Group Report and Financial Statements

Year ended March 2021

Co-operative and Community Benefit Societies Act 2014,
registered society, number 30398R

Thrive Homes

Thrive Homes

Thrive Homes, providing quality homes where people enjoy living.

Our business is built around the importance of a home as the foundation that enables individuals and families to build and sustain the lives they want.

We are a not-for-profit registered housing association, with around 5,000 homes throughout Hertfordshire, Bedfordshire, Buckinghamshire and Oxfordshire. Thrive delivers much-needed homes for social and affordable rent, shared ownership, leasehold and private market rent. We are focused on increasing housing availability and affordability in one of the most expensive parts of the UK.

We pride ourselves on being open, respectful, reliable and professional.

Highlights

	2020	2021
Regulator of Social Housing governance rating	G1	G1
Regulator of Social Housing viability rating	V1	V1
Standard & Poor's rating	A STABLE	A STABLE
Total homes	4,847	4,946
New homes built	121	81
Affordable & social rent	42 (35%)	63 (78%)
Shared ownership	60 (49%)	18 (22%)
Market rent	19 (16%)	0
Homes under construction (start on site)	275	205
Land (plots)	600	800
£ invested in maintaining homes	£3.7m	£3.5m
£ invested in development	£31.1m	£35.5m
Operating surplus	£12m	£14m
No. of employees	99	112
Customer satisfaction	72%	75%

Contents

Chair's statement

Stepping into the Chair of a housing association is challenging at the best of times, but to do so in 2020 has presented more challenges over a much longer period than seemed likely at the start of the year.

We have faced lockdowns, challenges in maintaining compliance and repairs services that keep our customers safe in their homes, and the need to adjust our in-year delivery target for new homes. Despite this, it is good to be able to report that Thrive has delivered a strong year and continues to be able to look forward confidently to achieving its ambitions to provide homes that are affordable in some of the UK's most expensive areas. I would like to thank the Thrive leadership team and my fellow board members for supporting me through this challenging transition period.

Resilient with a strong financial base

Financially, we continue to return margins ahead of our target range of 27-30% as identified in our Strategic Framework. This demonstrates a lean cost base, a strong sales programme and delivery of programmed investment projects within budget assumptions despite the challenges of COVID. Continued careful financial management provides a sound base and future capacity from which to progress our strategic aims.

Throughout the year our cash flows have been maintained, despite the difficulties experienced by many of our customers.

> ***"Through the Thrive Deal, we promote a positive payment culture and encourage customers to maintain a credit balance on their rent accounts to enable a transition if their circumstances change."***

Our income support team has worked tirelessly to support those customers access the benefits they are entitled to when they have lost their jobs. It has been pleasing to see the compliments received that recognise the empathy this team brings to difficult and distressing situations.

With the initial shutdown of development sites impacting on delivery of new homes, there was potential for sales income to fall behind target. As part of our active asset management programme, we had developed a pilot to convert uneconomic rented homes to shared ownership. This programme has proved to be very successful, enabling COVID essential workers to take the first steps towards homeownership and Thrive to achieve its sales targets. The proceeds of this programme will be reinvested in the provision of new, more energy-efficient, affordable homes.

While the focus for much of this year has been on ensuring that we continued to provide our core services, we have also been developing a medium-term financial plan to establish the scale of our development programme and inform plans for the investment Thrive needs to make in its operations to accommodate this.

Ongoing effective stewardship and governance has ensured that Thrive has retained its G1V1 rating from the Regulator for Social Housing and A rating with a stable outlook from Standard and Poor's.

Fair deal for customers

Throughout the pandemic Thrive has endeavoured to deliver as full a range of services to customers as possible. We have continued to deliver our major works programmes to maintain the quality of our properties, investing £3.5 million over the course of the year and a further £2 million delivering our compliance programmes (e.g. gas and electrical safety) to keep customers safe in their homes. We have evaluated the scale of future investment required to improve thermal performance and meet climate change targets. This has been factored into the medium-term financial plan which demonstrates that we can afford this, as well as our anticipated development programme – balancing the needs of current and future customers.

The close working relationship with our Customer Experience Panel has continued, and its support in self-assessing Thrive against the Housing Ombudsman's complaints charter and the Regulator of Social Housing's consumer standards is an invaluable part of the Board's assurance framework.

The Board was pleased to adopt the National Housing Federation's 'Together with Tenants' charter, demonstrating our commitment to nurturing an open and respectful relationship with our customers.

In October, we launched our customer hub, offering digital access to a wide range of services anytime, anyplace. Over 1,500 customers have registered in the first six months and we have seen our digital transactions rise from 8% in 2016 to 60% in 2020/21.

During a challenging year for everyone, we ensured that we kept customers informed about what services we were able to provide and explained how we would keep them safe while working in their homes. Overall customer satisfaction increased from 72% to 75% over the year.

Growth

During 2020/21 we delivered 81 new homes, with 63 for affordable rent and 18 for shared ownership. Providing a range of tenure options is an important element of our growth plans, as affordability is a challenge for people with a wide range of incomes and limited supply excludes many from affordable rent.

Thrive's development programme is increasingly reliant on its landholdings and we are currently holding a pipeline of almost 1,000 plots to progress our growth ambitions.

During the year we raised an additional £25 million to support our development programme and our medium-term financial plan demonstrates there is sufficient capacity to raise the funding required.

In addition to our existing contract to manage homes on behalf of Rosewood, we secured a further management contract with Consilio – establishing a new relationship with Buckinghamshire Council.

Good place to work

Supporting and developing our people is critical to Thrive's continued ability to provide good quality services for our customers and underpins our business resilience. This year, more than any other, has demonstrated the value of this, as a strong collaborative culture enabled our teams and individuals to quickly develop and adopt new working practices to ensure Thrive continued to provide quality services to our customers.

Building on our Investors in People Gold (IIP) award in 2019/20, Thrive has improved its Best Companies position to two stars.

Governance

Continuing renewal and development of the Board is also important. This year we have recruited three new members, strengthening the Board's expertise and experience in the social housing sector, finance and the regulatory environment. We have been working to improve diversity on the Board, recognising the barriers that exist for many people stepping into such a role. Building on our relationship with the Housing Diversity Network (HDN), we are sponsoring a mentee with ambitions to become a Board member through their Board Development Programme and have invited them to observe the Board's work.

The Board has continued its engagement programme to support members' ongoing learning and development and has adopted the revised National Housing Federation's code of governance.

Overall, this has been a positive year for Thrive. It has demonstrated our organisation's ability to adapt successfully to a difficult operating environment while maintaining our focus on, and actively executing, measures needed to deliver our core objective of providing homes that are affordable for our customers. The exceptional leadership of the Executive team has been amply demonstrated this year and the whole Board would like to thank them for navigating the organisation through this period.

Kate McLeod

Chair of the Board

Strategic report

CEO's statement

This has been a challenging year for Thrive Homes from an operational perspective and I am grateful to all our team and partners who have enabled us to deliver a very positive year end with customer satisfaction at 75% up from 73% the previous year and our best sales year to date.

Given the uncertainties at the start of the year, we decided not to adjust any of our pre-COVID performance targets or budgets other than the delivery of new homes. Through careful management and refocusing investment programmes, we have ended the year achieving or bettering all of these.

We have continued to work closely with the Customer Experience Panel (CEP), which helped monitor our response to the coronavirus pandemic and carry out our self-assessment against the Housing Ombudsman's Complaint Handling Code.

Unusual circumstances such as the COVID crisis can result in attention being focused only on day-to-day operations, leading to a loss of momentum that impacts a business for many years. The Executive and Board had identified that 2020/21 was an important planning year for Thrive and did not want to lose this opportunity.

Thrive continues to be committed to being a good landlord and increasing opportunities for people to own or rent their homes, as set out in our Strategic Framework.

Corporate strategy

During 2020/21 the Board and Executive have developed a five-year plan that demonstrates our capacity to grow, while maintaining investment in existing homes and bringing our portfolio up to EPC C (SAP 69) – our first milestone on the journey towards net zero carbon. This will be achieved through investment and an active asset management programme to dispose of or repurpose homes where the level of investment required is uneconomic for the social/affordable rent portfolio.

It is important that we align the scale and complexity of our business with the capacity to operate effectively. Four years ago, Thrive 'right-sized' its operations to enable growth to around 5,000 homes. Having achieved this and with further growth envisaged, we recognise the need for further investment in people and technology. Plans to develop capability and capacity have been developed and are reflected in our five-year financial plan.

Early in the new financial year the Board will undertake a review of our Strategic Framework, as we recognise the need to better articulate Thrive's position on issues such as the green agenda.

Focus for 2021/22

Growth

- Development delivery targets have returned to pre-COVID levels and we anticipate delivering approximately 200 new homes. In addition to homes for rent and shared ownership, we are pleased to be able to offer new homes on an intermediate (20% discount to market) rent basis with an option to buy on a shared ownership basis.
- We will continue to explore alternatives to organic growth – opportunities to expand our managed portfolio and to provide services across the group e.g. for our market rent operation, Thrive Living. Additionally, we are actively progressing opportunities to work directly with joint venture partners to increase the supply of homes for rent and shared ownership sale.

Customers

- Following a successful launch and now with over 30% of customers as registered users, we will continue to develop our customer portal, the myThrive hub.
- Working with our involved customers, we will develop a greater understanding of our customers' experiences and what drives positive outcomes.
- Having adapted our processes to ensure compliance with the Housing Ombudsman's Complaint Handling Code, we will be implementing its assurance routines to maintain compliance from this year.
- We will develop a 'customer care' approach for new customers, irrespective of tenure.

Assets

- Thrive will maintain investment and compliance programmes for existing homes. We have budgeted £5 million to continue our investment programmes. Budgets for these works will increase over the five-year plan to meet our EPC C target.
- We are continuing to develop our response to emerging building safety guidelines and establishing the resources required to manage this area.
- A number of our homes require significant investment to achieve our asset management model's targets. Rather than disposing of these as they become void, our tenure conversion programme will see them upgraded and offered to the market as shared ownership. This programme was successfully piloted in 2020/21 and there was strong demand for these homes, so this will continue as part of our asset management strategy.

Technology

- Thrive has agreed to move to a Microsoft Dynamics platform, as part of the development of our future technology capability. This will be a multi-year project, with the initial scoping and initiation phases taking place in 2021/22.

Business development

- Thrive is growing and becoming a more complex business. We have developed a target operating model that creates greater capacity across the organisation, particularly in areas such as building safety, data management, reporting and transformation. The model links to delivery of the five-year growth plan, our financial capacity and maintenance of key performance metrics. Initial implementation involves recruitment of a number of assistant directors who will work with the Executive to develop their teams.

- Value for money was a key factor in the development of our five-year plan. It has improved our understanding of relationships across the Regulator of Social Housing's metrics, so the Board can make effective decisions on priorities as the plan develops. This provides the business with an appropriate framework, and the focus for 2021/22 will be on linking value for money outcomes more closely to operational activities.
- Making our information work for us is an important part of our business resilience. We will continue to migrate current reporting into dashboards, to improve interpretation and enable more proactive use of data. This work is closely aligned to the need to develop our technology.
- The values inherent in Environmental, Social and Governance (ESG) reporting are closely aligned with Thrive's mission and values. Over the next year we will start to formalise our ESG reporting framework so we can measure our commitment to activities that promote positive outputs in these areas.

Communities and the environment

- We will continue to provide financial support for our community partners such as the Citizens Advice Bureau and projects to support victims of domestic abuse. These services have been particularly important to communities over the past year, so we are moving to a three-year funding cycle to provide greater stability for them.
- During 2020/21 we continued our membership of Planet Mark to reduce our corporate carbon footprint. As well as reducing our emissions for the third year running, we collaborated with Pachama to offset the remaining carbon footprint from our residual operations by supporting a wide range of forest conservation projects in South America. Over the next 12 months we will continue to focus on ways to reduce our environmental impact. For example, one of the coming year's larger procurements will be our van fleet, so environmental considerations will be an important element of this decision.

Elspeth Mackenzie

Chief Executive

COVID response

At the start of this year, having begun to experience lockdown and other impacts of COVID-19, we quickly identified various issues we needed to address as the pandemic continued.

These were:

- safety of customers and colleagues
- security of income and cash flow
- continuity of services
- liquidity
- likelihood of increased exposure to fraud and cyber-attacks.

We applied a COVID stress test to our financial plan which included receiving only 50% of our income for six months, suspension of the development programme, delivery delays and cessation of the sales programme. This enabled us to understand the impacts any or a combination of these factors would have, and our ability to withstand them. This confirms the strength of Thrive's financial plan.

Ultimately, these factors did not become a reality and across the year we experienced:

- very minor disruption to delivery of the development programme
- a strong sales market with Thrive delivering its largest shared ownership sales programme, worth £7.3 million to date
- income remaining positive, despite an increase in the number of customers reliant on Universal Credit – at year end, we outperformed the pre-COVID arrears target of 3.99%
- liquidity remaining within our operational guidelines and raising an additional £25 million to support our development programme.

Operationally Thrive started from a strong position as, prior to the onset of the pandemic, we had migrated our key management systems to the cloud and colleagues were already working in ways that reduced reliance on an office base.

Our teams quickly developed and adopted new working practices to ensure we continued to safely let homes, provide repairs services and maintain programmes to invest in the structure of our homes. At year end, we had no backlog of day-to-day repairs and delivered our major works programme of £3.5 million in line with our pre-COVID budget.

This has reinforced Thrive's view of the importance of investing in and engaging our people, as this builds the capacity and goodwill necessary to develop an effective response to challenges such as COVID-19. We are grateful to colleagues for all their work during this difficult year.

The pandemic demanded a sensitive response to people's individual circumstances, as both customers and colleagues wrestled with the health and personal challenges it generated. Customers' confidence reduced in letting us into their homes for essential safety work such as boiler servicing. We respected this, while supporting customers to enable us access and to discuss any concerns regarding their tenancies. This resulted in some variation in levels of compliance during the year but, at year end, we are largely on track with gas safety at 99.97%.

Communication has been vital during this time, as was the introduction of the myThrive hub customer portal, which enabled customers to do more online, and for the first time our customer preference moved to digital interaction.

In addition to effectively maintaining services we have continued to look to the future and develop our strategy, ensuring we can continue to provide more homes while maintaining the quality of existing homes.

Overall Thrive has ended the year well but, while the vaccine roll-out and gradual easing of restrictions are welcome, it is important to recognise that significant uncertainty remains. However, we have learned much throughout the last 12 months and are confident this equips us to move forward in the new financial year.

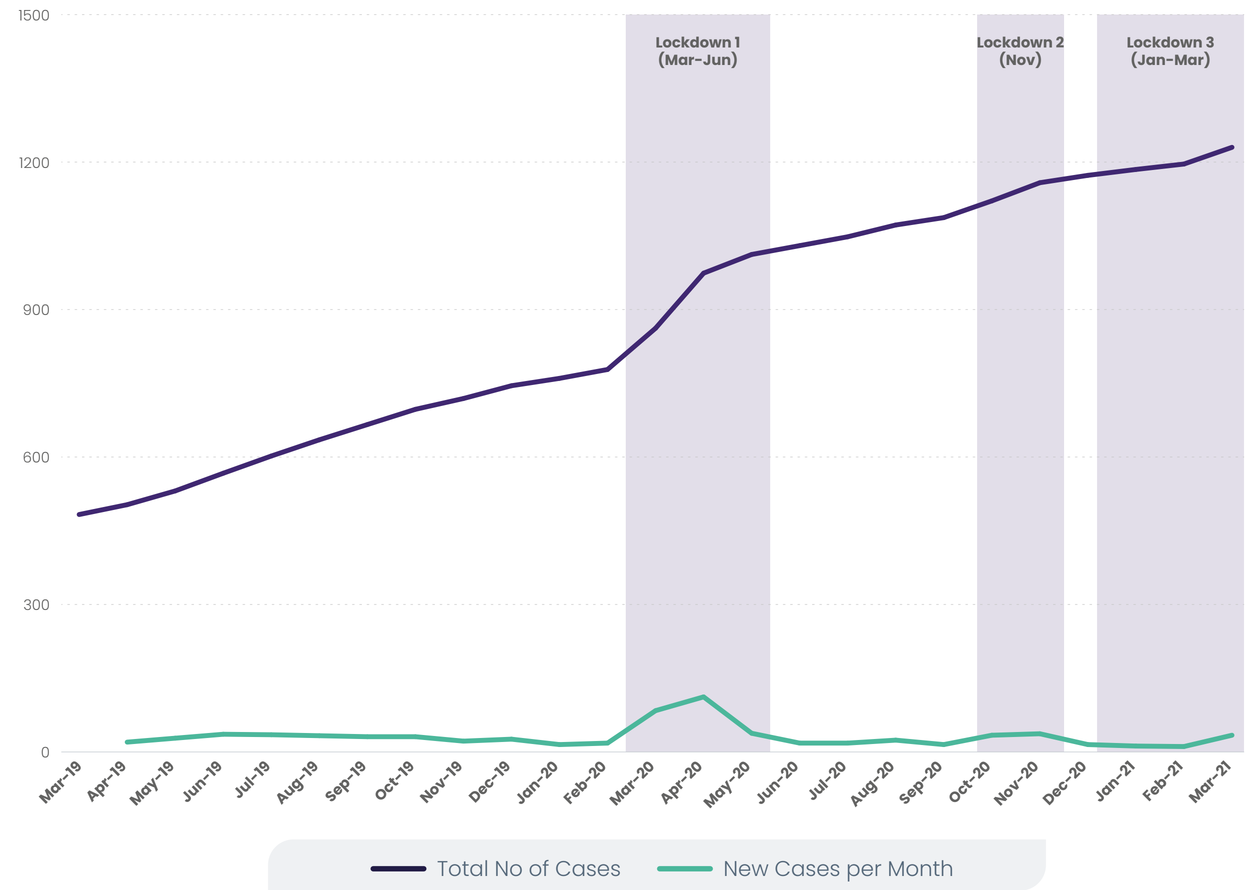
COVID statistics – at a glance

£20K
spent on PPE for front line workers

£100K
increase spend with contractors to ensure additional breaks for Thrive's operatives

0
colleagues furloughed

Universal Credit Cases at Thrive Homes



A fair deal for customers

2020/21 has been a challenging year for everyone. Along with delivering essential services to customers during a pandemic, there have been significant changes proposed for future legislation with the Social Housing White Paper, Housing Ombudsman's new Complaint Handling Code, the stepped-up green agenda and a focus on building safety, alongside the ongoing need to build more homes.

We recognise that a safe secure home is a fundamental need for us all. Throughout the pandemic we have worked to continue providing homes for customers on the housing waiting list, ensuring empty homes are repaired ready for new customers. As all our colleagues were able to work in an agile way with remote access to all our systems, we quickly introduced 360-degree virtual lettings so we could continue letting homes whilst ensuring we kept everyone safe.

> ***"Thank you for continuing to let homes to those in high need during lockdown. It has been a great help and Thrive Homes is the only housing association to keep on letting."***
>
> Head of Housing,
> Three Rivers District Council

Digital solutions

This year we introduced the myThrive hub, a digital platform that can be used on any type of device, giving customers greater flexibility to access a range of services remotely at a time to suit them – such as reporting and booking repairs, seeing their account balance, making a rent payment or updating household details. Customers helped us design what was included in the Hub, along with how it looked and its ease of use.

In the first six months, 30% of customers (1,560) registered on the Hub, with over 15,000 logins and 270 repairs reported online.

We know that finding Thrive easy to deal with is one of our customers' key requirements. We have been developing our digital channels so people can contact us at a time that suits them, with the introduction of an automated telephone payment line as well as the myThrive hub.

We have seen a significant shift in customer contact – from 92% by phone and 8% digitally in 2016 to 40% by phone and 60% digitally in 2020.

To ensure our services meet customers' needs, it is important we understand who they are. So we have developed a range of customer 'personas' which influence how and when we contact them, depending on their preferences. Through the hub, we will ensure such household data remains accurate and up to date.

Customer involvement

We have been working with our Customer Engagement Panel (CEP) to ensure we are truly hearing the voice of our customers and working with them on the challenges ahead of us. Our CEP is independently chaired and includes a range of customer members, as well as two members from the Board. This brings our customers' voice directly to Board level, ensuring a better understanding of their priorities.

Equality, diversity and inclusion (EDI) is a core value for our business. We have two EDI champions on the CEP and an EDI staff working group, AllTogether@Thrive. This year we completed the Housing Diversity Network accreditation to ensure we are focusing on the right priorities. Results of the accreditation process will be reported back in May 2021.

In October the CEP hosted a virtual Question Time-style event focusing on our cleaning and grounds maintenance services, to understand what was working well and what needed improvement before we procured a new supplier. As a result of the 76 questions from 38 customers, we:

- changed the way feedback and complaints about contract performance is directed
- introduced a summary so customers know what to expect from our grounds maintenance contractor
- will put our grounds maintenance schedule on the myThrive hub, so customers know when visits are due.

Throughout the year we listened to our customers and incorporated their feedback into our budget setting for the next financial year, including:

- an appropriate spend to maintain existing stock
- the impact of legislation changes and the Social Housing White Paper on compliance and safety
- investment to improve the appearance of areas around our blocks
- investment to meet environmental targets.

Improving services

We have worked with the CEP to ensure a shared understanding of our commitments under the National Housing Federation's 'Together with Tenants' charter and how, as a business, we can demonstrate we are meeting these commitments. We have worked together to understand the requirements of the Housing Ombudsman's new Complaint Handling Code, implementing actions to ensure we were compliant by 31 March 2021.

Each year we complete a self-assessment to determine how we are doing against the Regulator of Social Housing's consumer standards. This is scrutinised by the CEP and plans are developed to enhance our services beyond these standards each year. We are incorporating the 'Together with Tenants' and new Housing Ombudsman charter into this review process, so customers can be assured we are not only delivering services in accordance with requirements but also continuously improving our services.

The Thrive Deal

The Thrive Deal provides clarity for customers on the services we provide and what is expected of them in return. We believe this is a key aspect of a good relationship, as well as achieving value for money for both our customers and our business.

A vital element of the Deal is an annual Home Plan visit to each of our properties. This enables us to better understand how our homes are being lived in and provides a valuable opportunity to meet with customers, see how things are going and work with them to deal with repairs in a single visit at a time convenient to them.

COVID-19 has meant we have been unable to roll out our Home Plan programme to as many customers as we would have liked this year. To date 25% of customers (1,194) have a current Home Plan and we have trialled virtual visits to ensure we kept in touch. This has proved successful and will be developed as part of the annual re-visiting process. During the year we have completed 725 visits and reported a reduction in the number of repairs being reported that are the customer's responsibility.

A further part of the Thrive Deal was the introduction of digital tenancies, including requirements for rent to be paid four weeks in advance by direct debit and contact to be digital. This year we have started to see positive impacts for our customers with these new initiatives and we have found that paying rent by direct debit gives a greater chance of customers staying in credit.

13% of customers are now on a digital tenancy

85% of digital customers are in credit with their rent, compared to 55% of non-digital customers

90% of digital customers pay by direct debit, compared to 47% of non-digital customers

Customer satisfaction

This year we have been developing the customer experience we want Thrive residents to receive and how we want them to feel when they interact with us. We have worked with our residents and colleagues to determine what we want to achieve for customers after each transaction.

We want customers to:

Feel informed, respected, valued and empowered.

Think Thrive is a landlord that is easy to interact with (whatever the channel), can be trusted and is professional, reliable, empathetic and open – and keeps them informed, so they know what they can expect to happen and when.

Do create a relationship based on mutual respect with opportunities to get involved, provide feedback and know where to get help when needed.

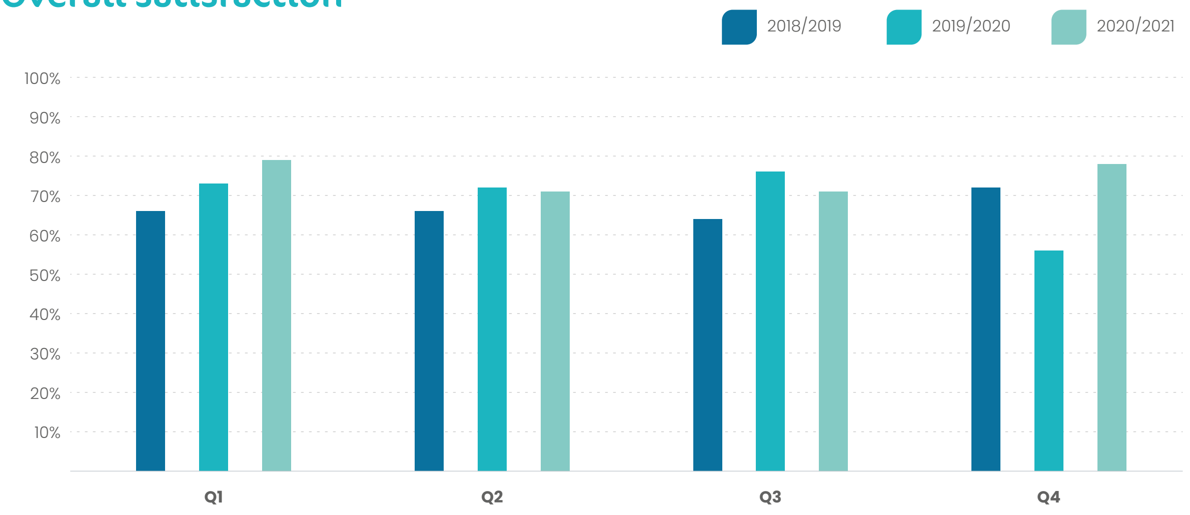
We understand that key drivers of satisfaction for our business are:

- being easy to deal with
- timely repairs and maintenance
- listening to customers' views and acting upon them
- effective and efficient service.
- being treated with respect

We have been working with our colleagues and CEP to enhance our customer satisfaction measures, so we can monitor how we are doing.

There has been an improvement in overall satisfaction from **66% in 2018/19** to **75% in 2020/21**. We are now looking to track our performance against the UK Customer Satisfaction Index, where overall satisfaction currently sits at **76.8%**.

Overall satisfaction



Of note during 2020/21, in the last quarter:

- **87%** of customers say we keep them up to date with the latest news and information
- **78%** say we are easy to deal with (increasing to 80% in March)
- **76%** say we treat customers with respect (increasing to 83% in March)
- **77%** say we provide homes that are value for money
- overall customer satisfaction increased to **83%** in March

Customer feedback is currently gathered independently through telephone market research every quarter. Over the next 12 months we want to enhance and develop our feedback mechanisms so we can have 'real time' data that allows us to react more quickly to customers. Whilst this is being procured and implemented, we will introduce telephone transactional surveys on complaints, anti-social behaviour, cleaning and grounds maintenance – plus follow-up email questionnaires for our Customer Service Centre.

Thrive's Service Shapers Group (a group of colleagues and customers) has been analysing feedback and reviewing complaints received over the last 12 months.

We've had 196 complaints this year, a 30% increase on previous years, although the number being escalated to the second stage of our complaints process remains at 10%.

	2019/20	2020/21
Number of complaints	151	196
Escalated complaints	14	20
Average days to answer	16.61	14.49

Our team has worked hard to deal with complaints more efficiently and effectively, and this is reflected by the fall in average number of days to close a complaint. During the year we identified spikes in November, January and February with an increase in complaints about quality of work and poor communication when we changed our repairs contractor.

The main theme is around poor communication – not keeping customers up to date with what is happening and when. This is being addressed through our new customer experience ambition and colleague training.

Repairs

COVID-19 had a significant impact on how we delivered our repairs service. During the first lockdown in March 2020 we had to restrict services to emergency repairs only, resulting in over 1,000 repairs being suspended. In May 2020, we extended our services to include essential repairs and started to reschedule suspended jobs. We provided information to customers and colleagues to explain and reassure them about how we were keeping them safe, whilst continuing to work in their homes by ensuring safe working practices and providing appropriate personal protective equipment.

Further restrictions in the latest national lockdown at the end of December 2020, with the additional risk of a more virulent strain of the virus, meant we had to limit our service again to ensure the protection of colleagues and customers, only completing repairs that could be finished within four hours and not issuing any multi-room repairs. Despite these challenges, we completed within target:

100% of emergency repairs

76% of standard repairs

83% of planned repairs

73% of repairs right first time

To keep services on track, colleagues introduced virtual inspections to limit the need to visit people during the pandemic. This new way of working continued as restrictions lifted and will be part of how we deliver our repairs service in future.

Customers have appreciated the additional safety measures we implemented but found alterations to service delivery frustrating. Satisfaction with the repairs service fluctuated throughout the year but overall remained high, at 89.3%.

Restrictions also impacted on the cost of delivering our repairs service, as we purchased extra personal protective equipment for our teams and outsourced 12% more work to an external contractor so that we could facilitate additional welfare breaks for colleagues. This exceptional year has increased the cost of delivering our repairs service by £120,000 above the predicted cost of £223,000.

Keeping customers safe

Keeping people safe in their homes has been a key priority for us during the pandemic, so we have continued to provide all the 'Big Six'[1] services throughout the national lockdowns.

This has included colleagues and contractors working hard to ensure our gas servicing and electrical testing programmes remain on track despite challenges with access to customers' homes.

Investing in existing homes

Throughout the COVID crisis, teams have re-prioritised our major works programmes to ensure homes remain compliant with the Decent Homes Standard whilst continuing to work safely. We had to suspend internal works, such as kitchen and bathroom replacements, as we could not develop a safe system of working. We prioritised external investment, increasing the amount of roofing, window and door replacements, and continued to deliver our fire door programme. Our level of investment in existing stock continued as planned, spending £3.5 million and replacing 1,496 components.

Looking ahead to next year, our investment plans will shift back towards internal programmes – subject to easing of national restrictions – increasing our ability to work safely in customers' homes.

Thrive recognises that there are challenges ahead in maintaining our existing portfolio. We have worked with the Board this year to understand the investment requirement to meet the green agenda and future building safety requirements. As part of our development of a medium-term financial plan, the Board has committed a further £46 million of investment above the base level already identified through our stock condition survey. The increase in major repairs investment will enable us to meet our ambitions to achieve:

- Energy Performance Certificate (EPC) C / SAP 69 on existing homes
- requirements for building safety
- enhanced product specifications for kitchens and bathrooms, to meet customer expectations
- improvements to communal spaces in and around our buildings, so they remain places where customers want to live.

[1]The Big Six Housing Compliance Obligations; gas, electrical, asbestos, water, fire and lifts.

Growth

Thrive's Strategic Framework sets out our ambition to double in size over 10 years. Over the past three years we have made significant progress in increasing the number of homes we own or manage.

From 2017 to 2020 we built an average of 114 new homes per year. In the next 12 months we expect to develop around 200 more homes – a significant step forward in meeting our strategic growth targets.

We were particularly delighted to be highly commended as Sustainable Housebuilder of the Year and a finalist as Housebuilder of the Year, at 2020's Housebuilder Awards.

"We are proud of the modern design and build quality of the homes at Notley Court, which greatly complement the surrounding architecture and rural setting.

The quality and good location of these homes was reflected by the quick sale of all Shared Ownership properties, with a third being purchased by key workers, who may otherwise have been priced out of the area."

Jack Burnham, Executive Director - Development

Building new homes

Thrive is an established regional housebuilder, providing high quality affordable homes for those who would not otherwise be able to rent or buy on the open market.

During this financial year, a particular highlight was the completion of our first medium-scale land-led development at Notley Court, in Abbots Langley.

Our housebuilding programme focuses on development of affordable homes, as opposed to those for open market sale. This not only helps meet Thrive's objectives, but also means we limit our exposure to market fluctuations associated with construction of homes for sale.

We currently have several larger schemes under development which are more than 18 metres high. Thrive has sought to apply new building safety legislation principles to these developments, installing fire suppression equipment (sprinkler/misting systems) into these blocks alongside other measures to ensure they are safe for future residents.

Demand

Demand for Thrive's new homes has been strong during the financial year, with rented properties typically occupied within a few days of building completion. The Government's stamp duty holiday had a positive impact on shared ownership sales, with the average time between a property being listed for sale and reserved falling to an average of two weeks.

We are also delighted that over 80% of our intermediate housing (intermediate rent and shared ownership) has been let or sold to those who work in an occupation the Government defines as 'COVID essential', those who have kept the country and economy going over the past 12 months.

Land and planning

A key part of Thrive's growth strategy is to acquire land that can support future residential development. During the year, we have secured (through acquisition or option agreements) a further 230 plots for our future construction programme, increasing the total number of plots we control to almost 1,000.

We submitted several planning applications during the year which will hopefully facilitate the development of affordable housing-led schemes over the next 12 months. We have also promoted sites for residential development within several local plans, including a Hemel Hempstead site which has received a draft allocation for residential development within the Hemel Garden Communities growth zone.

Investment in subsidiaries

During the last financial year, we invested in our wholly owned subsidiary company Thrive Living, which provides homes for market rent at prices that are affordable to local people.

We hope to make a further prudent investment in Thrive Living over the coming 12 months to grow the supply of this type of tenure - providing high quality, ethically managed, safe and secure homes to those unlikely to be able to afford to buy their own home on the open market.

Grant funding

Our partnership with Homes England has continued over the course of 2020/21, securing £854,659 in grant funding to support delivery of new affordable homes.

We are also grateful to Dacorum Borough Council, which has made £128,127 grant funding available to support delivery of around 50 new affordable homes within the local authority area.

New partnerships

We have continued to work with existing partners, including Rosewood, to increase the supply of new affordable homes managed by Thrive. Partnership activity has grown further through completion of an agreement for us to manage homes on behalf of Consilio.

Thrive has also collaborated with the Milton Keynes Community Foundation to bring forward a planning application for development of 33 affordable homes (led by Thrive) and a new world-class gymnastics and table tennis centre (led by Milton Keynes Community Foundation) in Milton Keynes, a key growth area for Thrive. We are hopeful of a positive outcome for this planning application, so a start on site can be made on this exciting project early in the next financial year.

Good place to work

Supporting and developing our people is critical to our ability to provide good quality services for customers, as well as underpinning our business resilience and creating a good place to work.

The pandemic has highlighted the importance of investing in and engaging our people. The strong culture we have created over the years has enabled colleagues to be flexible, resourceful and adaptable to the challenges we have faced. This was endorsed by our Best Companies listing which awarded us a two-star rating, building on our Investors in People Gold award in 2019/20.

"I'm incredibly proud of my colleagues at Thrive and delighted that we have achieved Best Companies two-star accreditation in a year like no other. Over the year our team has continued to achieve a high level of service for our customers whilst adapting to new ways of working and the challenges of the COVID pandemic. This accreditation is testament to the hard work that everybody across the organisation has put in to ensure Thrive continues to be a great place to work."

Elspeth Mackenzie, Chief Executive

Attracting and retaining the right people

Thrive recognises the importance of attracting and retaining the right talent, to not only deliver what the business needs today but also to ensure the business continues to develop.

Recruitment continued throughout the year with 25 new appointments, from entry-level roles through to newly created Executive Director posts, which will help drive the organisation's growth ambitions. Virtual onboarding processes were adapted from existing induction programmes, encouraging new starters to meet a range of colleagues from across the business.

"It was a very surreal experience starting a new role during the pandemic. From the first day, I have felt supported by my line manager who arranged regular catch ups to make sure I was ok. Both my line manager and colleagues from across the business were always there to help me and point me in the right direction if I was unsure of anything."

Ben Sewell, Gas & Voids Supervisor

Whilst internal in-person training programmes paused, Thrive's online continued professional development programme saw an 80% completion rate (exceeding our annual target of 75%), 26 colleagues undertook external work-related training and four joined the Housing Diversity Network's mentoring programme.

Health and wellbeing

The COVID crisis demanded a personalised response to people's individual circumstances, as they were faced with new challenges related to their health (both physical and mental) and personal situations.

Colleagues were encouraged to reach out to their managers, the Employee Assistance Programme or a Mental Health First Aider to discuss any issues. For some this meant creating safe working spaces within the office environment, while for others it was flexibility of hours to fit around childcare. For all colleagues, it was important to ensure they had appropriate equipment to remain safe and well in the new 'normal'.

Additional welfare breaks were introduced for those working in the field and two-metre portable barriers were provided to ensure adequate distancing was achieved when working in homes and communal spaces.

Our calendar of health and wellbeing activities was adapted, with a greater emphasis on mental wellbeing and emotional resilience. Managers were provided with additional training to help support workplace wellbeing during the pandemic. Previously arranged face-to-face activities went online, virtual coffee sessions were introduced, gifts were delivered, and challenges set to boost morale during the periods of tightest restrictions.

Taking us from good to great

Over the past 12 months, we have set out to redesign our internal focus groups to ensure that we are all fully aligned with Thrive's ambition and purpose. These newly created working groups draw on the strength and experience of colleagues across the business, making them a place where everyone's opinion matters and can be heard. Our aim is to create a more collaborative, open way of working where everyone can get involved and help drive the future of the business.

Creating equity

As a diverse workforce, we are committed to creating an open and inclusive culture where individuals have the appropriate support they need to thrive.

Thrive's Equality, Diversity and Inclusion (EDI) working group (AllTogether@Thrive) was established in 2019 and continues to evolve, monitoring our performance against the actions laid out in our EDI framework. In 2020/21 the group has focused on undertaking the Housing Diversity Network accreditation, with results expected back in May 2021.

Giving back

Making a positive difference to the environment and our local communities

GIVE Grants | GIVE Time | GIVE Support | GIVE Green

Thrive GIVE is our commitment to corporate social responsibility, enabling us to utilise our business resources (our people, homes and supply chain) for positive change and opportunities in the communities we serve.

Environmental sustainability

Thrive promotes environmental sustainability as a priority. We strive to reduce our impact on the environment by lowering our operations' carbon footprint, improving the energy efficiency of our homes and supporting projects that encourage biodiversity and conservation.

Our aims

To reduce our carbon footprint by 5% each year

In 2019, Thrive became the first housing association to be awarded the Planet Mark sustainability certification. In the year ending June 2020 we produced 56.5 tonnes of CO2, a 15.2% reduction on the previous year.

	Y/E Jun 2019	Y/E Jun 2020	Difference
Total carbon footprint	65.3 tCO2e 0.7 tCO2e per employee	56.5 tCO2e 0.6 tCO2e per employee	15.2%
Building	18.7 tCO2e	17.9 tCO2e	4.7%
Travel (fleet)*	46.6 tCO2e	37.6 tCO2e	19.4%
Procurement	n/a	1.0 tCO2e	New for 2020

* Programmes of work for Thrive Homes Services operatives are dynamically scheduled to help reduce their carbon footprint by minimising travel and maximising efficiency.

To be a certified carbon neutral business by the end of 2022

Thrive has set itself this ambitious target and in addition to what we can achieve directly, we are supporting a variety of partners and projects to acquire Verra's 'Verified Carbon Standard' carbon offset credits to counter our emissions as we work on reducing these.

In the year ending June 2020 we offset 57 tonnes of carbon by supporting Amazon forest conservation projects in Brazil and Peru.

To promote tree planting, conservation and biodiversity

Thrive has committed to plant a tree for every new home we build. In 2019/20 we employed a local social enterprise organisation to plant 35 trees at Cinnamond House in Croxley Green and, in partnership with 'One Tree Planted', 100 trees were planted in Spain.

To be a certified carbon neutral business by the end of 2022

Over the past 12 months we have been working closely with the Board to understand the investment requirement to meet the government's green agenda and its ambitions to achieve EPC C on all homes by 2030.

Our aim is to deliver a 'fabric first' approach with our existing homes, looking to improve the core fabric before moving onto newer energy-saving measures. This year we:

- installed 221 A-rated boilers
- fitted 263 new windows and 250 doors
- replaced 156 roofs, with additional insulation where required
- installed energy-efficient emergency lighting.

Where we specify products, we ensure we consider energy-efficient options such as:

- dual flush WCs, reducing water use
- thermostatic mixing valve mixer taps or showers (where applicable), reducing water use and keeping temperatures safe.

To promote all-electric solutions

Thrive developed its first all-electric scheme (Wing House, Aylesbury) in 2017. Our flagship 10-storey development at St Albans Road, Watford, has been converted to all-electric and is due for completion in late Summer 2021.

Providing homes that can be heated and powered by electricity will ultimately mean they can be 100% powered by renewable energy, as the National Grid shifts to this type of power. This minimises the total-life carbon footprint of our properties. We propose to look at all-electric solutions, where economically viable to do so.

To promote renewable energy

In 2021 we propose to become a member of Community Energy England, helping promote community-led energy projects in our areas of operation.

Social responsibility

We have a strong track record in charitable social responsibility through Thrive's GIVE Grants programme, which works with a variety of local charities to provide positive community outcomes.

In 2020/21 Thrive provided £40,000 of grant funding to organisations and community projects that reflected four key themes:

1. Training, employment and enterprise
2. Social inclusion
3. Health and wellbeing
4. Financial inclusion and support

Volunteering days and programmes from previous years were paused due to COVID restrictions. However, our contractors continued to support local organisations, specifically food banks, through financial contributions.

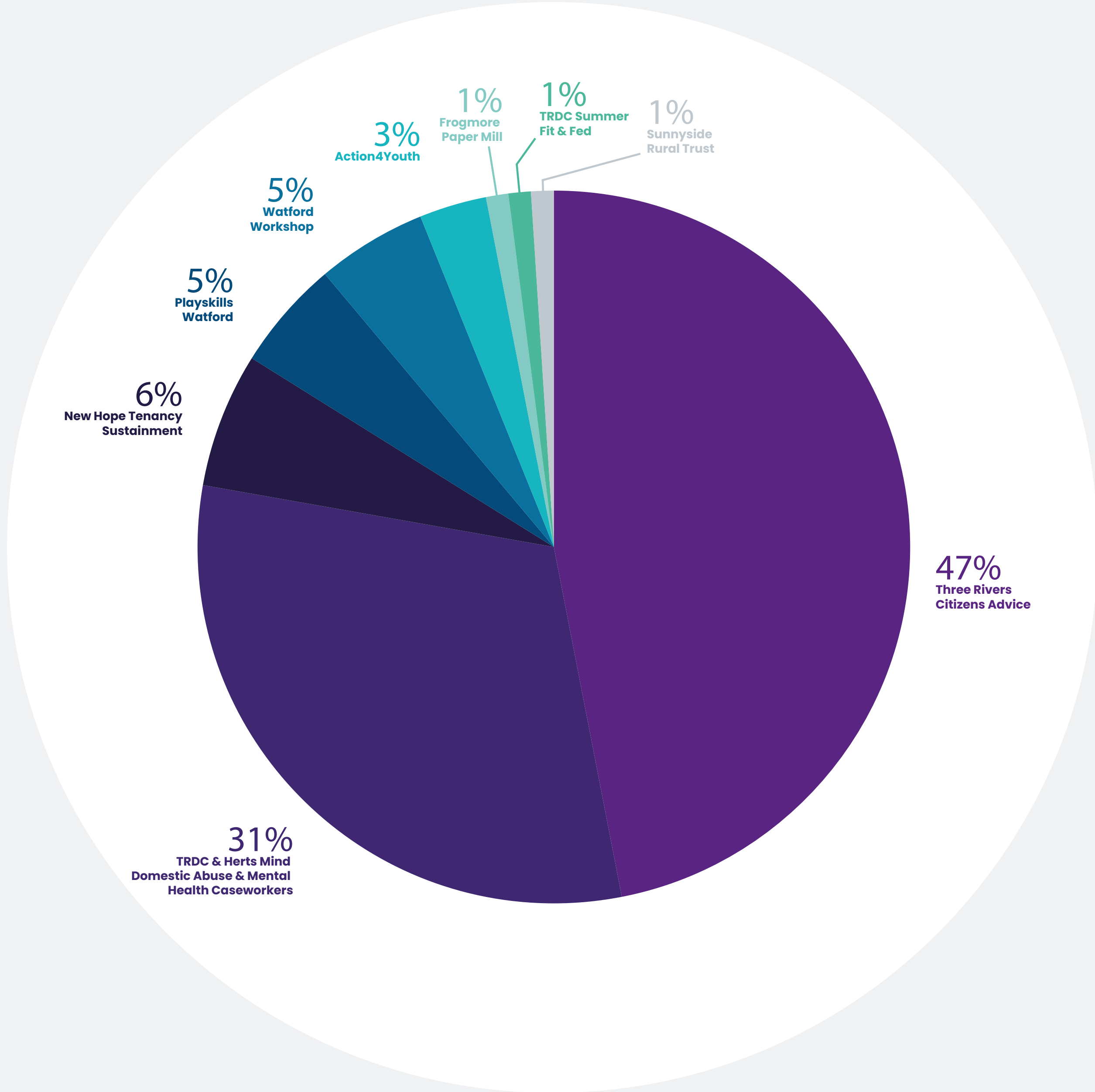
Over the past 12 months Thrive GIVE donated a total of £41,000 (including a £1,000 donation from our supply chain), creating a social impact value of £36.4 million – £889.09 for every £1 spent.

"Debt and budgeting advice from the Citizens Advice Service (CAB) helps Thrive customers resolve any issues with paying rent at an early stage, so they can successfully maintain their tenancies.

Citizens Advice Service is accessible to all and with the community grant from Thrive GIVE, we can offer a preferential service for Thrive tenants, either in person or by phone and email, which can't otherwise be achieved."

Peta Mettam, Chief Officer, Citizens Advice Service in Three Rivers

Grants



Operating and financial review

Overall Thrive continues to deliver strong financial and operational performance – meeting our strategic aim of being resilient with a strong financial base and growth.

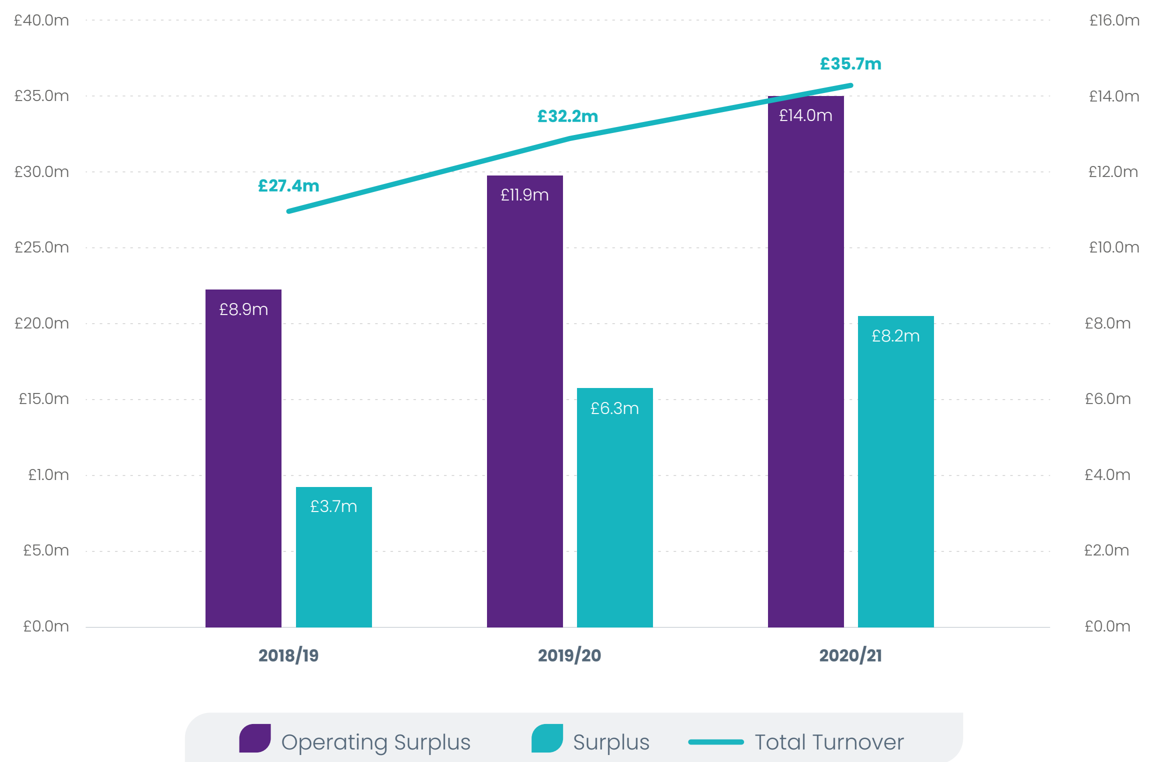
2020/21 was a positive year for Thrive. We continued the successful progress of previous years, delivering on our internal and external financial metrics. Our resilience as a business meant the impact of COVID-19 was well managed and had little effect on the year's financial performance.

Our core business delivers value independently of our other income streams, such as market rent and shared ownership sales.

Key headlines are:

- **Operating surplus of £14 million and a margin of 39.4% – significantly above our target**
- **Underlying surplus before tax of £8.2 million**
- **Arrears at 3.25%**
- **Completion of 81 homes and invested £30m in development.**

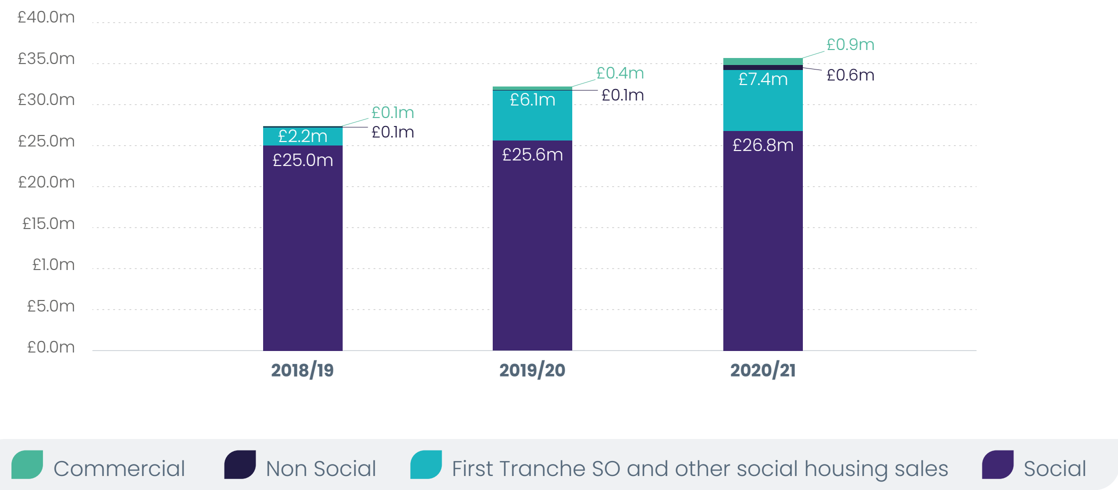
Turnover and surplus



Turnover has continued to grow over the last three years with shared ownership sales contributing to this growth. Operating margins have grown over this period and in 2020/21 were 39.4%.

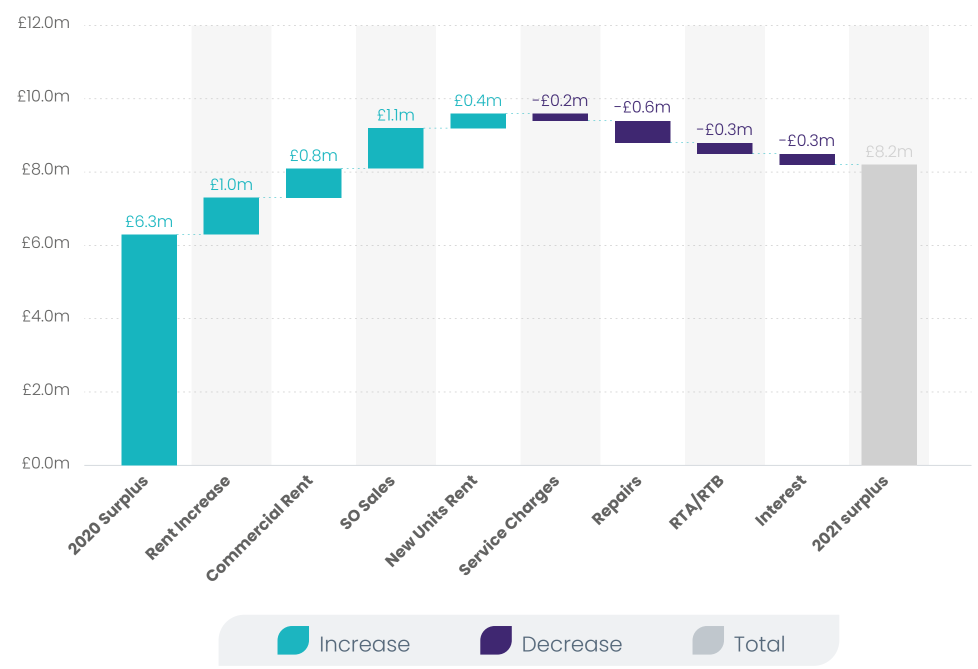
Turnover analysis

£26.8m of our income is generated from social housing lettings. This has been due to an increase in units of 63 and the 1% increase in rent.



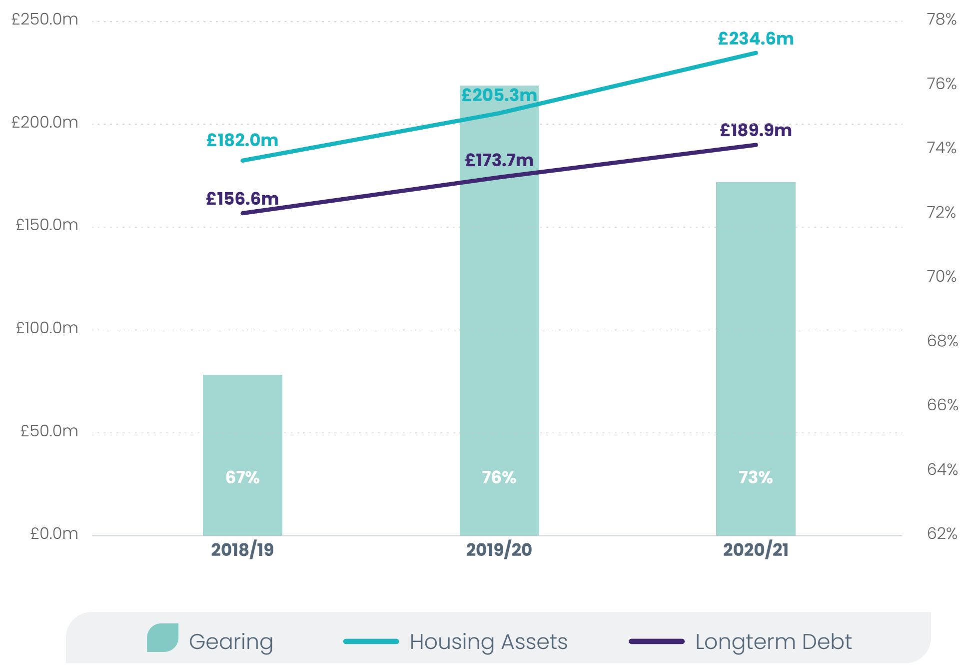
Surplus analysis

Below is a graph that depicts the main factors that have contributed to Thrive's increase in surplus. Thrive's cost base has been stable this year. Increases in costs have been generated by the additional funding required to support our development programme and the continued investment in our current estate.



Gearing, assets and debt

Housing assets continue to grow and have increased by £29.3m in the year driven by our development programme. This has contributed to a reduction in gearing in the year.



Cash generation

The Statement of Cash Flows on page 68 shows that, during the year, Thrive Homes generated net cash from operating activities of £20m, this is sufficient to cover both financing costs and capital expenditure on existing assets.

Three Year Summary

For the year ended 31 March	2021 £m	2020 (Restated) £m	2019 £m
Statement of Comprehensive Income			
Total turnover	35.7	32.2	27.4
Income from social housing lettings	26.8	25.6	25
Depreciation and impairment of housing properties	4.7	4.5	4.5
Interest payable	5.9	5.8	5.4
Operating surplus	14	12	9
Surplus before and after tax	8.2	6.3	3.7
Statement of Financial Position			
Non-current assets, at depreciated cost	265	236	210.4
Net current assets	22.4	31.4	34.4
Provisions	(2.6)	(1.6)	(3.6)
Indebtedness	(210.0)	(198.8)	(184.7)
Social Housing Grant	(16.9)	(15.9)	(13.4)
Total reserves	57.8	51.1	43.1
Key Financial Performance Information	%	%	%
Operating Surplus as a % of turnover	39.4	37.2	32.7
Gearing	73	76	67
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) less Major Repairs Improvements as a % of interest payable	200	187	143

Treasury

Thrive is rated A by Standard and Poor's, which was confirmed in March 2021. Thrive is also compliant with the Regulator of Social Housing's standards for both governance (G1) and financial viability (V1).

At 31 March 2021, the Group's borrowings amounted to £191 million, £8m of which is due for repayment within the next 12 months.

The Thrive Finance plc public bond of £125 million is fully drawn, so there are no further retained bonds available to be issued.

In 2021, the Association secured a new loan facility of £25 million from MORhomes. This is in addition to the current lending of £50 million from a retail bank. The facility is in the form of a seven-year £25 million loan which has been drawn and a five-year £25 million Revolving Credit Facility (RCF). Thrive also has a £8 million loan from a local authority. The local authority and term loans are both fixed-rate and the RCF is variable at LIBOR plus 0.75%.

The bond and the various loan agreements all contain financial covenants. Thrive comfortably complied with these covenants throughout the year and at year end.

Thrive only borrows and invests in sterling, so is not exposed to currency risk.

Thrive has a Treasury Strategy that it is progressing which was approved by the Board in February 2021. This strategy will support delivery of the next phase of Thrive's growth plans and has been developed with input from Thrive's treasury advisors – Centrus.

The Association's Treasury Management Policy, which was in operation throughout the year, dictated that Thrive will maintain a minimum level of liquidity such that there is sufficient cash and committed loan facilities capable of immediate drawdown to cover the next six months forecast cash requirement, and sufficient cash and committed loan facilities (whether or not capable of immediate drawdown) to cover the higher of committed development spend and the next 18 months forecast cash requirement. Thrive has been compliant with this policy throughout the year. Thrive has enough committed facilities available to meet known committed requirements until 31 March 2021 and for the foreseeable future. COVID-19 has not impacted on this position, as our cash holding and facilities are sufficient to deliver the development programme on its pre-COVID course. Thrive is currently building out its current schemes in the first half of 2021/22 prior to the next cycle of development hence the year end cash position

The Statement of Cash Flows on page 68 shows that during the year Thrive generated net cash from operating activities of £20 million and made interest payments of £7.9 million.

At year end the Group held £17.8 million of cash, £17.3 million of which was freely available, with a further £0.5 million on notice deposits with 65 days' notice. The Group also had £17 million of facilities available to be drawn immediately.

Thrive does not have any abnormal exposure to credit, liquidity, interest rate, counterparty or cashflow risks arising from its trading activities. No trading in financial instruments was undertaken in the year.

Development

In 2020/21, Thrive delivered 81 new homes despite the challenges of site closures during the initial lockdown. Of these homes, 63% were for affordable rent, 22% were for shared ownership and 15% were for social rent in Hertfordshire, Buckinghamshire and Oxfordshire.

In addition, three sites were acquired or optioned within the year which could add a further 250 new homes to our forward pipeline. Thrive is expecting to build twice as many homes in the next financial year, during which the organisation will complete its 5,000th home.

Going concern

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

The loan facility secured in 2019 and the recent MORhomes funding (April 2020) strengthen the Group's liquidity position and provide adequate resources to finance the immediate growth aspects of the Group's strategic plan.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Accounting policies

The main accounting policies are set out on pages 70 to 76. The policies with the most impact on the statements are the capitalisation of overheads, the calculation of housing property depreciation and capitalisation of improvements to housing properties.

Political and charitable donations

Thrive Homes did not make any political donations during the year but made donations of £39,500 (2019/20: £41,000) as part of its Community Grants Programme of which £39,500 (2019/20: £41,000) was made to charitable organisations. Thrive Homes Finance plc did not make any political or charitable donations during the year.

Value for Money

Value for Money (VFM) statement

In this section we set out Thrive's approach to and performance against Value for Money across its operations.

VFM is a key element of Thrive's strategic intent to ensure that the business is resilient. Although demand for housing is significant Thrive understands that it should operate in a transparent, efficient and effective way. The incentive to do this means that Thrive is able to grow and reach more customers. In the private sector shareholders and competition are drivers of VFM. In the housing sector it is the aspirations and good practice of the Executive and Board, alongside regulatory requirements that creates the golden thread of the strategy through to decision making, communication, measurement and review.

Our corporate strategy has VFM at its core. Thrive operates in some of the most expensive areas to live in the country, so we believe our commitment to be a sustainable business and a good landlord – by delivering efficient services while meeting the high demand for growth – delivers VFM. This also ensures compliance with the Regulator for Social Housing (RSH) VFM Standard.

Our approach to VFM

Thrive's origins as a Large-Scale Voluntary Transfer (LVST) present several challenges, which we have sought to address in recent years through our approach to VFM. These challenges and how they have been met are outlined below.

- **Challenge:** The level of investment required to bring the transferred portfolio up to a good standard, combined with a high level of day-to-day repairs resulting from the age of the stock (the average age of a Thrive home is 55 years). Additionally, 15% of the portfolio comprises non-traditional construction types.

  Response: We have invested in an asset management tool to understand performance across our portfolio against our targets. Effective procurement and programme management ensure we smooth these costs over time so we can maintain appropriate levels of investment. Although Thrive is now a mature LSVT and has achieved 'decent homes', the nature of the properties and their surroundings require ongoing investment.

- **Challenge:** Developing a technology platform fit to support the growing organisation.

  Response: We have invested in technology to support agile and self-service working practices. There is an ongoing need to develop this capability to support our evolving business.

- **Challenge:** Poor operational efficiency – low ratio of headcount to properties managed and productivity of the inherited Direct Labour Organisation (DLO).

  Response: We have improved DLO performance by comparing against the market on a suite of key metrics. This issue remains under review.

- **Challenge:** Portfolio attrition through Right to Buy (RTB), with all RTB receipts returned to the local authority under the transfer agreement.

  Response: We have been continually increasing stock numbers since transfer. Growth remains a vital element of our VFM approach.

We have improved our performance, bringing Thrive's cost per unit back in line with the sector by 2020. This has been achieved through the above actions, alongside developing the 'Thrive Deal' (which sets out our services) and appropriate systems and processes to deliver, plus a continued focus on operational and development costs. Thrive is currently at the start of its next investment/growth cycle, which will impact on VFM metrics. These impacts are mapped through the medium-term financial plan, providing the Board with annual VFM targets for the next five years.

The 2020/21 Annual Financial Statements recognise that, to date, this has been a successful approach but a change in focus is required to support the next phase of Thrive's plans. Thrive will need to be more sophisticated in understanding the impacts of both internal ambitions and external pressures on delivering VFM. Progress against our VFM plans, including our four key investment areas, is summarised below.

1. Resilient with a strong financial base

The expanded executive team has been able to focus on ensuring Thrive continues to deliver good governance by developing delegation of decisions and implementing a new risk management system (Decision Time), with operational efficiencies and greater transparency.

Internal financial management capabilities have been supplemented by the recruitment of Centrus as Thrive's treasury advisors, supporting the medium-term financial plan process and development of our treasury capabilities. This has ensured a blend of external and internal capabilities that represent a good balance of resource deployment and enables Thrive to plan and secure required funding at lowest cost. As we progress our strategy, this blend of internal and external resource will be used across the whole organistation. The procurement strategy, which has been approved at committee and embedded in our business, includes a comprehensive contract register, organisational procurement forward plan, procurement benefits log and monthly performance reporting.

Our financial regulations outline the framework for achieving VFM when procuring goods and services. A central log of procurement benefits was established and identifies cumulative cashable (savings against current price) and non-cashable (savings against market prices) of £0.2 million. Corporate social responsibility and sustainability achievements are also captured here, using the social value task force national Themes Outcomes and Measures (TOMs) methodology principles. Six contracts were placed using the new Strategic Framework.

2. A fair deal for customers

We believe a VFM customer experience is one that requires trust and engagement, aligned with simplicity in both communication and access to the services we provide. We are committed to listening to our customers' views, raising them at Board level and improving services as a result. This is delivered by working closely with our Customer Engagement Panel (CEP).

Our new customer portal, the myThrive hub, went live in October 2020. Over 30% of customers signed up in the first six months, reporting 270 repairs (2% of total). This resulted in a reduction of cost per transaction, whilst improving efficiency for customers and colleagues alike (see page 15). The Thrive Deal continues to provide customers with clarity on the services we provide and what is expected of them in return. To address the challenges of the pandemic, Thrive developed 'virtual visits' to continue the annual Home Plan service. This proved successful and efficient, with 725 completed visits in 2020/21, so 'virtual visits' will now be developed as part of the annual re-visiting process, reducing non-productive travel time. As a result of this focus on virtual contact, this year has seen a growth in digital tenancies (supporting customers to engage through digital channels, pay by direct debit and maintain a credit balance) which is having a positive effect on customers staying in credit (see page 17).

Throughout the COVID crisis, major repairs have focused on work that could be done at a safe distance or without entering homes. We continued our recent levels of investment in existing stock at £3.5 million, replacing 1,496 components to avoid a build-up of work in future years.

The standard of re-let homes was an area of interest to our CEP when looking at newer and older homes, and the Board reviewed options to enhance the letting standard during a strategic workshop in October 2020. Board agreed to balance outputs against the impact on value for money metrics, specifically cost per unit and investment, and focus on improvements that add value to the portfolio. A decision was made to enhance the kitchen and bathroom specifications (an increase of £665 per property) and an increased spend on delivering environmental works to communal spaces as these provide long term benefits to customers and maintain the desirability of the homes.

Several of our homes require significant investment to achieve our asset management model's targets. Rather than disposing of these as they become void, our tenure conversion programme will see them upgraded and offered to the market as shared ownership. This foregoes unnecessary expenditure whilst generating income that can be reinvested back into the business. The programme was successfully piloted in 2020/21, with strong demand for these homes, so will continue as part of our asset management strategy. This delivers further value by strengthening our balance sheet through receipts of cash and provides the opportunity to accelerate development growth and increase delivery of affordable homes (one affordable home becomes three).

3. Growth

The delivery of affordable housing is a key part of Thrive's corporate strategy. Our target was to deliver 150 homes in the financial year, which was reduced to 70 homes due to the pandemic's impact on the construction sector. We continued to develop affordable homes alongside shared ownership units to reflect demand in the areas where we operate and at year end we had delivered 81 key-ready properties, despite lockdown restrictions. We also secured a second contract for managing properties on behalf of others, we need to focus on further increasing the volume of our managed homes before we deliver a significant impact on the business by increasing income and offsetting fixed costs.

4. A good place to work

Supporting and developing our people is critical to our ability to provide good quality services for customers, as well as underpinning our business resilience and creating a good place to work. Over the past 12 months our team continued to deliver a high level of service whilst adapting to new ways of working and the challenges of the COVID pandemic. Previous investment in creating an agile workforce meant we were able to pre-empt the national lockdown by closing the office a week ahead and transitioning to remote working overnight. The investment in our people is demonstrated by a two-star accreditation from Best Companies in December 2020, following our Investors in People gold accreditation in January 2020.

Delivering VFM is integral to the way our people work. Through our newly created working groups – which aim to create a more collaborative, open way of working where everyone can get involved – colleagues appreciate the importance of VFM and how they can contribute to Thrive's ambitions and purpose.

Future approach to VFM

The Board approved a medium-term financial plan which was evaluated against the VFM metrics and establishes how these will vary over time. The plan represents the framework to deliver our strategy and provides the structure against which the Board can evaluate out-turns to determine effectiveness.

1. Resilient with a strong financial base

Thrive has agreed to move to a Microsoft Dynamics platform as part of the development of our future technology capability. This multi-year project aims to increase efficiency by automating manual tasks and increase the resilience of our processes. Initial scoping and implementation will take place in 2021/22, supporting our planned business change.

Thrive's Board approved Treasury Strategy is to make efficient use our financial capacity to increase output of new homes. This will be done by raising liquidity through the bank market whilst seeking longer term funding from capital markets. This approach is security efficient and flexible and cheaper – delivering adequate liquidity whilst not incurring costs on undrawn facilities.

2. A fair deal for customers

There have been significant proposed changes for future legislation with the Social Housing White Paper, Housing Ombudsman's new Complaint Handling Code, the stepped-up green agenda and a focus on building safety, alongside the ongoing need to build more homes.

Against this background of changes, and with the existing system in place for over eight years, we are undertaking a comprehensive review of our customer engagement model to ensure it remains fit for the future, improves our ability to hear the voice of all customer groups and ensures real value for the business relative to the cost. Part of this review will implement assurance routines to maintain compliance and develop a 'customer care' approach for new customers, irrespective of tenure, taking best practice from the sales area of our business. This approach will provide opportunities to better understand issues, identify patterns and adjust processes with a focus on issue avoidance rather than simply issue resolution.

Thrive is committed to achieving value for money within the context of a fair deal for customers and will continue to analyse our cost drivers balanced against cost savings and customer satisfaction. We will look harder at our homes determining their capability to deliver improved energy efficiency and sustainability and meet future building safety requirements. We are building this into our asset approval model and developing realistic programmes to achieve these targets, with investment built into our medium-term financial plan. Investment will be phased, initially focusing on energy performance and then sustainability as technology makes options more accessible. We are therefore planning an increase in cost per unit, which is expected to be in line with the sector-wide trend.

3. Growth

We are committed to delivering an increasing number of homes each year, with the ambition to double in size within our existing geographical area. A key part of our growth strategy is to increase density on existing land, thereby maximising value from land we hold at a historic cost and acquire land to support future residential development. During the year, we have secured (through acquisition or option agreements) a further 230 plots for future construction, increasing the total number of plots we control to almost 1,000. We have bought land with options, giving us control without additional expenditure, and have processes in place to monitor the results of this activity.

4. A good place to work

Thrive is growing and becoming a more complex business. We have developed a target operating model that creates greater capacity across the organisation, particularly in areas such as building safety, data management, reporting and transformation. The model links to delivery of the five-year growth plan, our financial capacity and maintenance of key performance metrics. Initial implementation involves recruitment of several assistant directors who will work with the executive to develop their teams.

This will impact Thrive's margins and is one of the drivers for increased operating costs over the next financial year, which in turn impacts the cost per unit metric. However, we can accommodate this investment and continue to deliver a strong core and operating margin, providing assurance that the business is financially resilient – our operations are run effectively, and we have the financial capacity to grow. Further efficiencies will be gained as the business grows.

Board responsibility and measuring performance

The Board takes responsibility for VFM, as outlined in Thrive's Strategic Framework. We have considered the impact it will have on VFM metrics and how these will vary over time.

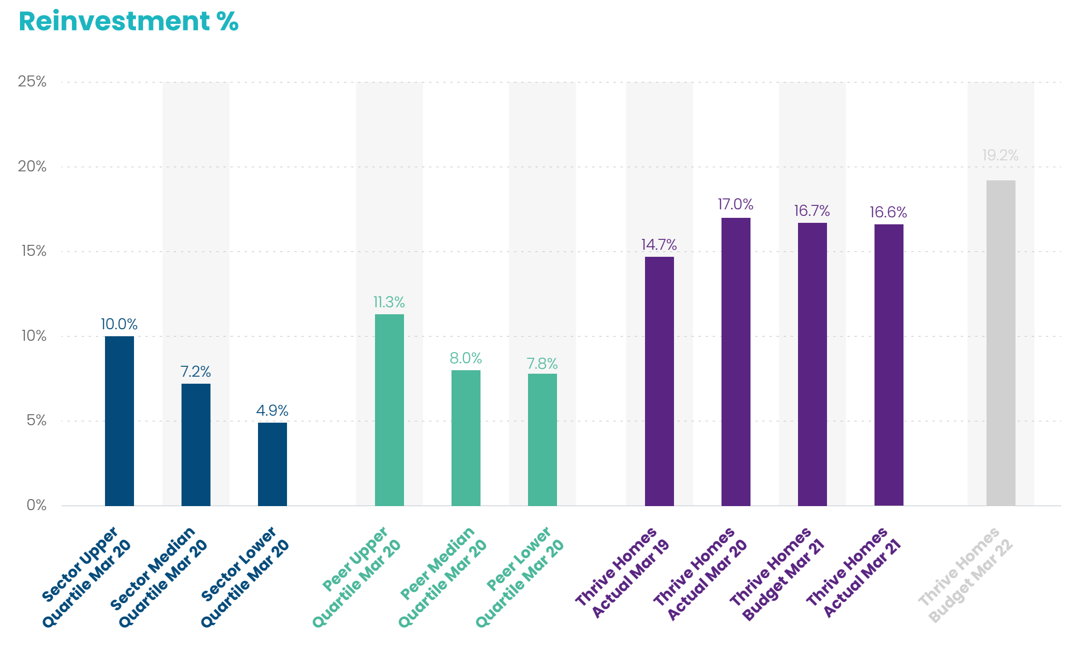
This is done by:

- The Board approving an annual budget and actively monitoring quarterly financial performance and key performance indicators (KPIs) to ensure delivery. This is done by the Resources and Development Committee and Board.
- The Board considering VFM in its key decision-making process, focused on assets, the re-letting standard and our medium-term financial plan.
- VFM performance being reported within the Annual Financial Statements, published on Thrive's website and available to all stakeholders.
- Metrics being supported with narrative explaining how our strategy is delivering VFM. It is important to bring stakeholders on our journey, so they understand why we deploy our resources as we do.

After careful consideration of the VFM metrics set out by the Regulator of Social Housing, aligned with our Balanced Scorecard, the Board is confident we have delivered on our VFM strategy over the year.

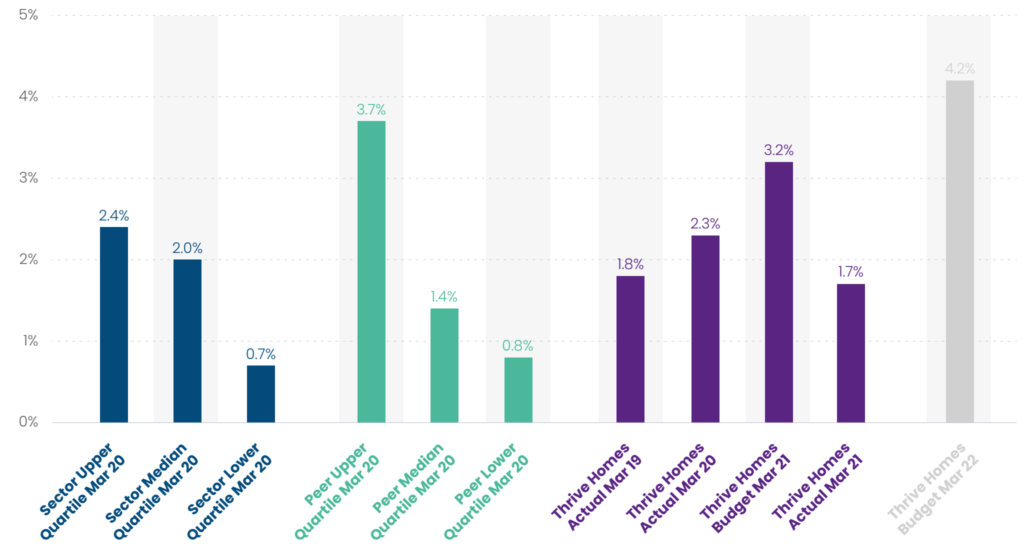
VFM performance and KPIs

Performance against our VFM measures remains strong, reflecting Thrive's aspirations and the stage we are at in our strategy. This performance is measured against our peer group (a group of six similar in geography, size and establishment) and the sector. Deviations are planned and understood.



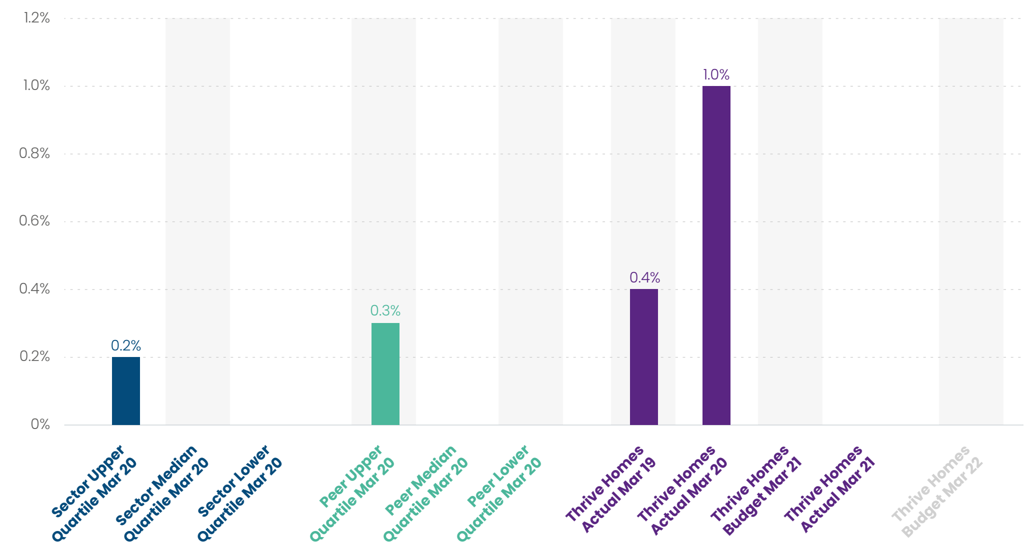
Explanation: Thrive's reinvestment rates remain high in comparison to our peer group and the sector. This reflects our plan to meet the growing need for homes in the area and the relatively higher cost of investment due to the location of our properties. Alongside this, we continue to deliver our commitment to maintain existing assets to the standard set out in our Asset Management Strategy. In 2020/21 Thrive met its target and the 2021/22 target demonstrates the investment the Board has approved to progress Thrive's environmental and sustainability aspirations in addition to advanced enhancements in our re-let standard.

New supply of social housing units delivered %



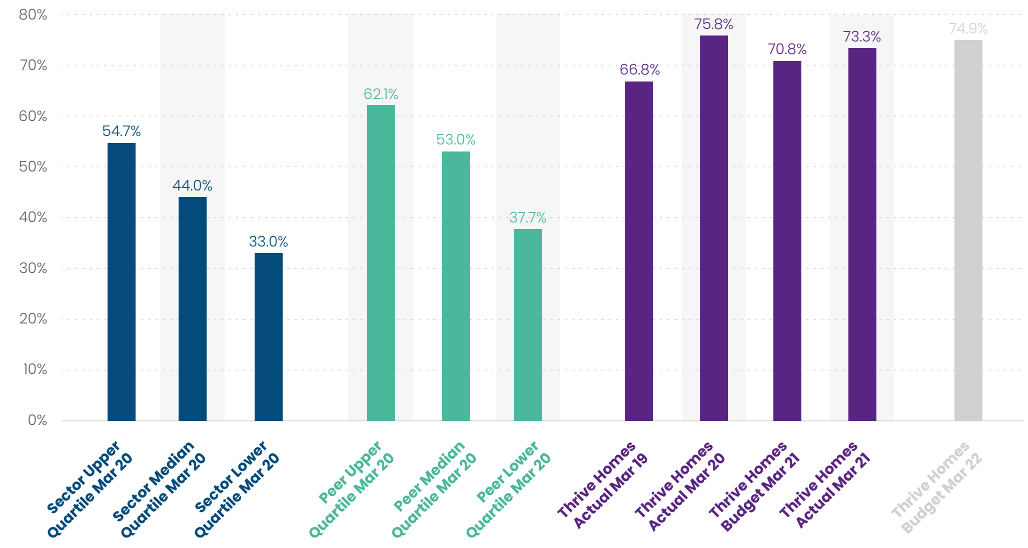
Explanation: The level of units delivered reflects the development cycle. The financial years ending 2021 and 2022 represent the build out of current sites. During 2020/21 Thrive developed 81 homes. The 1.7% growth delivered is in line with our peers but behind target due to delays brought on by the pandemic. This is planned to grow towards the upper quartile of our peer group next year.

New supply of non social housing units delivered %



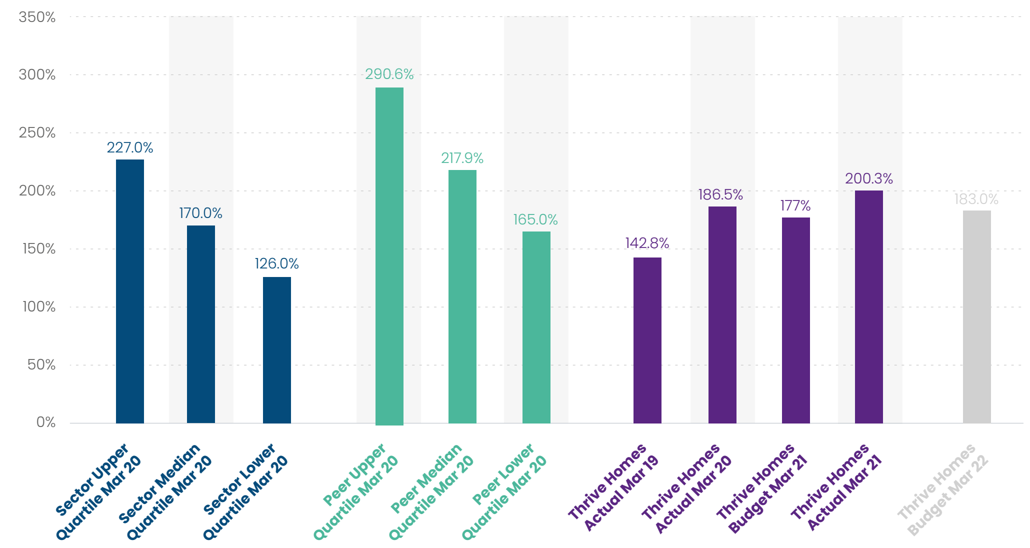
Explanation: Thrive invested in units for market rent in 2019/20 in order to contribute to the availability of well managed homes from an ethical landlord, reflecting the housing need in Thrive's geographical operating area where access to affordable rented homes is limited. As the volume of units increase, the market rent portfolio will contribute to the offsetting of our back-office costs with Thrive Homes managing the core services. There have been no additions in 2021/22 but this remains a key part of Thrive's strategy.

Gearing %



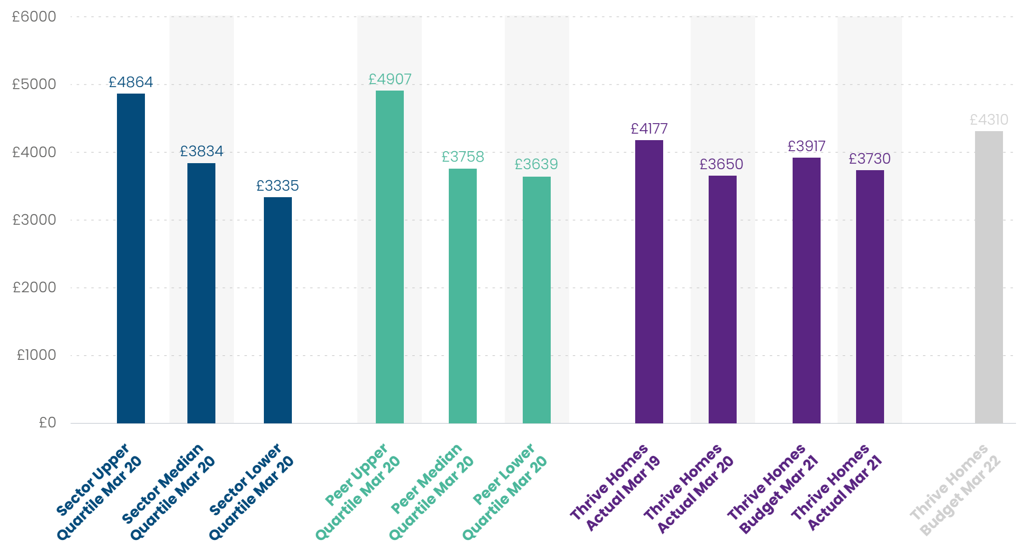
Explanation: Thrive is focused on ensuring it operates with a sustainable level of debt – balancing the required raising of fund to invest in new homes with the cost of borrowing. Gearing has been relatively high due to our LSVT origins and holding transferred assets at historic cost. Our level of gearing, measured as a proportion of debt to the book value of housing, is therefore higher than our peers and our peer group is higher than the average for the sector. We expect gearing to remain relatively high but to reduce in the medium term. These levels are well within loan covenants and closely monitored by the Board.

EBITDA MRI Interest Cover %



Explanation: This metric, a measure of cashflow, shows our earnings continue to exceed our interest costs. Thrive can demonstrate its ability to service interest on borrowings out of its day-to-day operations. This performance is indicative of Thrive's strong core margins (explained later), reflected in the comparison with our peer group. It is also significantly above our funding covenants. Moving forward we expect Thrive to deliver performance within the range of the recent performance illustrated in the chart. This will be dictated by our treasury strategy and the investment required to deliver the Medium Term Plan.

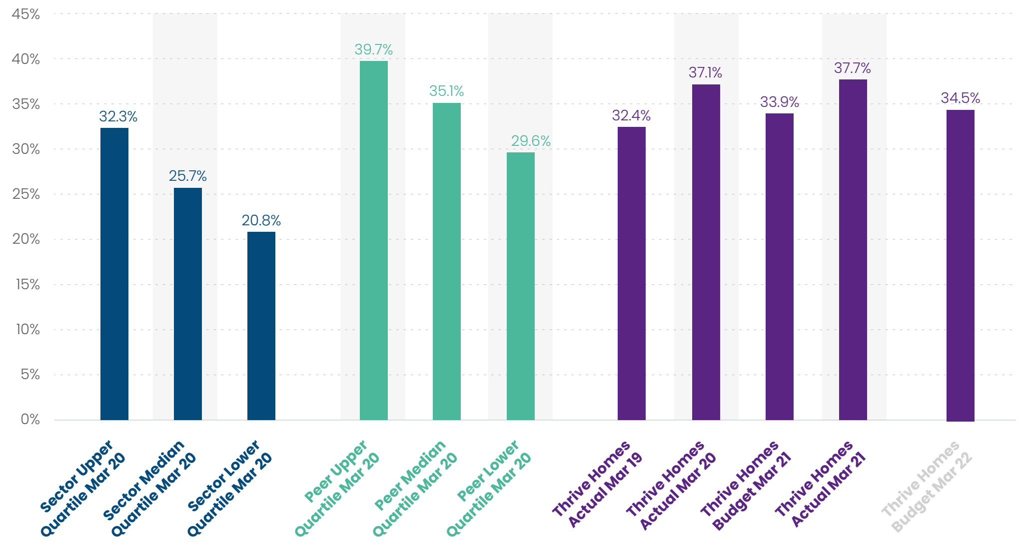
Headline Social Housing Cost per unit



Explanation: The headline social cost per unit, which has reduced significantly over recent years, is now in line with our peers and the sector. The reduction is due to the growing number of homes we manage. This has been absorbed without an increase in overheads or compromising service levels and quality, as articulated in the Thrive Deal. We have been able to maintain the level of our investment programmes, despite the impact of COVID-19 on planned works. The re-prioritising of programmes with a focus on external and communal works, which could continue safely, has not impacted customers and a smooth phasing of costs is planned in 2021/22.

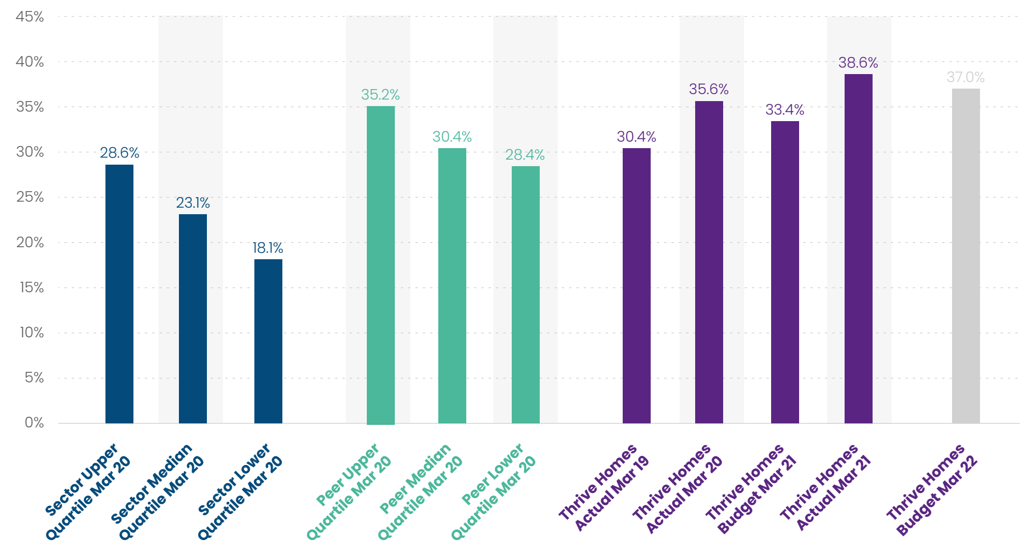
The future will see the cost per unit trending up again as we embark on an investment and growth cycle with investment being made in staffing to enable future growth.

Operating Margin Social Housing Lettings %



Explanation: The margin on our social housing lettings remains strong, ahead of our peers and the sector at 37.7%. which represents delivery of the target. This demonstrates a controlled and lean core cost base and operation, that was managed well throughout the year. Into next year and beyond Thrive expects to operate within a range which is in line with our peer group. This range is to enable Thrive to deliver its strategic ambitions whilst continuing to review its costs and delivering its external financial requirements.

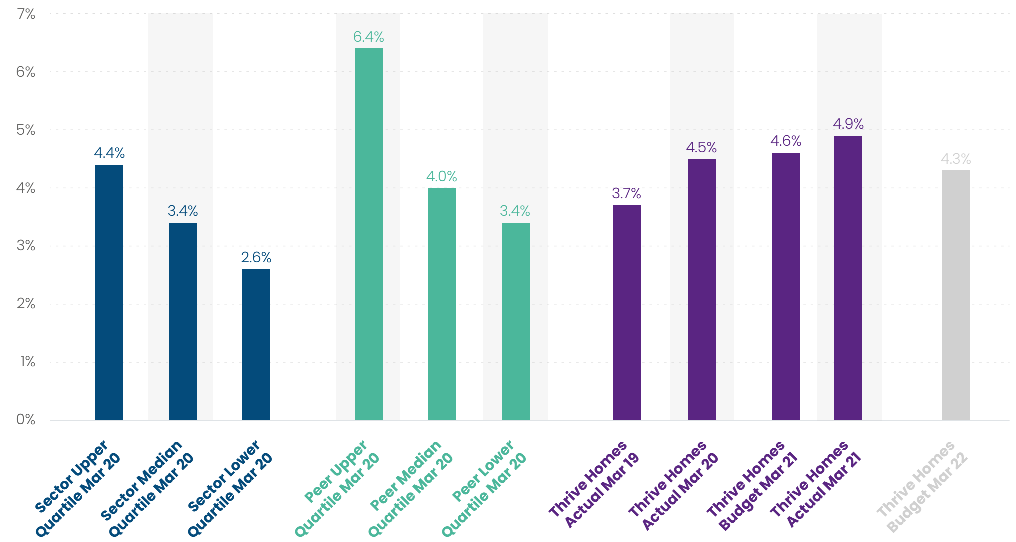
Operating margin (Overall) %



Explanation: Our operating margin best reflects the current stage of Thrive's strategy and our progress against it. Historically high margins, driven by efficiencies, enable us to progress further development of new homes. There is a balance necessary when investing in future growth. Operating margins evolve over the duration of a strategy and the expected small reduction in operating margins next year is to support future growth. COVID-19 has provided opportunities to reduce costs which are being explored further.

This margin includes shared ownership sales, where performance is strong. Sales increased over the year and as we develop out S106 schemes our margins continue to remain strong reflected in the performance in the year. As our strategy and the market become more land-led, enabling Thrive to dictate its development offer, this margin is expected to reduce as we see higher grant funding.

Return On Capital Employed %



Explanation: Thrive's return on capital employed remains stable and in line with its peer group. This shows that Thrive is using its assets efficiently and effectively to deliver returns that can be re-invested in the business.

Thrive's peer group consists of: B3 Living Limited, Hightown Housing Association Limited, Red Kite Community Housing Limited, Richmond Housing Partnership Limited, Vale of Aylesbury Housing Trust Limited and Watford Community Housing Trust.

Governance report

The Board is pleased to present its report and the audited financial statements of Thrive Homes Limited ("the Association") and its subsidiary entities (together "Thrive Homes" or "the Group") for the year ended 31 March 2021. This is the 12th full year of operations for Thrive Homes since its formation as a Large-Scale Voluntary Transfer (LSVT) from Three Rivers District Council in 2008.

Group structure and overview

Thrive Homes is a registered not-for-profit provider of affordable homes. It owns and manages 4,847 homes in Hertfordshire, Bedfordshire, Buckinghamshire and Oxfordshire. Thrive Homes has been growing over the years by a combination of building new homes and acquisitions from other registered providers.

Its wholly owned subsidiaries are:

- **Building for Thrive Limited** is our design and build business. Dormant throughout 2019/20.
- **Thrive OwnHome Limited** enables the development of new homes for sale on the open market. Dormant throughout 2020.
- **SRJ Homes Limited** is a company that owns land (with planning permission). Construction work commenced in this financial year will complete early in 2020/2021.
- **Thrive Living Limited** (incorporated on 31 October 2019) provides market rent homes within Thrive's existing operating area.
- **Thrive Homes Finance Plc** is the main funding vehicle, delivering the Bond financing which is then lent to Thrive Homes. Thrive Homes is the parent organisation.

The principal activity of the Group is the development and management of affordable housing.

Board members, executives, advisors and bankers		
Kate McLeod	Chair of the Board	Stood down as Chair of Risk and Audit to become Chair of Board in September 2020
Graham Olive	Vice-Chair of the Board and Chair of Remuneration and Governance Committee	Appointed Vice-Chair in September 2020
Vic Baylis		Stood down as Interim Chair of the Board and former role as Vice-Chair of the Board in September 2020
Francesco Elia		Appointed December 2020
Jessica Friend		Appointed December 2020
Malcolm Green		
Rachel Harrison	Chair of Risk and Audit Committee	Appointed as Chair in September 2020
James Invine		Appointed December 2020
Craig O'Donnell		
Jamie Smith	Chair of Resources and Development Committee	
Tonia Warren		Resigned October 2020
Executive Management Team		
Elspeth Mackenzie	Chief Executive	
Jo Barrett	Executive Director - Operations	
Jack Burnham	Executive Director - Development	
Mark Farrar	Executive Director - Resources	Appointed 22 June 2020
Karen Forbes-Jackson	Executive Director - Corporate Services	Appointed 5 May 2020
Company Secretary		
Elspeth Mackenzie	Interim Company Secretary	Stood down 29 June 2020
Karen Forbes-Jackson	Company Secretary	Appointed 29 June 2020

Registered Office
Westside, London Road, HEMEL HEMPSTEAD HP3 9TD

Auditor
Beever and Struthers
15 Bunhill Row, LONDON EC1Y 8LP

Principal Banker
Barclays Bank PLC
1 Churchill Place, LONDON E14 5HP

Legal Advisors
Devonshires Solicitors
Salisbury House, London Wall, LONDON EC2M 5QY

Anthony Collins Solicitors LLP
134 Edmund Street, BIRMINGHAM B3 2ES

A REGISTERED SOCIETY UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014, NUMBER 30398R
REGISTERED BY THE REGULATOR FOR SOCIAL HOUSING, NO: L4520

Governance

Regulator of Social Housing and regulation review

The Regulator of Social Housing (RSH) published the results of their In-Depth Assessment in April 2019. The results were that the Association was assessed to hold the highest level possible for Governance (G1) and for Viability (V1). For more information on the regulation of social housing in the UK, see the RSH website **www.gov.uk/topic/housing/social-housing-regulationengland**

Board members and executive directors

The Association is managed and monitored by the Board, several Board Sub-Committees and an Executive Management Team. The Board members and Executive Directors are set out on page 50. Membership of the Board is made up entirely of non-executive members who are drawn from a wide background, bringing together professional and commercial. All appointments to Board positions are made via an appointments panel. The Board of Thrive Homes appoints the Directors and Company Secretary of all the subsidiaries of Thrive Homes; Thrive Homes Finance plc, Building for Thrive Limited, Thrive OwnHome Limited and SRJ Homes Limited.

Thrive Homes complies with the NHF Code of Governance and has adopted the 2020 NHF Model Rules for registered providers. Membership of the Board is based on an evaluation of skills and experience.

The Board has set up the following committees to facilitate the direction of the Association's affairs. All committees meet quarterly.

Risk and Audit Committee

– to ensure that Thrive Homes is aware of and manages risk effectively and maintains good standards of probity.

Resources and Development Committee

- to ensure that Thrive Homes makes effective use of its resources and to monitor the development programme, including delegated power to approve new development schemes up to a total cost of £10 million.

Remuneration and Governance Committee

– to ensure Thrive Homes is well governed and that it maintains appropriate policies and practices to achieve its strategic objective to be a good place to work.

Attendance

Board members split their responsibilities amongst Thrive's various committees. The table below shows Board member attendance during the year, compared to possible attendances.

Board member	Board	Remuneration & Governance Committee	Resources & Development Committee	Risk & Audit Committee	Customer Experience Panel (CEP)
Kate McLeod	5/5			2/4	
Graham Olive	5/5	4/4		4/4	3/4
Vic Baylis	5/5	4/4			4/4
Francesco Elia	2/2		1/1	1/1	
Jessica Friend	2/2	1/1		1/1	
Malcolm Green	5/5	4/4	5/5		
Rachel Harrison	5/5	4/4		4/4	
James Invine	2/2	1/1	1/1		
Craig O'Donnell	5/5		4/5		2/4
Jamie Smith	5/5		5/5		
Tonia Warren	3/3		3/3	2/2	

The Board members received payment for their services as Non-Executive Directors. Payment is reviewed periodically by members. Levels of remuneration paid to Board members during 2020/21 and 2019/20 are shown on page 84 in the Notes to the Financial Statements.

The Executive Directors listed on page 50 hold no interest in the share capital of the Association. The Executive Directors have responsibility for the day-to-day management of the business and the implementation of the strategic policies and plans of the Board.

Statement on internal controls assurance

Responsibility

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

The Board recognises that no system of internal control can provide absolute assurance against misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

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

The Board has reviewed the effectiveness of the system of internal control, including the sources of assurance agreed by the Board as being appropriate for that purpose. Based on the evidence provided, it is satisfied that there is enough evidence to confirm that adequate systems of internal control existed and operated throughout the year. The Board is also satisfied that those systems were aligned to an ongoing process for the management of the significant risks facing the Association. No weaknesses were identified which would have resulted in material misstatement or loss and which would have required disclosure in the financial statements.

During the year the Board and/or Risk and Audit Committee have received the following evidence to support the effectiveness of the system of internal control:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation, mitigation and control of significant risks. It is the Board's responsibility to review and assess these risks. During the year, the series of 'deep dives' by the Risk and Audit Committee on individual risks continued; Remuneration and Governance Committee and Resources and Development Committee have also conducted 'deep dives' on risks related to the committee's terms of reference. These 'deep dives' have led to updated controls and re-assessing of the risk 'scoring'.

The Risk and Audit Committee also did a comparison of the Sector Risk Profile to Thrive Homes' risk register to ensure no risks had been omitted or aspects of risks were considered relative to Thrive's operations. The updated risk register includes identifying those risks included in the Sector Risk Profile that may impact Thrive in the future, but are not currently applicable, e.g. swaps and financial instruments.

The constant review of the risk register also helps determine what internal audits are conducted during the year.

There is a formal and ongoing process of management review in each area of the Association's activities. The Executive Management Team, Senior Management Team and Risk and Audit Committee regularly consider and receive reports on significant risks facing the Association. The Risk and Audit Committee has delegated powers to oversee risk management and the operation of the internal control environment.

Control environment and procedures

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegations of authority. These are found in detail in the Association's Standing Orders, Financial Regulations, Treasury

Management Policy and Risk Management policies and procedures. These delegations and authority levels are reviewed regularly.

The Board retains responsibility for a defined range of issues covering strategic, operational, compliance and financial issues including treasury strategy, new business projects and equality and diversity. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

The Board has developed a Code of Conduct in line with NHF guidance. This informs the Association's policies regarding the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply.

The Risk and Audit Committee provides feedback to the Board with regards to the results of the internal audits conducted, as well as the Quality Assurance Programme Thrive undertakes. The Board is satisfied that necessary action is taken by the Association to address any significant failings or weaknesses identified within these reviews.

The Governance and Financial Viability Standard

The Board confirms that Thrive Homes Limited is compliant with the Governance and Viability Standard issued by the RSH.

National Housing Federation Code of Governance

The Board has adopted the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)' and confirm that the Group fully complies with the code. An annual review of compliance is performed by the Board, with the most recent review in May 2020 demonstrating continued compliance.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. A Health and Safety Policy is in place with a rolling programme of staff training reviewed and delivered annually. The colleague Safe and Well Working Group meets on a quarterly basis and is chaired by the Assistant Director – Property. Activity is then reported to the Executive Management Team and Board. A report on Thrive's health, safety and wellbeing activity is provided to the Board at each of its meetings.

Information and financial reporting systems

Thrive Homes has a comprehensive system of financial reporting. The annual budget and longer-term business plan are reviewed and approved by the Board. Management accounts are produced monthly, and results are reported against budget headings to each Board and Resources and Development Committee meeting. The current borrowing and investment position is reported at each Board and Resources and Development Committee meeting.

The Group maintains an Assets and Liability Register in accordance with the requirements of the RSH's regulatory framework which has been reviewed by our internal auditors during the year. The auditors provided a substantial assurance judgement on the completeness and accuracy of the register.

The Board and each committee meeting regularly review key performance indicators to assess progress in the achievement of key business objectives and targets.

In accordance with regulations, annual financial returns and quarterly funding surveys are submitted to the RSH, and quarterly financial and non-financial covenant information is returned to the funders. There are regular meetings with managers to review and monitor revenue and capital spending against budget assumptions. Cash flows and borrowing requirements are continually updated.

Both the external and internal auditors review the financial systems and controls for compliance with Thrive's Standing Orders and Financial Regulations, with the external auditors also providing assurance to the accuracy of the accounts by signing the Annual Financial Statements.

Fraud reporting systems

The Association aims to prevent fraud and corruption and has in place policies in respect of preventing, detecting and investigating fraud, including a policy on 'whistleblowing', and the Board is satisfied that these effectively manage the risk of fraud. These policies include:

- Standing Orders and Financial Regulations
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy
- Probity Policy
- Code of Conduct for Staff and Board Members (Thrive has adopted the NHF 2012 Conduct Becoming Code)
- Internal Audit programmes.

The Board considers that Thrive has robust policies and procedures in place to identify and mitigate the risk of fraud and the Board has reviewed the risk register. During the year there were no known instances of fraud.

Monitoring and corrective action system

An assurance framework, including self-assessment and regular management reporting on risk and control issues, provides a hierarchy of assurance to successive levels of management, the Risk and Audit Committee and to the Board.

The internal control framework and the risk management process are subject to regular review by an internal audit function which advises the Executive Management Team and reports to the Risk and Audit Committee. The internal audit plan is agreed annually by the Risk and Audit Committee and is focused on the areas of greatest risk to the Association. Monitoring is also carried out by senior officers and managers. The Risk and Audit Committee considers internal control and risk at each of its meetings during the year and can meet privately with the auditors at each of its meetings.

A process of regular management reporting on control issues provides assurance to senior management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and the delivery of our services.

The Risk and Audit Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes needed to maintain the effectiveness of risk management and control process and reports this to the Board.

The Board confirms that there is an ongoing process for identifying and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report and accounts and is regularly reviewed by the Board.

Employees

Thrive Homes is committed to promoting equality of opportunity in its employment practices. Applications for employment from persons with black or minority ethnic origin or disability are given full and careful consideration for all vacancies. The Association holds accreditation as a Disability Confident Committed Employer, which demonstrates the commitment of Thrive Homes to good practice in employing and retaining disabled people.

Thrive's Equality, Diversity and Inclusion (EDI) working group (AllTogether@Thrive) was established in 2019 and continues to evolve,

monitoring performance against the actions laid out in Thrive's EDI framework. In 2020/21 the group has focused on undertaking the Housing Diversity Network accreditation, with results expected back in May 2021.

It is the policy of Thrive Homes that training, career development and promotion opportunities should be available to all employees. Thrive Homes considers that employee involvement is essential to its success and uses a variety of methods to inform, consult and involve its employees. This is conducted in several ways including formal consultation with the Great Place to Work Group, quarterly all company briefings, departmental meetings, using our 'OneThrive' internal social network and through one-to-one meetings.

Directors' indemnity

The Board confirms that the Association has directors' and officers' insurance in place.

Principle risks and uncertainties

The main risks faced by Thrive Homes are considered by the Executive Management Team with the Board as part of the business planning process and are considered on a quarterly basis by the Risk and Audit Committee. Thrive has taken steps to ensure that it identifies factors that may affect future performance. Thrive's Risk and Assurance Strategy identifies the key risks facing the Association and strategies for monitoring and mitigating them. The Leadership Team (comprising the Executive Management Team and the Senior Management Team) meet monthly. They play an active part in embedding a culture of risk awareness and risk management amongst staff.

The internal audit function plays a critical supporting role in providing assurance to the Board, particularly through regular reporting to the Risk and Audit Committee on the integrity of the internal control environment at Thrive Homes.

Key Risk Area	Key Drivers	How this is being managed
Brexit/COVID-19 impacts on the wider economy	• There continues to be significant uncertainty as to the impact of the United Kingdom's departure from the European Union. It is not currently possible to accurately evaluate all the potential impacts on Thrive Homes, its customers, suppliers or the wider economy. • The speed of economic recovery from COVID-19 / effectiveness of government interventions is unknown and may be a further impact in addition to Brexit.	• Thrive has assessed the most likely areas to be impacted by the process of leaving the European Union, using guidance provided by the RSH and various other sources. Thrive has assessed the risks to the repairs supply chain, skills and staffing, major works supply chain and developments. The risk register has been updated and the impact assessed on the various key risks to try and determine what mitigating actions can be taken. These reviews and discussions are ongoing as any relevant new information is received, but the overall level of uncertainty is still of such significance that fully detailed mitigation actions are difficult to implement. • COVID Risk Assessment undertaken with actions to mitigate the risk to staff and customers. • Monitoring the impact of COVID and the furlough scheme arrears/compliance testing and safe working practices.
Government policy	• Whilst the Government has confirmed the rent setting policy post-2020 will return to CPI+1%, the events of 2015 when Government announced an immediate change to -1% despite the new rent setting policy only having been in place for a year means there can be no certainty. • Despite changes to Right to Buy (RTB) legislation being made for 'pilots' and this not being successful, there is still a desire by the Government to extend this further.	• Thrive will contribute to the consultation being carried out by RSH. Monitoring of Government sentiment regarding rent setting. • Monitoring of the RTB pilots and feedback to Government from these.
Pension liabilities	• Adverse changes in the value of the pension liability in the next triennial valuation in March 2022. • Reducing membership numbers.	• Contribution and feedback to consultations on the valuation assumptions. • Tracked and reported annually. • Agreement reached with TRDC on subsumption.
Health & Safety	• Thrive has no high-rise blocks or cladding but does have has fire doors that failed the new testing regimes and there are landlord responsibilities with regards to all health and safety requirements that must be met to ensure residents are safe in the homes that they live.	• Monthly reporting of all landlord responsibilities. There is also a separate health and safety report presented to Board at all meetings that covers any additional health and safety issues.
Development	• Brexit uncertainty on developers' ability to build out schemes due to labour and/or material issues. COVID-19 may also contribute to these issues. • Sales price uncertainty.	• Employer's agents monitor performance, developers are credit checked ahead of and during the development, as well as monitoring of market conditions in general. • Development appraisals do not include any anticipated increase in value during development periods and must achieve a profit hurdle to demonstrate viability. • Sales and reservations of completed units is tracked, and ongoing monitoring of sales price market conditions in general.

Statement of directors' responsibilities

The Board is responsible for preparing the annual report and financial statements in accordance with the applicable law and regulations.

Housing association legislation requires the Board to prepare financial statements for each financial year. Under that legislation, the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and applicable law). Under housing association legislation, the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

- adopt suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Association will continue its business.

The Board is responsible for making the appropriate arrangements for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Group and Association and to enable it to ensure that the financial statements comply with housing association legislation (The Cooperative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2018).
It has responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of compliance

In preparing this strategic report, the Board has followed the principles set out in the Housing SORP 2018.

Annual General Meeting

The Annual General Meeting will be held on 23 September 2021.

Disclosure of information to the auditor

The Board members who held office at the date when this report was approved confirm that:

- so far as each of the directors is aware, there is no relevant audit information of which the Group and Association's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make them aware of any relevant audit information and to establish that the Group and Association's auditor is aware of that information.

External auditor

Beever and Struthers LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditor will be proposed at the Annual General Meeting.

Approved and signed on behalf of the Board on 5 July 2021

K M Leod.

Kate McLeod
Chair of the Board

Financial Statements

Independent auditor's report to the members of Thrive Homes

Opinion

We have audited the financial statements of Thrive Homes Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2021 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 13 of the financial statements which describes the basis, and uncertainties therein, regarding the valuation of investment properties.

Our opinion is not modified in this respect.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on pages 58-59, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the 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 intends 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

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

Beever and Struthers

Beever and Struthers
Chartered Accountants and Statutory Auditor
15 Bunhill Row
London
YC1Y 8 LP
Date:

Consolidated and Association Statement of Comprehensive Income

	Note	Group		Association	
		2021	2020	**2021**	2020 Restated
		£'000	£'000	**£'000**	£'000
TURNOVER	2a	**35,718**	32,188	**35,652**	32,617
Cost of Sales- Shared Ownership	2a	**(4,149)**	(3,939)	**(4,149)**	(3,939)
Operating costs	2a	**(17,770)**	(16,782)	**(17,752)**	(16,782)
Gain on disposal of fixed assets	11	**273**	504	**273**	504
OPERATING SURPLUS	5	**14,072**	11,971	**14,024**	12,400
Interest receivable	3	**24**	161	**158**	199
Interest payable and other finance costs	4	**(5,937)**	(5,808)	**(5,937)**	(6,189)
SURPLUS BEFORE TAX		**8,159**	6,324	**8,245**	6,410
Taxation	8	**-**	-	**-**	-
SURPLUS FOR THE YEAR		**8,159**	6,324	**8,245**	6,410
Actuarial (loss)/gain on pension scheme	21	**(1,446)**	1,663	**(1,446)**	1,663
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,713**	7,987	**6,799**	8,073

The financial statements were approved by the Board on 5 July 2021 and were signed on its behalf by:

Kate McLeod
Chair

Graham Olive
Vice Chair

Karen Forbes-Jackson
Company Secretary

The Consolidated and Association's results relate wholly to continuing activities and the notes on pages 70 to 109 form an integral part of these financial statements.

Consolidated and Association Statement of Changes in Reserves

	Group		Association	
	Income and expenditure reserve	Total	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000
At 1 April 2020 restated	51,091	51,091	51,205	51,205
Surplus for the year	8,159	8,159	8,245	8,245
Actuarial (loss)/gain on pension scheme	(1,446)	(1,446)	(1,446)	(1,446)
Gift Aid	-	-	-	-
At 31 March 2021	**57,804**	**57,804**	**58,004**	**58,004**

	Group		Association	
	Income and expenditure reserve	Total	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000
At 1 April 2019	43,112	43,112	43,138	43,138
Surplus for the year	6,324	6,324	6,410	6,410
Actuarial gain on pension scheme	1,663	1,663	1,663	1,663
At 31 March 2020	**51,099**	**51,099**	**51,211**	**51,211**

Income and Expenditure Reserve

The Income and Expenditure reserve represents cumulative surpluses and deficits of the Group and Association.
The accompanying notes on pages 70 to 109 form part of the financial statements.

Consolidated and Association Statement of Financial Position

	Notes	Group		Association	
		2021	2020 Restated	2021	2020 Restated
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	9	42	291	42	291
Housing properties	10	234,569	205,326	230,450	201,207
Other property, plant and equipment	9a	1,179	1,175	1,179	1,175
Investment properties	13	29,213	28,944	21,148	28,944
TOTAL FIXED ASSETS		265,003	235,736	252,819	231,617
INVESTMENTS	19	30	30	11,214	3,150
CURRENT ASSETS					
Properties for Shared Ownership sale	14	4,196	6,695	4,196	6,695
Debtors	15	6,847	5,844	7,627	15,503
Refurbishment obligation asset	15	11,250	15,250	11,250	15,250
Cash and cash equivalents		17,846	18,049	17,170	8,031
		40,139	45,838	40,243	45,479
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(25,753)	(14,417)	(26,639)	(14,776)
NET CURRENT ASSETS		14,386	31,421	13,604	30,703
TOTAL ASSETS LESS CURRENT LIABILITIES		279,419	267,187	277,637	265,470
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(219,048)	(214,507)	(217,066)	212,676
PROVISION FOR LIABILITIES	20	(1,211)	(1,686)	(1,211)	(1,686)
PROVISION FOR PENSION LIABILITY	21	(1,356)	97	(1,356)	97
NET ASSETS		57,804	51,091	58,004	51,205
CAPITAL AND RESERVES					
Called up share capital	18	-	-	-	-
Income and expenditure reserve		57,804	51,091	58,004	51,205

The accompanying notes on pages 70 to 109 form an integral part of the financial statements. These financial statements were approved by the Board on 5 July 2021 and were signed on its behalf by:

Kate McLeod
Chair

Graham Olive
Vice Chair

Karen Forbes-Jackson
Company Secretary

Consolidated Statement of Cash

Group	Notes	2021		2020	
		£'000	£'000	£'000	£'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	(a)		**19,779**		19,976
CASH FLOWS FROM INVESTING ACTIVITIES					
Software purchased and developed		-	-	-	-
Acquisition and improvement of housing properties, including construction		**(20,408)**		(21,089)	
Net proceeds from sale of properties		**366**		877	
Purchase of other PPE		**(221)**		(550)	
Construction of Shared Ownership properties for sale		**(9,388)**		(9,110)	
Purchase of investment properties		**(269)**		(19,549)	
Grants received		**1,040**		2,203	
Other investments		-		-	
Interest received		**26**		188	
			(28,854)		(47,030)
			(9,075)		(27,054)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		**(7,846)**		(6,895)	
Loan financing costs		-		(8)	
Loan premium received		**718**		-	
Loan paid		**(17,000)**		-	
New secured loans	(b)	**33,000**		17,000	
			8,872		10,097
DECREASE IN CASH AND CASH EQUIVALENTS	(c)		**(203)**		(16,957)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			**18,049**		35,006
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			**17,846**		18,049

(a) RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2021	2020
	£'000	£'000
Surplus for the financial year	**8,159**	6,324
ADD BACK non-cash items:		
Depreciation and Amortisation	**5,120**	4,908
Grant amortisation income	**(167)**	(167)
Loan premium amortisation	**(38)**	-
Surplus on disposal of fixed assets	**(273)**	(504)
Increase in < 1-year debtors	**(1,006)**	(179)
Increase in < 1-year creditors	**2,537**	4,376
Decrease in Provisions	**(475)**	(519)
Change in pension liability	**9**	90
Adjustments for investing or financing activities		
Interest received	**(24)**	(161)
Interest payable	**5,937**	5,808
Net cash generated from operating activities	**19,779**	**19,976**

(b) RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	2021	2020
	£'000	£'000
Decrease in cash in the year	**(203)**	(16,957)
New loans	**(33,000)**	(17,000)
Loans paid	**17,000**	-
Change in net debt	**(16,203)**	(33,957)
Net debt brought forward	**(156,951)**	(122,994)
Net debt carried forward	**(173,154)**	**(156,951)**

(c) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020	Cash flow	At 31 March 2021
	£'000	£'000	£'000
Cash on instant access	**3,000**	(3,000)	-
Cash at bank	**15,049**	2,797	17,846
	18,049	(203)	17,846
Debt due before 5 years	**(8,000)**	(8,000)	(16,000)
Debt due after 5 years	**(167,000)**	(8,000)	(175,000)
Total net debt	**(156,951)**	**(16,203)**	**(173,154)**

Notes to the Financial Statements

1. Accounting Policies

General information

Thrive Homes Limited (the 'Association') is a private limited company incorporated and domiciled in the United Kingdom. The address of the registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

The main activities of the Association and its subsidiaries are the provision of affordable homes for rent for people in housing need.

The consolidated Group financial statements are presented in Pounds Sterling, generally rounded to the nearest thousand.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the comparative year.

Basis of Consolidation

The consolidated financial statements include the results of Thrive Homes Limited and its subsidiary undertakings Thrive Homes Finance plc and SRJ Homes Limited, whose accounts are prepared to the same accounting date. Thrive OwnHome Limited and Building for Thrive Limited were subsidiaries set up in November 2016, neither of these companies traded during the accounting period to 31 March 2021. Thrive Living Limited, also a subsidiary, was incorporated in October 2019 and began trading in the 2020/21 financial year. None of these entities have changed name since the end of the preceding reporting period.

The financial year represents the 12 months ended 31 March 2021 (prior year, 12 months ended 31 March 2020).

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with FRS102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. Thrive Homes Limited is a public benefit entity, as defined in FRS 102, and applies the relevant paragraphs prefixed 'PBE' in FRS 102. Thrive Homes has chosen to adopt the SORP early and so has applied this to these accounting statements.

FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Association's shareholders.

In preparing the Association's individual financial statements, the Association has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures';
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 'Statement of Financial Position'; and
- from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows'.

On the basis that equivalent disclosures are given in the consolidated financial statements; the Association has also taken advantage of the exemption not to provide certain disclosures as required by Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

Significant management judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the organisation that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group must make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. No indicators of impairment have been identified as existing at the year end.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell 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 a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Group as the existing property.

Fixed Asset vs Investment Properties

The Group must decide which properties that would otherwise be shown as social housing properties, meet the definition of investment properties. The Group has determined that all 'market rent' residential properties which earn rental income at market rates will be classified as Investment properties. The Group's social housing properties are not classified as investment properties as they are held for their social benefit, i.e. they are rented out at subsidised rates to eligible tenants.

Valuation of Investment Properties

The Group has confidence in the values disclosed in the financial statements. In the light of the current situation - the Group has discussed the valuations with their valuers and also undertaken internal reviews of the most recent investment property valuations and assessed the financial performance of the portfolio and are confident that when taking into consideration the financial strength of the Group, any potential downturn in the value or financial returns from its investment properties would not have an impact on the Groups long term financial viability.

Estimation uncertainty

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

Bad and doubtful debts

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the extent that they are considered by management not to be recoverable at their full value. The level of provision is based on historical experience and future expectations.

Economic life of assets

An estimation of the useful economic life of the organisation's assets are determined by management and disclosed within accounting policies. The estimates are based on industry standards adjusted to reflect our own experience, quality of components and maintenance procedures.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on many factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management uses independent actuaries to advise on suitable estimates for these factors in determining the net pension obligation. The assumptions reflect historical experience and current trends.

Going Concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Board Report. The Group has in place the proceeds of a bond issue which provide adequate resources to finance the growth aspects of the Group's Strategic Plan.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Turnover

Turnover represents rent and service charges receivable in the year (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or Shared Ownership first tranche sales at completion together with revenue grants from local authorities and Homes England and charitable fees and donations.

Tangible Fixed Assets, Impairment and Depreciation

(a) Housing Properties

Housing properties are principally properties available for rent and are stated at cost less depreciation and reduced by any impairment. Freehold land is not depreciated.

Depreciation of building structure is charged to write down the value of housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives, which are:

Traditional build type	**100 years**
Non-traditional build type	**30 years (as at 31 March 2021 these number 632)**

No depreciation is charged on housing properties during construction.

(b) Impairment

For all properties if there are indicators of impairment, then an impairment review is undertaken. Where there is evidence that impairment has occurred, any shortfall between the carrying costs and the higher of value in use or net realisable value is recognised immediately in the surplus or deficit.

The main indicator of housing property impairment is the existence of long-term voids.

The reversal of past impairment losses is recognised when the recoverable amount of a tangible fixed asset or investment in a subsidiary has increased because of a change in economic conditions or in the expected use of the asset.

(c) Disposal of Housing Properties

The sale of properties under the 'Right to Buy' legislation is treated as disposals of fixed assets. The surplus or deficit arising on disposal is shown net of the share due to Three Rivers District Council, as determined in the Development Agreement which governed the 2008 stock transfer to Thrive Homes.

(d) Components

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	**50 years**
Bathrooms	**30 years**
Central Heating Systems	**30 years**
Central Heating Boilers	**15 years**
Windows	**25 years**
Kitchens	**20 years**
Electrical works	**20 years**
Building envelope	**20 years**

Expenditure on housing properties is capitalised where it results in an increase of the economic benefits of the asset in excess of the performance anticipated when the asset was first acquired. Any works which do not result in an increase to economic benefits, e.g. routine and responsive repairs, are charged to the Statement of Comprehensive Income.

(e) Shared Ownership

Shared Ownership properties are valued at the lower of cost and net realisable value. Costs include acquisition and development costs together with interest payable. Net realisable value is based on estimated sales price after allowing for further costs of completion and disposal. Properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset until sold. Sales proceeds are then included in turnover. The unsold balance is classed as a fixed asset with any subsequent sale treated as a disposal of the fixed asset.

Mixed tenure development costs are apportioned by square footage.

(f) Capitalisation of Overheads

Overhead costs which are identifiable to and directly attributable to the creation of assets are capitalised. These costs include legal and professional fees, bought in construction and design services, bought in works programme delivery management and in-house management and administration. With respect to acquisitions, these costs will also include valuation and stock condition survey services.

(g) Other tangible fixed assets

Other tangible fixed assets are stated at cost and are written down to their residual value over their expected useful lives, which are:

Information, technology and communications (ITC) hardware	**3 years**
Office furniture and equipment and office fixtures and fittings	**5 years**
Plant, machinery and vehicles	**5 years**

Social Housing Grant and other Government grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Provision for Bad Debts

The provision for tenant bad debts is based on the age and type of arrear. Arrears in respect of former tenants are fully provided for.

The provision for sales ledger bad debts is based on a review of the age and collectability of each debt.

Financial instruments

Financial assets carried at amortised cost

Financial assets comprise rent and service charge arrears, other debtors, prepayments and cash and cash equivalents. Where the effect of discounting is material, financial assets are measured at amortised cost using the effective interest method.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

Financial liabilities carried at amortised cost

Financial liabilities include trade and other creditors and interest-bearing bond issues.

Liabilities which are classed as basic financial instruments are measured at amortised cost using the effective interest method, with interest and related charges recognised as an expense in finance costs in the Statement of Comprehensive Income.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Bond issue

The amount due to bond holders is stated as at the Statement of Financial Position date as the amount of the issue net of deferred financing costs. Deferred financing costs are written off evenly over the period until the issue is repayable. Further details are set out in Note 17a.

Bond premium

Bond premium is the value above par achieved on bond sales. This is recorded as deferred income and amortised to revenue over the remaining years until the first bond repayment is due. The bond premium resulting from the 2015 and 2017 bond sales are amortised to 2039 using the discounted cash flow method to reduce the balance to nil at this point.

Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income as incurred, on the accrual's basis.

Interest Payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme, after deduction of Social Housing Grant received in advance. Other interest payable is charged to the Statement of Comprehensive Income in the year.

Pension Costs – Defined Benefit Scheme

For defined benefit schemes, the amounts charged to the operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in Other Comprehensive Income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date. The resulting defined benefit asset or liability is presented separately on the face of the Statement of Financial Position.

Pension Costs – Defined Contribution Scheme

Thrive Homes provides a defined contribution stakeholder type pension scheme for employees. The employee chooses their own contribution rate which is enhanced by the employer in the ratio of £2 for every £1 the employee contributes, up to a maximum employer contribution of 10% of salary. The employer contribution to the scheme is charged to the Statement of Comprehensive Income when paid. The assets of the scheme are kept separately from those of Thrive Homes and are invested in independently managed funds as chosen by the employee.

Investments

The Association holds investments in Thrive Homes Finance plc, Thrive OwnHome Limited, Building for Thrive Limited, Thrive Living Limited, SRJ Homes Limited and MORhomes PLC. These investments are held at cost less any impairment.

Intangible Assets - Software

Software purchased and developed or developed in house, is an intangible asset. Cost is measured initially at acquisition cost or costs incurred to develop the asset. Development expenditure incurred on an individual project is capitalised only if specific criteria are met including that the asset created will probably generate future economic benefits.

Acquired software and developed software are both amortised over five years.

Taxation

Thrive Homes Limited is not subject to corporation tax on its ordinary activities due to its charitable status. Thrive Homes Finance plc does not have charitable status but was established to on-lend the proceeds of a bond issue to Thrive Homes Limited and is not expected to make either a profit or loss. Any profits from SRJ Homes Limited and Thrive Living Limited will be gift-aided to Thrive Homes Limited.

Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less.

VAT

Thrive Homes is VAT registered but a large proportion of its income, namely rental income, is exempt for VAT purposes. This gives rise to a partial exemption VAT recovery calculation on VAT charges incurred on purchases. Expenditure is recorded inclusive of VAT and the input VAT recovered is credited to the Statement of Comprehensive Income or credited against capital additions as appropriate.

As part of the Development Agreement which governed the stock transfer from Three Rivers District Council at Thrive Homes' inception, there is a VAT sharing agreement referencing a VAT shelter arrangement entered by Thrive Homes and the Council. This enables the full recovery of VAT on costs incurred as Thrive Homes completes qualifying works to the transferred properties. The arrangement requires Thrive Homes to perform works to bring the properties up to an agreed standard for a fixed sum of £70m, equal to the expected cost of the works. The VAT recovered on these qualifying works is shared between the parties as determined in the agreement.

2a.Turnover, Cost of Sales, Operating Costs and Operating Surplus

Group	Note	2021					2020				
		Turnover	Cost of sales	Operating costs	Surplus on disposal of fixed assets	Operating Surplus/ (Deficit)	Turnover	Cost of sales	Operating Costs	Surplus on disposal of fixed assets	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2b	26,894	-	(17,303)	-	9,591	25,598	-	(16,102)	-	9,496
Other Social Housing Activities											
Charges for Support Service		1	-	-	-	1	1	-	-	-	1
SO 1st tranche sales		7,374	(4,149)	-	-	3,225	6,093	(3,939)	-	-	2,154
Development		-	-	(357)	-	(357)	103	-	(430)	-	(327)
Other		1	-	-	-	1	1	-	(137)	-	(136)
Non-Social Housing Activities											
Market Rent		1,448	-	(110)	-	1,338	392	-	(113)	-	279
Surplus on disposal of fixed assets		-	-	-	273	273		-	-	504	504
Total		35,718	(4,149)	(17,770)	273	14,072	32,188	(3,939)	(16,782)	504	11,971

Charges for support services income is based on support provided to individuals and is not property based.

'Other' costs relate to the organisational change program within Thrive. Costs in the current year mainly relate to the IT project regarding moving Thrive systems to the 'cloud' and other changes to enable 'agile' working.

Association	Note	2021					2020				
		Turnover	Cost of sales	Operating costs	Surplus on disposal of fixed assets	Operating Surplus/ (Deficit)	Turnover	Cost of sales	Operating Costs	Surplus on disposal of fixed assets	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2b	26,894	–	(17,303)	–	9,591	25,598	–	(16,102)	–	9,496
Other Social Housing Activities											
Charges for Support Service		1	–	–	–	1	1	–	–	–	1
SO 1st tranche sales		7,374	(4,149)	–	–	3,225	6,093	(3,939)	–	–	2,154
Gift Aid received		–	–	–	–	–	429	–	–	–	429
Development		–	–	(357)	–	(357)	103	–	(430)	–	(327)
Other		1	–	–	–	1	1	–	(137)	–	(136)
Non-Social Housing Activities											
Market Rent		1382	–	(92)	–	1290	392	–	(113)	–	279
Surplus on disposal of fixed assets		–	–	–	(273)	273		–	–	504	504
Total		35,652	(4,149)	(17,752)	(273)	14,072	32,617	(3,939)	(16,782)	504	12,400

Charges for support services income is based on support provided to individuals and is not property based.

'Other' costs relate to the organisational change program within Thrive. Costs in the current year mainly relate to the IT project regarding moving Thrive systems to the 'cloud' and other changes to enable 'agile' working.

2b. Income and Expenditure from Social Housing Lettings

Group and Association	2021				2020			
	General Needs	Housing for Older People	Shared Ownership	Total	General Needs	Housing for Older People	Shared Ownership	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME								
Rents	21,020	3,348	895	25,263	20,422	3,082	554	24,058
Service charges income	861	283	102	1.246	910	299	92	1.301
Amortised government grant	155	–	12	167	155	–	12	167
Other income	218	–	–	218	72	–	–	72
Turnover from Lettings	22,254	3,631	1,009	26,894	21,559	3,381	658	25,598
EXPENDITURE								
Management	(5,341)	(796)	(288)	(6,425)	(5,178)	(786)	(242)	(6,206)
Service charges costs	(790)	(260)	(94)	(1,144)	(669)	(220)	(67)	(956)
Routine maintenance	(3,068)	(457)	–	(3,525)	(2,794)	(424)	–	(3,218)
Planned maintenance	(1,278)	(191)	–	(1,469)	(985)	(150)	–	(1,135)
Bad debts	(75)	(11)	–	(86)	(119)	(17)	–	(136)
Depreciation, Housing Properties	(4,077)	(577)	–	(4,654)	(3,887)	(564)	–	(4,451)
Operating Costs on Lettings	(14,629)	(2,292)	(382)	(17,303)	(13,632)	(2,161)	(309)	(16,102)
Operating Surplus	7,625	1,339	627	9,591	7,927	1,220	349	9,496
Memo - Voids	177	26	–	203	88	13	–	101

As there are publicly traded securities within the Group, it is required to disclose information about the operating segments under IFRS 8. Segmental information is disclosed in notes 2(a) and 2(b) and as part of the analysis of housing properties in note 10. Information about income, expenditure and assets attributable to material operating segments are presented based on the nature and function of housing assets held by the Group rather than geographical location. As permitted by IFRS 8 this is appropriate based on the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all the geographical locations in which the Group operates. The Board does not routinely receive segmental information disaggregated by geographical location.

3. Interest Receivable

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Interest receivable from bank deposits	**24**	161	**14**	199
Interest receivable from subsidiary	**-**	-	**144**	-
	24	161	**158**	199

4. Interest Payable and Other Finance Costs

	Group		Association	
	2021	2020	**2021**	2020 Restated
	£'000	£'000	**£'000**	£'000
Payable to subsidiary	**-**	-	**5,850**	5,850
Payable to bond holders	**5,850**	5,850	**-**	-
Amortised bond premium	**(392)**	(381)	**(392)**	(381)
On bank loans, overdrafts and other loans	**1,985**	1,174	**1,985**	1,174
Other finance costs – pension scheme	**(2)**	36	**(2)**	36
Other finance costs	**191**	128	**191**	128
	7,632	6,807	**7,632**	7,188
Borrowing costs capitalised	**(1,695)**	(999)	**(1,695)**	(999)
	5,937	5,808	**5,937**	6,189

Borrowing costs within the Association have been capitalised using a rate of 4.68% (2020: 4.68%), and at a rate of 5.00% in SRJ Homes Ltd. Borrowing costs are charged to development projects from the date of completion on land acquisition or the date of signing works contracts through to practical build completion of properties.

5. Surplus on Ordinary Activities Before Interest

The surplus on ordinary activities before interest is stated after:

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Depreciation of housing properties	**4,654**	4,452	**4,654**	4,452
Depreciation of other assets	**217**	195	**217**	195
Amortisation of intangible assets	**249**	261	**249**	261
Operating lease payments	**472**	360	**472**	360
Auditor's remuneration (excluding VAT):				
- in the capacity of auditor	**47**	42	**29**	29
- in respect of other services	**-**	7	**-**	7

6. EMPLOYEE INFORMATION

Group	2021			2020
	Staff No.	Non-Exec No.	**Total No.**	Total No.
Average number of full-time equivalent staff employed during the year (at 37 hours / week)	**112**	–	**112**	99
These were categorised as:				
- Support functions	**51**	–	**51**	40
- Development	**6**	–	**6**	5
- Housing Management	**17**	–	**17**	17
- Property Services (including maintenance)	**38**	–	**38**	37
	Staff £'000	Non-Exec £'000	**Total £'000**	Total £'000
Salaries and other benefits	**4,139**	75	**4,214**	3,707
Social security costs	**440**	5	**445**	430
Pension costs	**410**	–	**410**	430
	4,989	80	**5,069**	4,567
Excluded from the above costs are:				
Compensation for loss of office	**42**	–	**42**	47

There was no compensation for loss of office payments made to any of the directors.

	2021			2020
The number of full-time equivalent staff whose total remuneration was above £60,000 in the year, by pay band (includes employer's contribution to pension schemes).	**Staff No.**	Non-Exec No.	**Total No.**	Total No.
£170,000 +	**1**	–	**1**	1
£160,000 - £169,999	**–**	–	**–**	–
£150,000 - £159,999	**–**	–	**–**	2
£140,000 - £149,999	**2**	–	**2**	–
£130,000 - £139,999	**–**	–	**–**	–
£120,000 - £129,999	**–**	–	**–**	–
£110,000 - £119,999	**1**	–	**1**	1
£100,000 - £109,999	**–**	–	**–**	–
£ 90,000 - £ 99,999	**2**	–	**2**	1
£ 80,000 - £ 89,999	**1**	–	**1**	2
£ 70,000 - £ 79,999	**1**	–	**1**	–
£ 60,000 - £ 69,999	**3**	–	**3**	2
	11	–	**11**	9

7. Directors' Emoluments

Emoluments paid to the Directors of Thrive Homes (the Board of Management, the Chief Executive, Operations Director, Growth and Investment Director, Resources Director and Corporate Services Director) are shown below. The key management personnel of the group comprise the Executive Management Team and Board members as named on page 50.

Emoluments are defined as salaries paid plus the employer's contributions to pension schemes.

Group	2021			2020
	Exec £'000	Non-Exec £'000	**Total £'000**	Total £'000
Salary	680	59	**739**	605
Pension	56	–	**56**	53
Total emoluments	736	59	**795**	658
Emoluments paid to the highest paid director	176	–	**176**	173
Excluding pension contribution	162	–	**162**	159
Total expenses reimbursed to Directors not chargeable to UK income tax	1	1	**2**	9

The Chief Executive receives an addition to salary in lieu of pension contributions. No additional contributions to any pension scheme have been made and there were no special or enhanced terms which applied.

Director's emoluments are included in staff costs in Note 6.

During the year remuneration paid to Board Members was:		Board Meetings Attended	2021 £	2020 £
Kate McLeod	Chair of the Board (appointed September 2020)	5 / 5	10,975	8,136
Ashley Lane	Chair of the Board (Resigned February 2020)	0 / 5	-	11,457
Vic Baylis	Interim Chair of the Board (appointed February 2020) Previously Vice Chair of the Board and Chair of the Remuneration & Governance Committee	5 / 5	9,695	9,085
Rachel Harrison	Chair of Risk and Audit Committee (Appointed September 2020)	5 / 5	6,850	3,285
Beverley Cook	Resident (Resigned September 2019)	0 / 5	-	2,789
Craig O'Donnell		5 / 5	5,570	3,285
Malcom Green		5 / 5	5,576	5,576
Yvonne Harrison		0 / 5	-	2,789
Monique Kozlakidis*	Leaseholder (Resigned September 2019)	0 / 5	-	2,789
Graham Olive	Vice Chair of the Board (appointed September 2020) and Chair of Remuneration and Governance Committee	5 / 5	8,130	6,002
Jamie Smith	Chair of Resources & Development Committee	5 / 5	8,130	8,136
Tonia Warren	(Resigned October 2020)	3 / 5	3,223	5,078
Karen Forbes-Jackson	(Appointed 13 May 2019, Resigned 9 March 2020)	0 / 5	-	5,078
James Invine	(Appointed December 2020)	2 / 5	1,829	-
Francesco Elia	(Appointed December 2020)	2 / 5	1,829	-
Jessica Friend	(Appointed December 2020)	2 / 5	1,829	-

8. Taxation

Thrive Homes Limited has been granted charitable status and is not liable to corporation tax on ordinary activities.

Thrive Homes Finance plc, Thrive OwnHome Limited, Building for Thrive Limited, Thrive Living Limited and SRJ Homes Limited are subject to United Kingdom corporation tax on their ordinary activities, but can take advantage of Gift Aid to donate any taxable profits to Thrive Homes Limited.

9. Intangible Assets

Group & Association	Note	Internally developed software	Acquired software	Total
		£'000	£'000	£'000
Cost				
At 1 April 2020		411	862	1,273
Additions in year		-	-	-
As at 31 March 2021		411	862	1,273
Amortisation				
At 1 April 2020		298	684	982
Charge for the year	5	84	165	249
As at 31 March 2021		382	849	1,231
NET BOOK VALUE				
As at 31 March 2021		29	13	42
As at 31 March 2020		113	178	291

9a. Other Property, Plant and Equipment

Group & Association	Office Equipment, Fixtures & Fittings	Total
	£'000	£'000
Cost		
At 1 April 2020	1,412	1,412
Additions	221	221
Disposal of assets	-	-
As at 31 March 2021	1,633	1,633
Depreciation		
At beginning of year	237	237
Charge for year	217	217
Disposal of assets	-	-
As at 31 March 2021	454	454
Net Book Value		
At 31 March 2021	1,179	1,179
At 31 March 2020	1,175	1,175

10. HOUSING PROPERTIES

Group	Housing Properties Under Construction	Housing Properties Completed	Housing Properties Under Construction	Housing Properties Completed	Total
	For letting £'000	For letting £'000	For shared ownership £'000	For shared ownership £'000	£'000
COST					
At 1 April 2020	26,920	178,869	10,732	16,433	232,954
Additions in year	18,570	–	16,979	–	35,549
Developments completed	(7,837)	7,837	(8,138)	8,138	–
Works to existing properties	–	3,489	–	–	3,489
Reclassifications	–	(446)	–	446	–
Transfer from current assets	–	–	(1,722)	(3,383)	(5,105)
Disposals	–	(125)	–	–	(125)
Component write offs	–	(350)	–	–	(350)
At 31 March 2021	**37,653**	**189,274**	**17,851**	**21,634**	**266,412**
DEPRECIATION					
At beginning of year	–	27,628	–	–	27,628
Charge for year	–	4,470	–	–	4,470
Reclassifications	–	(58)	–	–	(58)
Component write-offs	–	(166)	–	–	(166)
Eliminated on disposal	–	(31)	–	–	(31)
At 31 March 2021	**–**	**31,843**	**–**	**–**	**31,843**
NET BOOK VALUE					
At 31 March 2021	**37,653**	**157,431**	**17,851**	**21,634**	**234,569**
At 31 March 2020	26,920	151,241	10,732	16,433	205,236

Interest of £1,695k (2020: £999k) and own costs of £487k (2020: £339k) have been capitalised in the year to 31 March 2021.

Association	Housing Properties Under Construction	Housing Properties Completed	Housing Properties Under Construction	Housing Properties Completed	Total
	For letting £'000	For letting £'000	For shared ownership £'000	For shared ownership £'000	£'000
COST					
At 1 April 2020	26,920	174,750	10,732	16,433	228,835
Additions in year	18,570	–	16,979	–	35,549
Developments completed	(7,837)	7,837	(8,138)	8,138	–
Works to existing properties	–	3,489	–	–	3,489
Reclassifications	–	(446)	–	446	–
Transfer from current assets	–	–	(1,722)	(3,383)	(5,105)
Disposals	–	(125)	–	–	(125)
Component write offs	–	(350)	–	–	(350)
At 31 March 2021	**37,653**	**185,155**	**17,851**	**21,634**	**262,293**
DEPRECIATION					
At beginning of year	–	27,628	–	–	27,628
Charge for year	–	4,470	–	–	4,470
Reclassifications	–	(58)	–	–	(58)
Component write-offs	–	(166)	–	–	(166)
Eliminated on disposal	–	(31)	–	–	(31)
At 31 March 2021	**–**	**31,843**	**–**	**–**	**31,843**
NET BOOK VALUE					
At 31 March 2021	**37,653**	**153,312**	**17,851**	**21,634**	**230,450**
At 31 March 2020	26,920	147,122	10,732	16,433	201,207

Interest of £1,695k (2020: £999k) and own costs of £487k (2020: £339k) have been capitalised in the year to 31 March 2021.

Works to existing properties includes costs charged by contractors, external consultants, interest capitalised and related in-house supervision and administration costs which have been capitalised.

Capitalisation of own costs totalled £288k (2020: £309k).

10. HOUSING PROPERTIES (Continued)

Group & Association	2021	2020
	£'000	£'000
Analysis of works to existing properties:		
Capitalised: replacement of components	**3,341**	3,513
Capitalised: improvements (Aids and Adaptations)	**148**	159
	3,489	3,672
Charged to Statement of Comprehensive Income	**1,469**	1,135
	4,958	4,807

Properties held for security

Thrive Homes Limited – Registered social housing provider had property with a net book value of £98.0m pledged as security as 31 March 2021 (2020; £45.5m).

11. DISPOSAL OF FIXED ASSETS

Group & Association	2021			2020		
	Right to Buy	Other	Total	Right to Buy	Other	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Proceeds	**129**	**234**	**363**	112	767	879
Costs	**(111)**	**(13)**	**(124)**	(65)	(331)	(396)
Depreciation eliminated on disposal	**29**	**2**	**31**	18	5	23
Fees	**3**	**-**	**3**	4	(6)	(2)
	50	**223**	**273**	69	435	504

12. UNITS IN OWNERSHIP AND MANAGEMENT

	2020	Additions	Disposals	Transfers	2021
	No.	No.	No.	No.	No.
Social Housing					
Owned – General Needs, let at social rents	**3,183**	12	(3)	(13)	**3,179**
Owned – General Needs, let at affordable rents	**270**	53	-	-	**323**
Owned – General Needs, let at intermediate rents	**101**	14	-	(1)	**114**
Owned – Housing for Older People	**547**	-	-	-	**547**
Shared Ownership	**168**	22	-	13	**203**
Leasehold Properties	**496**	-	-	3	**499**
	4,765	101	(3)	2	**4,865**
Non-Social Housing					
Market Rented	**47**	-	-	-	**47**
Total	**4,812**	101	(3)	2	**4,912**
The above excludes units taken out of rent debit	**35**			(2)	**33**

	2019	Additions	Disposals	Transfers	2020
	No.	No.	No.	No.	No.
Social Housing					
Owned – General Needs, let at social rents	**3,194**	2	(7)	(6)	**3,183**
Owned – General Needs, let at affordable rents	**226**	44	-	-	**270**
Owned – General Needs, let at intermediate rents	**100**	-	-	1	**101**
Owned – Housing for Older People	**563**	-	(16)	-	**547**
Shared Ownership	**109**	61	(3)	1	**168**
Leasehold Properties	**492**	-	-	4	**496**
	4,684	107	(26)	-	**4,765**
Non-Social Housing					
Market Rented	**20**	27	-	-	**47**
Total	**4,704**	134	(26)	-	**4,812**
The above excludes units taken out of rent debit	**45**		10		**35**

13. INVESTMENT PROPERTIES

	Group		Association	
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 April 2020	28,944	9,395	28,944	9,395
Additions	269	19,549	269	19,549
Disposals	–	–	(8,065)	–
At 31 March 2021	29,213	28,944	21,148	28,944

Market rented properties (Private Rented Sector, "PRS") are treated as investment properties. The company has adopted the provisions under sections 16.1 and 16.2 of FRS 102 in relation to the revaluation of their investment. This valuation was carried out by Brasier Freeth Limited (31st March), a firm of RICS registered valuers in accordance with Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards 2017 using qualified chartered surveyors who had sufficient current local knowledge of the particular market and skills and understanding to undertake the valuation competently. The valuer has provided a desktop valuation at 31 March 2021 and an accompanying letter of comfort in relation to the current year, concluding that the market value of the properties has not moved materially since the last full formal valuation and Thrive have begun the full valuation process.

14. PROPERTIES FOR SHARED OWNERSHIP SALE

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Properties under construction	4,196	5,919	4,196	5,919
Completed Shared Ownership Units held for sale	–	776	–	776
	4,196	6,695	4,196	6,695

15. DEBTORS

	Note	Group		Association	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Due within one year					
Gross rent and service charges arrears		1,911	1,831	1,911	1,831
Less: provision for bad debts		(663)	(599)	(663)	(599)
		1,248	1,232	1,248	1,232
VAT due from HMRC		207	174	207	174
Trade debtors less provision for bad debts		64	41	64	41
Refurbishment obligation		4,663	3,647	4,663	3,647
Due from subsidiary undertakings		–	–	809	9,659
Other debtors		54	160	25	160
Prepayments and accrued income		611	590	611	590
		6,847	5,844	7,627	15,503
Due after one year					
Deferred expenditure, refurbishment obligation	17f	11,250	15,250	11,250	15,250

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	Group		Association	
		2021	2020 Restated	2021	2020
		£'000	£'000	£'000	£'000
Trade creditors		2	755	2	755
Rents and service charges received in advance		1,556	1,382	1,556	1,382
Due to Three Rivers District Council – VAT sharing agreement		72	51	72	51
Due to Three Rivers District Council – RTB proceeds share		982	884	982	884
Taxation & social security costs		124	112	124	112
Other pension creditors		47	–	47	–
Leaseholder sinking funds		130	110	130	110
Refurbishment obligation		4,663	3,647	4,663	3,647
Due to subsidiaries		-	–	1,049	865
Housing Loans – Other loans	17c	8,000	–	8,000	–
Interest payable to bond holders		112	112	-	–
Retentions, due on works to properties		1,351	1,033	1,351	1,033
Sundry creditors		51	24	14	24
Accruals and deferred income		8,663	6,307	8,649	5,913
		25,753	14,417	26,639	14,776

17.CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	Group		Association	
		2021	2020	2021	2020 Restated
		£'000	£'000	£'000	£'000
Housing loans – Bond	17a	123,858	123,730	123,858	123,730
Housing loans – Bank loans	17b	33,000	42,000	33,000	42,000
Housing loans – Other loans	17c	25,000	8,000	25,000	8,000
Deferred Income - Bond Premium	17d	9,169	9,573	9,169	9,573
Deferred Income – Grant	17e	16,771	15,954	14,789	14,123
Deferred Income – Refurbishment obligation	17f	11,250	15,250	11,250	15,250
Disposal Proceeds Fund	17g	-	–	-	–
Total creditors more than one year		219,048	214,507	217,066	212,676

17a. Housing loans – Bond

Group

On 24th March 2014 Thrive Homes Finance plc, a subsidiary of Thrive Homes Limited, issued a £125 million fixed rate bond with four equal maturities at 25, 29, 33 and 37 years. The annual coupon rate is 4.68%.

£70 million of the issue was sold to investors on the issue date and a further £30 million was sold on 14 July 2015. A final tranche of £25 million was issued on 26 May 2017 million. When the 2015 and 2017 retained bond issues were made, premiums of £3.5 million and £7.8 million were generated on the issues. These premiums arising, are being amortised to interest expense over the 24-year period to 2039 when the first bond repayment is due.

£31.25 million is therefore repayable on each of 24 March 2039, 24 March 2043, 24 March 2047 and 24 March 2051.

Thrive Homes Finance plc has on lent the £125 million bond proceeds to Thrive Homes Limited under a guarantee and security trust agreement. Thrive Homes Limited provides the underlying asset security and this is held through a Security Trust arrangement with the Prudential Trust Company Limited.

The £125 million debt held by investors is secured by fixed charges over 2,468 Thrive Homes Limited properties (2,192 rented and 272 leasehold) at their Existing Use Value - Social Housing (EUV-SH) of £162.0 million. This includes a revaluation of EUV-SH values completed by Savills during the year to March 2020 being the last official valuation), and is net of the disposal of secured properties, e.g. under Right to Buy legislation, since the initial bond issue.

Under the terms of their loan agreement, all Thrive Homes Finance plc costs relating to providing funding services to Thrive Homes Limited are payable by Thrive Homes Limited.

Association

Thrive Homes Limited has a loan from its subsidiary Thrive Homes Finance plc. £70 million was put in place on 24 March 2014 with further £30 million on 14 July 2015, and a final £25 million on 26 May 2017 to total £125 million. The period of the loan is to 2051 at a coupon rate of 4.68%. Interest is payable by Thrive Homes Limited to Thrive Homes Finance plc half yearly, September and March. Any fees and financing costs incurred by Thrive Homes Finance plc regarding bond issuing, bond sales, and on lending to Thrive Homes Limited are payable by Thrive Homes Limited. These are deferred in the accounts of Thrive Homes Limited and written off over the period of the loan.

Amounts repayable by instalments and not wholly repayable within five years.

17a. Housing loans – Bond (Continued)

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Long Term Loan – THF plc	**-**	-	**125,000**	125,000
Deferred finance fees – re Bond	**(1,142)**	(1,270)	**(1,142)**	(1,270)
Due to bond holders	**125,000**	125,000	**-**	-
Repayable after five years	**123,858**	123,730	**123,858**	123,730

The Statement of Financial Position shows the position net of deferred financing costs.

17b. Housing loans – Bank loans

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Loan	**25,000**	25,000	**25,000**	25,000
Revolving Credit Facility	**8,000**	17,000	**8,000**	17,000
At 31 March	**33,000**	42,000	**33,000**	42,000
Due within one year	**-**	-	**-**	-
Due after one year	**33,000**	42,000	**33,000**	42,000
	33,000	42,000	**33,000**	42,000

The bank loans are drawn from loan facilities of £50m. Bank loans are secured by charges on specific properties and are repayable at fixed and variable interest rates of between 0.38% and 2.61%

17c. Housing loans – Other

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Due within one year	**8,000**	-	**8,000**	-
Due after one year	**25,000**	8,000	**25 ,000**	8,000
Repayable after five years	**33,000**	8,000	**33,000**	8,000

During the 2020/21 financial year Thrive Homes secured a £25m loan from MorHomes. The loan is at a fixed interest rate of 3.594% and is secured on selected Thrive Housing stock.

17d. Deferred Income – Bond Premium

	Group		Association	
	2021	2020	**2021**	2020 Restated
	£'000	£'000	**£'000**	£'000
At 1 April	**9,966**	10,347	**9,966**	10,347
Additions	**-**	-	**-**	-
Amortised in year	**(397)**	(381)	**(397)**	(381)
At 31 March	**9,569**	9,966	**9,569**	9,966
Due within one year	**400**	393	**400**	393
Due after one year	**9,169**	9,573	**9,169**	9,573
	9,569	9,966	**9,569**	9,966

Bond premium is the cash received over and above the bond value, on bond sales. This is amortised to revenue over the remaining years until the first bond repayment is due.

17e. Deferred Income – Grants

	Note	Group		Association	
		2021	2020	**2021**	2020
		£'000	£'000	**£'000**	£'000
Original Capital Grant Value		**17,831**	16,680	**15,850**	14,850
At 1 April		**16,121**	13,521	**14,290**	11,912
Grants acquired with stock acquisition		-	-	-	-
Grant received		1,151	2,767	1,000	2,545
Amortisation to Statement of Comprehensive Income		(167)	(167)	(167)	(167)
At 31 March		**17,105**	16,121	**15,123**	14,290
Due within 1 year (included within Accruals and Deferred Income)	15	167	167	167	167
Due after 1 year	16	16,938	15,954	14,956	14,123
		17,105	16,121	15,123	14,290

Capital grants received are recorded as deferred income and subsequently amortised to turnover within the Statement of Comprehensive Income. The period of amortisation is the remaining years of useful economic life for the building structure from its date of construction, or at the time of its acquisition by Thrive (if this is later).

17f. Refurbishment Obligation

	Note	Group		Association	
		2021	2020	**2021**	2020
		£'000	£'000	**£'000**	£'000
Debtor Balances					
Original Debt, 2008		70,196	70,196	70,196	70,196
At 1 April		**18,896**	21,312	**18,896**	21,312
LESS works completed in year		(2,983)	(2,416)	(2,983)	(2,416)
At 31 March		**15,913**	18,896	**15,913**	18,896
Due within 1 year	15	4,663	3,647	4,663	3,647
Due after 1 year	15	11,250	15,249	11,250	15,249
		15,913	18,896	15,913	18,896

	Note	Group		Association	
		2021	2020	**2021**	2020
		£'000	£'000	**£'000**	£'000
Creditor Balances					
Original Liability, 2008		70,196	70,196	70,196	70,196
At 1 April		**18,896**	21,312	**18,896**	21,312
LESS works completed in year		(2,983)	(2,416)	(2,983)	(2,416)
At 31 March		**15,913**	18,896	**15,913**	18,896
Due within 1 year	16	4,663	3,647	4,663	3,647
Due after 1 year	17	11,250	15,249	11,250	15,249
		15,913	18,896	15,913	18,896

The Association has an obligation to carry out refurbishment works under the Development Agreement with Three Rivers District Council. This agreement is a sub agreement to the principal 2008 transfer agreement. The value and scope of these works is part of the agreement and the total value was invoiced by the Association to the council in 2008 – the income being deferred. The requirement to carry out the works is a contractual obligation and is therefore treated as a liability. As works are completed the liability is reduced and an equal and opposite movement in the refurbishment obligation asset is recorded. The debtor and creditor balance within one year is determined by reference to the Association's 2021/22 budget and asset management plans.

17g. Disposal Proceeds Fund

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
At 1 April	**-**	507	**-**	507
Utilised during year (new build)	**-**	(507)	**-**	(507)
At 31 March	**-**	-	**-**	-

18. CALLED UP SHARE CAPITAL

Association	2021		2020	
	No.	£	No.	£
Issued and fully paid shares of £1 each:				
At beginning of year	8	8	10	10
Issued during the year	3	3	4	4
Cancelled during the year	(1)	(1)	(6)	(6)
At end of the year	10	10	8	8

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

No shareholders have any rights in the residual interest in the assets of the Association after deducting all liabilities.

19. INVESTMENTS

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Thrive Finance plc (08902717)	–	–	50	50
SRJ Homes Limited (08932833)	–	–	3,068	3,068
Thrive OwnHomes Limited (10471254)	–	–	1	1
Building for Thrive Limited (10471305)	–	–	1	1
MORHomes Plc (10974098)	30	30	30	30
Thrive Living Limited (12292058)	–	–	8,064	–
At 31 March	30	30	11,214	3,150

20. PROVISION FOR LIABILITIES

The Group recognises provisions and liabilities of uncertain timing or amounts. Provision is made for specific and quantifiable liabilities, measured at the best estimate of expenditure and only where probable that it is required to settle a legal or constructive obligation that existed at the Statement of Financial Position date.

Group and Association	2021	2020
	£'000	£'000
At the beginning of the year	1,686	2,205
Increase in provision	–	–
Release of provision	(475)	(519)
At 31 March	1,211	1,686

An analysis of the movement in each provision is set out below:

Remedial works

Group and Association	2021	2020
	£'000	£'000
At the beginning of the year	887	1,051
Increase in provision	–	–
Release of provision	(299)	(164)
At 31 March	588	887

Other

Group and Association	2021	2020
	£'000	£'000
At the beginning of the year	799	1,154
Increase in provision	(176)	(355)
Release of provision	–	–
At 31 March	623	799

21. RETIREMENT BENEFIT SCHEMES

Group and Association

Defined Benefit Scheme

Thrive Homes Limited is an admitted member of the Hertfordshire County Council Pension Fund, which is part of the Local Government Pension Scheme (LGPS) – a funded defined benefit scheme based on final salary. Entry to the scheme for new employees was closed in November 2009. Thrive Homes' contribution rate over the year was 27.3% of pensionable salary (2020: 20.3%).

The most recent actuarial valuations of scheme assets and the present value of the defined obligation were carried out at 31 March 2021. The present value of the defined benefit obligation related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used by the actuaries for FRS102 purposes were:

	2021	2020
	%	%
Financial assumptions:		
Pension increase rate	2.85	1.90
Salary increase rate	3.25	2.30
Discount rate	2.00	2.30

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long-term rate of improvement of 1.5%. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2021	2020
	%	%
Current pensioners	22.1	24.5
Future pensioners	23.2	26.2

Amounts recognised in the Statement of Comprehensive Income in respect of this scheme are as follows:

	2021	2020
	£'000	£'000
Current service cost	(94)	(172)
Net interest cost	2	(36)
	(92)	(208)
Actuarial (loss)/gain recognised in other comprehensive income	(1,446)	1,663
Total (loss)/gain relating to defined benefit scheme	(1,446)	1,663

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of this scheme is as follows:

	2021	2020
	£'000	£'000
Present value of defined benefit obligations	(18,493)	(14,235)
Fair value of scheme assets	17,137	14,332
(deficit)/surplus	(1,356)	97
Net (liability)/asset recognised in the Statement of Financial Position	(1,356)	97

Movements in the present value of defined benefit obligations are as follows:

	2021	2020
	£'000	£'000
At 1 April	(14,235)	(16,531)
Service cost	(94)	(172)
Interest cost	(326)	(397)
Actuarial gains/(losses)	(4,067)	2,638
Contributions from members	(21)	(26)
Benefits paid	250	253
At 31 March	(18,493)	(14,235)

Movements in the fair value of scheme assets are as follows:

	2021	2020
	£'000	£'000
At 1 April	**14,332**	15,091
Interest income	**328**	361
Return on plan assets (excluding amounts included in net interest cost)	**2,621**	(975)
Contributions from the employer	**85**	82
Contributions from members	**21**	26
Benefits paid	**(250)**	(253)
At 31 March	**17,137**	14,332

The analysis of the scheme assets at the Statement of Financial Position date are:

	2021	2020
	%	%
Equity instruments	**60**	48
Bonds	**26**	39
Property	**10**	8
Cash	**4**	5
	100	100

The employer contribution rate from 1 April 2021 will be 27.3% (2020: 20.3%).

The pension plan has not invested in any of the Group's own financial instruments or other assets of the Group.

Defined Contribution Scheme

Thrive Homes provides a defined contribution stakeholder type pension scheme for employees which is administered by Royal London (formerly Scottish Life). The assets of the scheme are kept separately from those of Thrive Homes and are invested in independently managed funds chosen by the employee.

The employers' contributions to the scheme charged to the Statement of Comprehensive Income for the year ended 31 March 2021 were £255k (2020: £252k). The amount of pension contributions payable at the 31 March 2021 was £Nil (2020: £Nil).

Thrive Homes' contribution ranges from 6% to 10%, being twice the employee's own personal contribution. The minimum contribution levels are compliant with 'Automatic Enrolment' legislation.

Employee members as at 31 March 2021 were 87 (2020: 80).

22. CAPITAL COMMITMENTS

Group and Association

	2021	2020
	£'000	£'000
Capital expenditure contracted for but not provided in the financial statements	**13,339**	38,505
Capital expenditure authorised by the Board but not yet under contract	**8,035**	5,211

The Board expects the expenditure it has authorised to be fully financed by a combination of cash, available loan facilities, grant funding or from Thrive Homes' own reserves.

23. OTHER FINANCIAL COMMITMENTS

Group and Association

At the reporting date there were outstanding commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	2021				2020			
	Land & buildings	**Office equipment**	**Vehicles**	**Total**	Land & buildings	Office equipment	Vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Expiring:								
Not later than one year	**379**	**2**	**16**	**397**	378	2	27	407
Later than one year but not later than five years	**1,476**	**-**	**-**	**1,476**	1,489	-	16	1,505
After 5 years	**732**	**-**	**-**	**732**	1,098	-	-	1,098
	2,587	**2**	**16**	**2,605**	2,965	2	43	3,010

24. CONTINGENT LIABILITIES

At the 31 March 2021 Thrive Homes Limited has a contingent liability with respect to the capital grants received that may be repayable should the units that the grants are attached to be disposed or otherwise no longer be properties for social housing letting. This liability is the value of the grant income recognised to date and is the difference between the original grant value and the liability recognised as per note 17e. The contingent liability at year end is £726,000 (2020: £559,000).

25. LEGISLATIVE PROVISIONS

Thrive Homes is a registered society under the Co-Operative and Community Benefit Societies Act 2014, registered number 30398R.

It is also registered with the Regulator for Social Housing, Number L4520, and subject to its Regulatory Framework.

26. RELATED PARTY TRANSACTIONS

Resident Board Members - Tenants

During the year, there was no Tenant Member of the Board (Last one resigned on 23 September 2019).

Tenant Board member tenancies are on normal terms and they are not able to use their position on the Board to their advantage. During the year, rent and related charges to tenant Board members amounted to £nil (2020: £6,235). Arrears charges outstanding at year end, for tenant Board members amounted to £nil (2020: £nil).

Resident Board Members - Leaseholders

During the year there was no Leasehold Member who served as a member of the Board (Last one resigned on 23 September 2019).

During the year, service charge costs charged to leasehold board members amounted to £nil (2020: £714). Balances outstanding at year end for leasehold board members, relating to the costs of major works being paid in instalments, amounted to £nil (2020:nil).

Development Agreement with Three Rivers District Council

The Development Agreement covers the long-term refurbishment of the housing stock following its transfer to Thrive Homes in 2008 and includes a VAT shelter arrangement whereby 'savings' generated are shared between both parties. The value paid to Three Rivers District Council for the year is £265,639 (2020: £203,221).

The Development Agreement also includes some proceeds sharing agreement when properties are disposed of under the 'Right to Buy' legislation. Annual values can be seen in note 15.

27. SUBSIDIARY UNDERTAKINGS

Thrive Homes Finance plc

Thrive Homes Finance plc is a subsidiary of Thrive Homes Limited. It is 100% owned and controlled by Thrive Homes Limited, who own 50,000 £1 ordinary shares in Thrive Homes Finance plc.

Thrive Homes Finance plc, registered England & Wales 08902717, was incorporated on 19 February 2014. The company registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

Its principal activity is to source funds on behalf of Thrive Homes Limited directly from the capital markets and to on-lend the proceeds to Thrive Homes Limited.

Transactions and balances with Thrive Homes Finance plc are as follows:

	2021	2020
	£'000	£'000
Statement of Comprehensive Income		
Interest payable	**5,850**	5,850
Outstanding balances as at 31 March		
Creditors, less than 1 year, interest payable	**(112)**	(112)
Creditors, greater than 1-year, long term loan	**(125,000)**	(125,000)

Thrive OwnHome Limited

Thrive OwnHome Limited is a subsidiary of Thrive Homes Limited. It is 100% owned and controlled by Thrive Homes Limited, who own 1,000 £1 ordinary shares in Thrive OwnHome Limited.

Thrive OwnHome Limited, registered England & Wales 10471254 was incorporated on 9 November 2016. The company registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

Its principal activity is to carry out commercial landlord and property development activities.

Transactions and balances with Thrive OwnHome Limited are as follows:

	2021	2020
	£'000	£'000
Statement of Comprehensive Income		
Interest payable	**-**	-
Balances as at 31 March		
Creditors, less than one-year, unpaid share capital	**-**	-

Building for Thrive Limited

Building for Thrive Limited is a subsidiary of Thrive Homes Limited. It is 100% owned and controlled by Thrive Homes Limited, who own 1,000 £1 ordinary shares in Building for Thrive Limited.

Building for Thrive Limited, registered England & Wales 10471305 was incorporated on 9 November 2016. The company registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

Its principal activity is to carry out design and build activities for Thrive Homes Limited development activities.

Transactions and balances with Building for Thrive Limited are as follows:

	2021	2020
	£'000	£'000
Statement of Comprehensive Income		
Interest payable	-	-
Balances as at 31 March		
Creditors, less than one-year, unpaid share capital	-	-

SRJ Homes Limited

SRJ Homes Limited is a subsidiary of Thrive Homes Limited. It is 100% owned and controlled by Thrive Homes Limited, who own four £1 ordinary shares in SRJ Homes Limited.

SRJ Homes Limited, registered England & Wales 8932833, was incorporated on 11th March 2014. The company registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

Its principal objective is the ownership of land with the purpose of then building residential accommodation for sale on the land; subject to planning permission.

Transactions and balances with SRJ Homes Limited are as follows;

	2021	2020
	£'000	£'000
Statement of Comprehensive Income		
Interest receivable	145	87
Balances as at 31 March		
Creditors, less than 1 year	672	665

Thrive Living Limited

Thrive Living Limited is a subsidiary of Thrive Homes Limited. It is 100% owned and controlled by Thrive Homes Limited, who own one £1 ordinary share in Thrive Living Limited.

Thrive Living Limited, registered England & Wales 12292058 was incorporated on 31 October 2019. The company registered office is Westside, London Road, Hemel Hempstead, HP3 9TD.

Its principal activity is the letting and operating of own or leased real estate.

Transactions and balances with Thrive Living Limited are as follows:

	2021	2020
	£'000	£'000
Statement of Comprehensive Income		
Interest payable	-	-
Balances as at 31 March		
Creditors, less than one-year, unpaid share capital	-	-
Debtors, less than 1 year, Gift Aid	47	-

28. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

	Note	Group		Association	
		2021	2020	**2021**	2020
		£'000	£'000	**£'000**	£'000
Financial assets					
Measured at undiscounted amount receivable Deferred expenditure- refurbishment obligation (note 17f)		**11,250**	15,250	**11,250**	15,250
Rent arrears and other debtors (note 15)		**6,030**	5,080	**6,809**	5,167
Cash		**17,846**	18,049	**17,170**	8,031
		35,126	38,379	**35,229**	28,448
Financial liabilities					
Measured at amortised cost Loans payable	17a-17c	**181,858**	173,730	**181,858**	173,730
Measured at undiscounted amount payable					
Refurbishment obligation	17f	**11,250**	15,250	**11,250**	15,250
Trade and other creditors	16	**25,752**	14,409	**25,590**	13,905
Amounts owed to related undertakings	27	**-**	-	**1,049**	865
		218,860	203,389	**219,747**	203,749

The Group and Association's income, expense, gains and losses in respect of financial instruments were £nil (2020: £nil).

29. RESTATEMENT

Within the Statement of Financial Position at page 67 is a restatement of £9,966k between Long-Term Creditors and Short-Term Creditors. This is in relation to the deed of Variation Agreement between Thrive Homes Finance plc and Thrive Homes Limited on 20 March 2020 whereby Thrive Homes Limited receives the Bond Premium with the same pass through agreement as the initial Bond issue. Amortisation of the Bond Premium will now take place within Thrive Homes Limited where the Bond Premium creditor now sits.

Association	Before restatement	Effect of restatement of bond premium and amortisation	Restated
	£'000	£'000	**£'000**
Debtors as at 31/03/20	**5,593**	9,573	**15,166**
Long Term Creditors as at 31/3/20	**(203,103)**	(9,753)	**(212,676)**

30. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of Thrive Homes Limited is the Board. These consolidated financial statements are publicly available, copies of which may be obtained from the registered office; Westside, London Road, Hemel Hempstead, HP3 9TD.

Thrive Homes