
Experience on plan assets (excl amounts in net interest cost) – (gain)/loss	(1,163)
Experience gains and losses on the plan liabilities – (gain)/loss	547
Re-measurements – demographic assumptions	247
Re-measurements – financial assumptions	399
Total	**30**
2019 by scheme	
Experience on plan assets (excl amounts in net interest cost) – (gain)/loss	792
Experience gains and losses on the plan liabilities – (gain)/loss	
Re-measurements – demographic assumptions	747
Re-measurements – financial assumptions	(77)
Total	**1,462**

Change in Benefit Obligations

	NLGPS
	£'000
2020 by scheme	
Benefit obligation at 1 April	12,426
Current service cost	714
Expenses	
Interest on pension liabilities	311
Member contributions	133
Past service costs including curtailments	14
Experience on plan liabilities (gain)/loss	(547)
Re-measurements (liabilities)	
(Gain)/loss on demographic assumptions	(247)
(Gain)/loss on financial assumptions	(399)
Benefits/transfers paid	(158)
As at 31 March 2020	**12,247**
2019 by scheme	
Benefit obligation at 1 April	11,921
Current service cost	823
Expenses	
Interest on pension liabilities	304
Member contributions	145
Past service costs including curtailments	141
Re-measurements (liabilities)	
(Gain)/loss on demographic assumptions	(747)
(Gain)/loss on financial assumptions	77
Benefits/transfers paid	(238)
As at 31 March 2020	**12,426**

Change in Plan Assets

	NLGPS
	£'000
2020 by scheme	
Fair value of plan assets at 1 April	11,799
Interest on plan assets	299
Return on assets less interest	(1,163)
Administration expenses	(5)
Employer contributions	383
Member contributions	133
Benefits/transfers paid	(158)
Fair value of plan assets at 31 March	**11,288**
2019 by scheme	
Fair value of plan assets at 1 April	10,433
Interest on plan assets	270
Return on assets less interest	792
Administration expenses	(4)
Employer contributions	401
Member contributions	145
Benefits/transfers paid	(238)
Fair value of plan assets at 31 March	**11,799**

Asset Allocation

	2020	2019
	£'000	**£'000**
Equities	6515 to 6515	7089 to 7089
Government bonds	469 to 469	339 to 339
Other bonds	1037 to 1037	1174 to 1174
Property	1683 to 1683	1834 to 1834
Cash/liquidity	460 to 460	355 to 355

Financial Assumptions

	2020	2019
	%	**%**
Rate of CPI inflation	2 to 2	2 to 2
Pension increase rate	2 to 2	2.3 to 2.3
Salary Increase rate	2 to 2	2 to 2
Discount rate	2.35 to 2.35	2.5 to 2.5

Mortality Assumptions

	Males	Females
Current Pensioners	21.8 to 21.8	24.4 to 24.4
Future retiring in 20 years	21.6 to 21.6	24.4 to 24.4

Defined Contribution Pension Obligations

The Association 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.

26. 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.

27. Ultimate Controlling Party

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

Connect awarded CCA Global Standard

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

Creating homes. Building lives.

Jigsaw Homes Midlands

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Regulated by the Regulator of Social Housing Registration No. L4532

Registered under the Co-operative and Community Benefit Societies Act 2014 Registration No. RS008378