thrive homes

Financial Statements

Year ended 31 March 2020

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

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Chair's Statement and Overview

The 2019/20 financial year was positive for Thrive Homes as we made some real strides to deliver on the aims set out in the Strategic Framework. Thrive believes that by focusing on these, it will be a successful long-term business providing safe, affordable homes across Hertfordshire, Bedfordshire, Buckinghamshire and Oxfordshire.

Vic Baylis
Interim Chair of the Board

Resilient with a Strong Financial Base

Financially, we continue the trend to return profits in excess of our target range of 27-30%. In 2019/20 Thrive delivered a shared-ownership sales programme with a first tranche sales value of £6.09m.

A prudent approach to financial management, including setting minimum cash holding levels, is ensuring that Thrive is able to withstand 'shocks' within our operating environment such as COVID-19. At the outset of the pandemic, Thrive ran a scenario of only receiving 50% of its income for six months that proved our capacity to accommodate a significant downturn in income without impacting on our ability to continue to provide services to customers. In reality, Thrive's income collection is tracking levels experienced during the last financial year.

Maintaining profitability while continuing to invest in the portfolio and in the business requires a focus on operating efficiently. Thrive developed its digitally enabled operating model circa three years ago and this has enabled the business to absorb growth without significantly increasing costs as demonstrated by year-on-year reductions in our Cost Per Unit measure. It has also enabled Thrive to respond quickly to operating during the COVID-19 pandemic as our workforce was equipped for and had adjusted to agile working.

We recognise that the cycle of investment and benefit from investment goes in steps and that we are now at a point where further investment will be required to sustain growth whilst maintaining our service and property standards.

Tragic events such as the Grenfell Tower disaster highlights the need to focus on investment in homes, in particular around fire safety. Thrive continues to invest around £4m each year in ensuring that its homes remain in good condition and a further £2m to maintain compliance. While we do not have tall buildings within our portfolio, fire doors do present a challenge and Thrive has set aside funds to replace any doors failing the new, more rigorous testing standards.

Our focus on effective stewardship and governance resulted in a rating from the Regulator of Social Housing (RSH) of G1V1 following an In-Depth Assessment in February 2019 and we retained an A rating from Standard and Poors with a stable outlook.

Growth

Thrive has an ambitious programme to increase the number of homes that it can offer customers. In the areas where Thrive operates, affordability is a challenge for people with a wide range of incomes and the scarcity of social or affordable homes excludes many from accessing low-cost rent.

During 2019/20, Thrive delivered 121 new homes, with 88% for rent and 12% for shared-ownership sale. Additionally, we secured circa 600 plots for future development. Control of land and the ability to tailor the built product to our markets is a key part of our growth strategy. Other highlights for the year include the establishment of our market rent subsidiary – Thrive Living – and our relationship with Rosewood to manage homes on its behalf. These business strands enable Thrive to build on its core strengths in property and tenancy management while diversifying sources of income.

Fair Deal for Customers

The 'Thrive Deal' sets out Thrive's offer to customers and what is expected from them in return. A key part of the Deal is the annual 'Home Plan' visit to each customer's home enabling us to assess the condition of the property and support our relationship with that customer. Launched in 2018, 'Home Plan' visits were initially offered to new customers only. During 2019/20 we started to roll this out to existing customers and now have over a quarter within the scheme, with the remaining introductions being phased over a four-year period.

Ensuring that we deliver to our agreed standards and hearing the voice of the customer is key to the way that Thrive operates. The independently chaired Customer Experience Panel (CEP), comprising of customers and Board Members is an essential part of our operating model. It provides assurance to Board that Thrive is meeting the consumer standards and is a challenge to the business to understand what promotes customer satisfaction and how we maintain this. In 2019/20 the CEP reviewed feedback from Customer Measures to create a set of verified data reflecting the true experience of our customers and developed a Service Shapers Group, bringing together customers and colleagues to define tangible actions with a positive impact on Thrive's customer service.

Good Place to Work

Thrive recognises that people's skills and energy are what makes our business work and we focus on supporting our colleagues' learning, development and wellbeing. During the year we worked with colleagues to support their understanding of themselves and how this impacts others and their team so that we can work together and challenge each other effectively.

We were proud to be awarded IIP Gold during 2019/20 moving from Bronze to Gold in a single step and improving our position within the Sunday Times Best 100 Not-for-Profit Organisations and the 25 Best Housing Associations to Work For in 2020.

In addition to these areas, Thrive contributes to community wellbeing through Thrive Give – our community grant scheme. Support is mainly targeted at organisations such as Citizens Advice Bureau and schemes to alleviate domestic violence, but we also provide small grants to community organisations such as youth football teams and supported workshops.

Sustaining the environment forms part of this and in 2019/20 we were proud to receive The Planet Mark accreditation to support our efforts to minimise the impact that we have.

2019/20 provides Thrive with a strong platform to continue to deliver its strategy, despite the challenges not least from the COVID-19 pandemic, and be confident in our ability to continue to provide much-needed homes that enable people to live the lives that they choose.

Finally, I would like to acknowledge the life and work of Ashley Lane who chaired Thrive's Board until his untimely death in January 2020. Ashley's knowledge of residential development, his leadership and support provided an impetus for Thrive's growth ambitions and the courage to implement our business model. He enthusiastically embraced Thrive's vision for its future, which remains strong and will continue when a permanent chair is appointed during 2020. Ashley was and will remain an important part of Thrive Homes.

VRBaylis

Vic Baylis Interim Chair of the Board

About Thrive

Thrive Homes is a not-for-profit registered housing association providing a range of safe, affordable homes for people wishing to rent or purchase in Hertfordshire, Bedfordshire, Buckinghamshire and Oxfordshire.

Thrive operates in some of the most expensive areas to live in the country and therefore demand for our homes is high as there is a limited supply of low-cost rent homes and opportunities to take the first step towards home ownership.

Our focus is on being a good landlord and on increasing opportunities for people to secure a home that meets their needs in the areas where we operate. We have a strong regional focus so maintain a good understanding of these communities and a network of partnerships that support Thrive's objectives and those of the wider community.

We currently own and manage 4,867 homes and our portfolio is growing at around 2.5% per year.

Typically, our social and affordable rents are between 40-80% of the market rent in an area and are capped at Local Housing Allowance levels. This averages £106 per week.

Thrive employs 99 FTE staff, including its in-house repairs and maintenance team.

We recognise that we need to focus on the underlying 'health' of our business to deliver our service and growth ambitions. The Strategic Framework sets out our objectives in relation to:

• Being resilient with a strong financial base
• Offering a fair deal for customers
• Growth
• Being a good place to work.

Key Operational Metrics

	2020	2019	Progress
Operating Margin	37%	33%	↑
Net Surplus	£6.3m	£3.7m	↑
Arrears	3.18%	2.70%	↓
% Income Collected	99.64	99.57	=
Void Turnaround	21 days	23 days	↑
Net Promoter Score	1	-4	↑
Emergency Repairs completed on target	99.40%	99.70%	=
GasSafety Compliance	99.90%	100%	↓
Properties (owned and managed)	4,847	4,749	↑

This table highlights some of the key measures that Thrive employs to monitor its performance and the impacts of improvement in process etc. that have been deployed during the year. These measures also relate to areas where operational performance impacts on wider risks to our business.

Overall, Thrive is maintaining good levels of performance across all areas of its operations and it is pleasing that we are able to sustain this while absorbing growth. The only area where performance has weakened is the overall level of arrears, which is linked to the increasing numbers of customers reliant on Universal Credit. This has increased from 500 in 2019 to 900 in 2020. This increase in arrears reflects wider sector experience of the impacts of Universal Credit.

Thrive has robust procedures in place to manage arrears and we track the effectiveness of recovery from the initial 'spike' at the start of a claim and the time that it takes for a customer to recover a credit balance – typically, this is 18-24 months.

New customers joining Thrive are expected to have and maintain a four-week credit balance or put in place an agreement to achieve this by the end of the first 12 months of a tenancy and this also helps to cushion these impacts. Arrears levels are within the tolerances modelled through the Business Plan and well below the assessment triggers applied by our Credit Rating Agency. The slight decrease in gas safety compliance results from COVID-19 related access issues and Thrive is continuing to follow its robust processes to monitor and address this.

Looking Forward to 2021

COVID-19

It is impossible to consider the new financial year without highlighting the impacts that COVID-19 could have for Thrive Homes.

At the outset of the pandemic and lockdown, Thrive considered the issues that it needed to address. These included;

• security of income and cashflow
• liquidity
• continuity of services
• safety of customers and colleagues
• likelihood of exposure to fraud and cyber-attacks.

As a business, we had a good starting point as Thrive had already migrated its key management systems to the Cloud with staff being equipped and accustomed to being agile. This includes our Customer Contact Centre. Board was also equipped so our normal governance routines could continue without interruption.

In Autumn 2019, we held a business continuity test that denied access to the office with limited notice pre-empting the lockdown scenario. This gave us confidence that Thrive's technology and infrastructure were delivering the capability expected in difficult circumstances and that our staff could respond quickly to unusual circumstances.

As COVID-19 was spreading across Europe, the Leadership Team considered whether there were any steps that we needed to take to support the organisation in the event that this became a major issue for the UK and as a result, we secured supplies of PPE and key maintenance components.

We developed a COVID-19 stress test that was applied to the financial plan, including; receiving only 50% of our income for six months, suspension of the development programme, delivery delays and cessation of the sales programme. Actual performance has been tracked against this and despite an abnormal number of new Universal Credit claimants in April, income is holding to the pre-COVID monthly income forecast.

Thrive has adequate liquidity to finance its development on its original delivery programme having raised additional finance early in Q1 2020/21.

By developing new working practices, we have;

• continued to let property through lockdown.

• sold the shared-ownership units delivered during Q1 and currently have no stock to sell. We did not experience any down valuations on these properties and customer demand was strong.

• maintained an emergency repairs service which has gradually been returning to a full service with plans to manage the backlog of repairs.

• maintained gas safety and other compliance programmes, although this has been impacted by access issues. There is a good process in place to manage customers unable to provide access to ensure that this work is completed as soon as practical.

Board Report and Financial Statements 2019/20

Throughout the pandemic, we have increased communications with customers, colleagues and suppliers to support wellbeing and to remind colleagues of potential threats and how to recognise early warning signs that suppliers or contractors may be in difficulties.

Thrive has not furloughed any staff but as part of our business continuity plan, we redeployed some staff to areas experiencing additional demand such as Income Protection.

Although the pandemic is far from over and there may be impacts arising from the end of the furlough scheme, the rate at which the economy recovers and the potential for a second wave, Thrive has come through this period in good shape and has plans in place combined with the experience of the last few months that will enable us to react to and manage what lies ahead.

Plans to progress our Strategic Objectives

Growth

- Revised our delivery target to 70 new homes. This is approximately half of what was expected and reflects the anticipated impacts of COVID-19 on the development programme. The impacts of this have been modelled, as has the potential to convert units delivering in later years to different tenures to address future housing market uncertainty.

- Accelerated planning work on asset sites and landbank to ensure that the pipeline is secure and growth targets are met in the medium term.

Customers

- The business will be working closely with the Customer Experience Panel (CEP) to develop customer communication and engagement to meet the new Building Safety requirements and strengthen the Panel's engagement with Thrive's asset and growth strategies.

Assets

- Maintaining investment and compliance programmes for existing homes. Thrive has budgeted £4.9million and this includes replacement of fire doors that have failed the new testing regime. It is recognised that there may be delays due to COVID-19 but it is important to ensure that resources are in place to deliver - if possible - to minimise impacts for future years.

- Pilot tenure conversion programme. Thrive has a number of homes that would require significant investment to achieve the targets in the Asset Management model. Rather than disposing of these as they become void, they will be upgraded and offered to the market as Shared Ownership. If successful, this programme will deliver a revenue stream equal to the rented unit and a capital receipt that can be invested in new homes / enable Thrive to improve its void standard so that new customers have a more equal experience.

Technology

- Launch of the myThrive Hub, which enhances Thrive's digital offer to customers. During COVID-19 increasing numbers of customers have expressed a preference for digital channels and a strong on-going offer will support this.

- Development of our Technology Plan. The traditional Housing Management System does not offer sufficient flexibilities to support Thrive's growth and diversification of activity such as managing on behalf of others or the reporting that we increasingly need to operate the business effectively. During the year, Thrive will determine its preferred solution and develop the plan to procure and then develop this so that it can be accommodated within the financial plan.

Business Development

- Expansion of the Executive Team, Thrive is growing and becoming a more complex business. In recognition of this, the Resources Director role has been replaced with a Finance Director and Corporate Services Director. These roles will enable greater focus on business modelling and partnering within the finance function and risk, assurance and reporting within Corporate Services that contributes to Thrive's on-going resilience.

- Development of a medium-term plan, to bridge between annual budgeting and the long-term financial plan. This will strengthen the understanding of risk and enhance decision making as Thrive moves through the next phase of its development as a business.

- Value for Money, Thrive's approach has been evolving but as we have reached a point where further investment is required, we will develop additional reporting to demonstrate return on that investment over time.

Board Members, Executives, Advisors and Bankers

Board

Ashley Lane	Chair of the Board	Died 11 January 2020
Vic Baylis	Interim Chair of the Board	Appointed as Interim Chair on 17 February 2020 *Previously Vice Chair and Chair of Remuneration and Governance Committee*
Kate McLeod	Chair of Risk and Audit Committee Interim Vice Chair of the Board	Appointed as Interim Vice Chair on 17 February 2020
Beverley Cook	Resident member	Resigned 23 September 2019
Karen Forbes-Jackson		Appointed 13 May 2019 Resigned 9 March 2020
Malcolm Green		
Rachel Harrison		Appointed 23 September 2019
Yvonne Harrison		Resigned 23 September 2019
Monique Kozlakidis	Resident member	Resigned 23 September 2019
Craig O'Donnell		Appointed 23 September 2019
Graham Olive	Interim Chair of Remuneration and Governance Committee	Appointed 17 February 2020
Jamie Smith	Chair of Resources and Development Committee	
Tom Vaughan		Resigned 22 May 2019
Tonia Warren		Appointed 13 May 2019

Note: Resident Board Members were part of the LSVT governance structure. Following an independent Governance Review in 2017 and the development of the Customer Experience Panel, it was agreed that these designated roles would be phased out.

Executive Management Team

Elspeth Mackenzie	Chief Executive	
Jo Barrett	Operations Director	
Jack Burnham	Development Director	
Shaun McLean	Resources Director	Resigned 23 December 2019

Company Secretary

Shaun McLean		Resigned 23 December 2019
Elspeth Mackenzie	Interim Company Secretary	Appointed 17 February 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

Board Report and Financial Statements 2019/20

Board Report and Financial Statements 2019/20

Board Report and Value for Money

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 2020. This is the 11th 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 and will compete 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.

Governance

Regulator for 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). The V1 was a regrade from V2 which had been issued in November 2017. For more information on the regulation of social housing in the UK, see the RSH website www.gov.uk/topic/housing/social-housing-regulation-england

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 the Executive Directors are set out on page 10-11. Membership of the Board is made up entirely of non-executive Members whom are drawn from a wide background, bringing together professional, commercial and resident experience. All appointments to Board Member 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 2015 NHF Model Rules for registered providers. The rules of Thrive Homes were amended in May 2019 to remove the previous requirement that up to 25% of the Board must be residents, which means that the Board still consists of no more than 12 Members. 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.

The 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)
Ashley Lane	4/5	3/4	3/4	-	-
Vic Baylis	5/5	4/4	-	-	3/4
Beverly Cook	1/3	2/2	-	-	-
Karen Forbes-Jackson	3/4	3/3	-	-	-
Malcolm Green	5/5	1/2	3/5	2/2	-
Rachel Harrison	0/1	2/2	-	2/2	-
Yvonne Harrison	2/3	-	2/3	-	-
Monique Kozlakidis	2/3	-	1/3	-	-
Kate McLeod	5/5	-	-	4/4	-
Craig O'Donnell	1/1	-	2/2	-	-
Graham Olive	4/5	-	-	4/4	3/4
Jamie Smith	5/5	-	5/5	-	-
Tom Vaughan	0/1	1/1	-	-	-
Tonia Warren	3/4	-	3/4	2/2	-

The Board Members received payment for their services as Non-Executive Directors. Payment is reviewed periodically by Members. Levels of Board Remuneration paid to Board Members during 2019/20 and 2018/19 are shown in the table below:

The Executive Directors listed on page 9 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.

Board Member	Board	2020 £	2019 £
Ashley Lane	Chair of the Board - Termination 11 January 2020	11,457	8,714
Vic Baylis	Interim Chair of the Board – Appointed 17 February 2020 Previously Vice Chair of the Board and Chair of the Remuneration & Governance Committee	9,085	5,727
Beverley Cook	Resident - Resigned 23 September 2019	2,789	4,080
Karen Forbes-Jackson	Appointed 13 May 2019, Resigned 09 March 2020	5,078	-
Malcolm Green		5,576	4,080
Rachel Harrison	Appointed 23 September 2019	3,285	-
Yvonne Harrison	Resigned 23 September 2019	2,789	4,080
Paul Haylock	Chair of Risk and Audit Committee (Resigned 16 July 2018)	-	1,880
Monique Kozlakidis	Leaseholder (Resigned 23 September 2019)	2,789	4,080
Peter Matza	Resigned 16 April 2018	-	183
Kate McLeod	Interim Vice Chair of the Board (Appointed 17 February 2020) and Chair of Risk and Audit Committee	8,136	4,998
Craig O'Donnell	Appointed 23 September 2019	3,285	-
Graham Olive	Interim Chair of Remuneration and Governance Committee (Appointed 17 February 2020)	6,002	4,080
Jamie Smith	Chair of Resources & Development Committee	8,136	5,727
Tom Vaughan	Resigned 22 May 2019	897	4,080
Tonia Warren	Appointed 13 May 2019	5,078	-

Statement of Directors' Responsibilities

The Board is responsible for preparing the Annual Report and the 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 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 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 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.

Board Report and Financial Statements 2019/20

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 and all Board and Committee papers include a commentary on risk implications and control. 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 Operational 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 adopted the NHF 2012 Code of Conduct. 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 provide 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 confirm 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 comply 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 staff Health and Safety Committee meets on a quarterly basis and is chaired by the Resources Director. Activity is then reported to the Executive Management Team and Board. A report on Health and Safety Activity is provided to the Board at each of their 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 Regulator for Social Housing's (RSH) 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 Thrives 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 Homes 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 advise the Executive Management Team and report 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. This year Thrive published our new Equality and Diversity Framework and has established an active Equality, Diversity and Inclusion Working Group with membership from across the organisation.

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 Staff Voice Group, quarterly all company briefings, departmental meetings, using 'OneThrive' our internal social network and through one-to-one meetings.

Director's Indemnity
The Board confirms that the Association has Directors and Officers Insurance in place.

Value for Money (VFM)

Thrive's Strategic Framework sets out our intent to be a sustainable business and VFM is a key component in delivering this. Our focus is on managing costs, improving or sustaining productivity, delivering to defined service quality and growing the number of homes managed to improve the unit and/or cost metric.

Thrive's origins as a Large Scale Voluntary Transfer (LSVT) provided a number of specific challenges including;

- 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 portfolio – Thrives average age of a home is 54 years. Additionally, 15% of the portfolio comprises of non-traditional construction types.
- developing a technology platform that was fit to support the emerging organisation.
- poor operational efficiency – low headcount to properties managed ratio and productivity in the inherited Direct Labour Organisation (DLO).
- portfolio attrition through Right To Buy (RTB) – under the transfer agreement all RTB receipts are returned to the local authority.

To address these challenges, we have;

- increased stock numbers by 14% since transfer without increasing headcount and started to provide management services to others to enhance our ability to dilute costs. Thrive has also widened its operating area to improve the number of homes that are deliverable within our financial capacity without impacting on service delivery.
- developed the 'Thrive Deal' that sets out the services provided by Thrive Homes together with systems and processes to deliver this and exited from non-core activities.
- invested in technology so that all staff are 'agile', systems are cloud-based and customers have access to self-service options.
- carried out an improvement project for the DLO that included a comparison to the market and provided the board with some key metrics to judge on-going efficiency.
- challenged the costs of delivering works programmes to maintain the quality of the existing portfolio.
- invested in an asset management tool to provide good understanding of portfolio performance so that we can identify a 'target' performance range and base plans to achieve this.

This approach has enabled Thrive to improve its performance bringing its cost per unit back in line with the sector. However, we recognise that the organisation has reached a point where different interventions are required and that these are likely to increase costs initially. Board considered this in approving the 2020/21 budget and is seeking to ensure that Thrive's capacity to deliver and remain resilient continues in line with our growth ambitions.

Thrive's Approach
At Thrive we have been focussed on driving efficiencies and have focussed our efforts on reducing our Cost per Unit (CPU) as our key KPI to monitor in this area.

We recognise that this has been a successful strategy but may not be the focus required when entering the next phase in our evolution. Having arrived at this point, we recognise that we need to become more sophisticated in recognising the anticipated impacts of the investments we are making and in demonstrating how these are being realised over time

The four investment areas are;

1. People
We invest in our colleagues, ensuring the right environment for them to flourish and for Thrive to attract and retain the talent required to deliver our objectives, with a good range of benefits and opportunities for personal development. We have achieved IIP Gold status, high levels of engagement, and Best Companies recognition. Board has determined that this 'status' should be maintained as further effort/investment is unlikely to provide significant business benefits.

Therefore, Board does not expect to see increases in metrics such as per capita training costs.

Board Report and Financial Statements 2019/20

It is recognised that Thrive needs to enhance its capacity in areas such as financial modelling and reporting so Board is anticipating a real increase in salary costs going forward. This begins in 2020 with the addition of one additional director post.

2. Customers

We have invested in the development of the 'Thrive Deal' to create clarity for customers on the services Thrive provides and what is expected of them. We believe that this is a key aspect of achieving value for money for our customers but also for Thrive.

A key element of this is an annual 'Home Plan' visit to each customer's home. This enables Thrive to better understand how its homes are being lived in and ensure that they continue to meet the inventoried standards. This will enable Thrive to properly allocate responsibility for repairs and enforce the terms of its tenancies. We are aiming to bring all customers into the 'Home Plan' programme over the next four years.

The impacts on costs, void condition and utilisation of resource to support the programme are being tracked. The first report on the impacts of this programme will be evaluated at the end of the 2020/21 financial year.

We continue to develop options for customers to engage with us digitally, myThrive App introduced in 2017 has been downloaded by 1,900 customers, but difficulties with access on multiple device types has minimised its impact on a digital shift for service requests. We have worked with our Customer Experience Panel (CEP) to create a more flexible Customer Hub which will go live in Summer 2020, delivering improved digital services for customers. The take up of the Hub and its impact on demand across our transaction channels will be evaluated so that we can continue to maximise benefit from investments in technology.

The CEP has worked with the business to develop trusted reporting on the value of and satisfaction with our services and to help Thrive to begin to develop the 'range' of results that demonstrate a balance between customers feeling fairly treated and the costs of achieving this. In 2019, overall satisfaction increased by 4% compared to the previous year. This work will continue and in 2020 there will be a focus on delivering value for money through involvement.

3.Assets

Day-to-day repairs is one of Thrive's highest areas of spend and one of the most important services to our customers. As outlined earlier in the report we have specific challenges as a result of the stock acquired through the transfer and its average age. More strategic asset interventions are being used to address average age and this is one of the more granular metrics reviewed by Board. Over the last few years, there have been a number of initiatives to bring costs back in line with sector. Now that this has been achieved Board's focus is on ensuring that the in-house repairs team continues to be the 'best' service solution for Thrive.

In 2018, Board reviewed findings from a viability review of the DLO that looked at;

- competitiveness v. market
- productivity
- service quality including customer satisfaction
- process and management quality.

This established several high-level indicators that Board track annually.

In 2019, productivity increased as more 'jobs' were undertaken, costs and customer satisfaction were stable, and the service is 1% cheaper when compared to external contractor costs for the work. This achieves the tolerances established by Board to determine if a different solution or interventions are required. Board understands that further investment is needed in the DLO to ensure that it can continue to deliver for the growing portfolio and therefore will continue to review the measures that it has established.

Until recently, Thrive's focus was on achieving decent homes standards and gaining good insights into the portfolio and its performance. Development has brought new units and additional income into the portfolio and therefore provides opportunities to consider options around those units that require higher levels of investment.

This has enabled Thrive to address some of the challenges inherent in its inherited stock, through demolition and increased intensification on a number of sites and programmes to convert small one bed bungalows into two bed houses that better meet the needs of the community. This programme was self-funding as a proportion of the homes were sold as Shared Ownership while the remainder returned to affordable rent. This also increased Thrive's income from these homes.

Thrive is working to identify a 'target' status for the assets in its portfolio, taking account of the zero carbon and building safety agendas, so that we can understand the best routes to delivering and maintaining this.

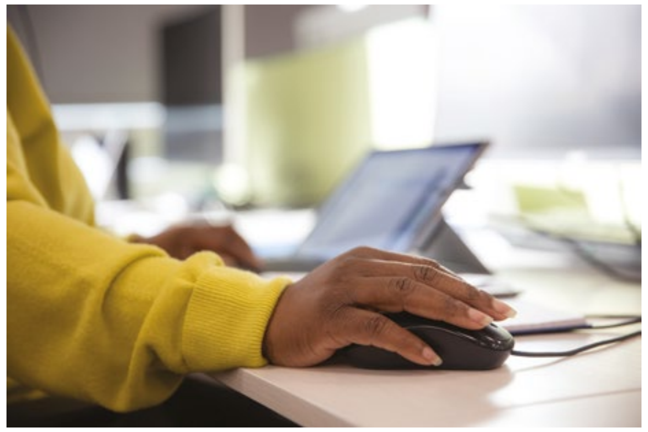
Thrive will continue to invest in the majority of the homes within the portfolio and allocates circa £4m annually to do so. Board's challenge to the business is to develop ways to maintain a steady level of investment/quality that does not absorb any higher level of resource to ensure that Thrive can continue to develop new homes.

4. Processes and Systems

We recognise that for Thrive to deliver cost-effective, targeted services, further investment in systems is required. Previous investment in upgrading hardware and off premise capability across the IT infrastructure has proved invaluable, ensuring that our colleagues have been able to adapt to the COVID-19 lockdown.

Thrive is conducting a review of its housing management and related systems to determine its preferred future solution and inform the development of its medium-term plans to implement the solution. Board recognises that there is likely to be considerable resource requirements and costs associated with this that will flow through to metrics such as cost per unit and will carefully monitor this activity to ensure that this is understood and the time scales in which it expects this impact to be recovered.

Thrive's general approach to process improvement is via targeted projects. This enables clarity around acceptable costs of intervention, timescales and outputs. An example of a project is the introduction of a new Service Charge Module that is due to deliver in 2020. This automates much of the service charge calculation and apportionment processes – more effectively capturing data to improve cost recovery and enhancing auditability, freeing capacity in the team to focus on more value add activities.



Thrive has also invested in and will continue to develop its Quality Assurance Framework. This was introduced during 2019 and is starting to be trialled across operational and back-office processes. The main investment is in colleagues' time to build QA in. Thrive is beginning to gather data on the impacts of the application of QA and will be reporting on this during 2020. Adoption of QA across the business is part of the culture change that makes the concept of VFM live for everyone at Thrive.

Measuring VFM

Thrive monitors it's VFM performance against our own targets and the performance of our peer group. The peer group comprises of similarly sized registered providers based in Hertfordshire managing 4,000 to 10,000 homes, who are actively developing and many of whom have an LSVT background.

Achieving our targets

For the year ending 31 March 2020 Thrive has delivered performance in line with the VFM targets reflecting the planned future growth of the organisation. Forecasts within the table reflect Thrive's pre-Covid position and will be reviewed during the year as impacts are better understood.

Thrive met its target of building over 100 homes in the year by spending £32.7m on the construction of development projects. A further spend of £18m was on land for future development - acquiring approximately 600

		31-Mar-18	31-Mar-19	31-Mar-20		31-Mar-21
		Actual	Actual	Budget	Actual	Forecast
Metric 1	Reinvestment	17.1%	14.7%	20.1%	17.0%	16.7%
Metric 2a	New supply of social housing units delivered	1.2%	1.8%	2.4%	2.3%	3.2%
Metric 2b	New supply of non-social housing units delivered	0.0%	0.4%	0.0%	1.0%	0.0%
Metric 3	Gearing	59.7%	66.8%	68.6%	75.8%	70.8%
Metric 4	EBITDA MRI Cover	153%	143%	154%	187%	177%
Metric 5	Headline Social cost per unit	£4,344	£4,177	£3,647	£3,660	£3,917
Metric 6a	Operating margin (social housing lettings)	34.5%	32.4%	34.5%	37.1%	33.9%
Metric 6b	Operation margin	31.2%	30.4%	33.3%	35.6%	33.4%
Metric 7	Return on Capital Employed	6.1%	3.7%	4.0%	4.5%	4.6%

future development plots that will assist the organisation in meeting our strategic ambitions for growth. The £18m is not included in the reinvestment metric as sites are being rented to commercial or residential tenants in the medium term, thereby providing Thrive with an investment return prior to future development.

Gearing ended the year above budget, due to a drawdown of the current RCF in February 2020. This increased liquidity prior to receiving the agreed MORhomes funding in April.

Peer comparison

There are variances when Thrive's VFM performance is compared to both peers and the wider sector. These variances reflect the progress the organisation is making towards delivery of its Strategic Framework.

Our reinvestment rates continue to be higher than those of both our peers and the sector. This reflects two of our objectives; developing new homes and maintaining investment and compliance programmes for existing homes that necessarily reflect the high average age of the portfolio. The homes acquired through the initial stock transfer in 2008 are valued at historic cost.

Thrive has begun to invest more in developing units for market rent with the purpose of utilising profits from these activities to either invest in the business to improve services to customers or to subsidise the building of more social housing units. This is visible in the increase in metric 2b – new supply of non-social housing assets delivered.

Thrive's gearing is higher than our peers and our peers are higher than the average for the sector. Gearing is increasing as cash reserves are utilised and Thrive continues to borrow to fund investment in new homes. The current and forecast levels of gearing are well within loan covenant levels and facilitates the current business plan of Thrive. Gearing is closely monitored by the Board.

Interest cover is a fundamental metric for both the regulator, lenders and Standard & Poors (our credit rating organisation) as it demonstrates our ability to service interest on borrowings out of our day-to-day operations. Thrive's interest cover has grown as recent investments start to generate income and is in line with the sector however lower than that of our peers.

The Headline Comparators that Thrive monitor show that our cost per unit (CPU) has reduced significantly over the recent years. This is now lower than our peers, and in line with the sector. The reduction is due to an increase in the number of homes managed. These units have been absorbed without increased headcount and the clarity on service level – as articulated through the 'Thrive Deal' - has been achieved without a reduction in service quality. We do expect the CPU to increase over the next financial year (numbers prior to COVID-19 impact) due to increased investment.

Going forward the other more targeted metrics that Board utilises in relation to VFM will be mapped to the headline indicators during 2020/21 so that Thrive develops an integrated picture of how value for money links strategy through operations.

		31-Mar-18			31-Mar-19			31-Mar-20
		Actual	Peers	Sector	Actual	Peers	Sector	Actual
Metric 1	Reinvestment	17.1%	9.8%	6.0%	14.7%	10.0%	6.2%	17.0%
Metric 2a	New supply of social housing units delivered	1.2%	2.9%	1.2%	1.8%	2.5%	1.4%	2.3%
Metric 2b	New supply of non-social housing units delivered	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	1.0%
Metric 3	Gearing	59.7%	50.9%	42.9%	66.8%	50.8%	43.4%	75.8%
Metric 4	EBITDA MRI Cover	153%	245%	206%	143%	229%	184%	187%
Metric 5	Headline Social cost per unit	£4,344	£4,390	£3,397	£4,177	£4,502	£3,695	£3,660
Metric 6a	Operating margin (social housing lettings)	34.5%	36.6%	32.1%	32.4%	34.4%	29.2%	37.1%
Metric 6b	Operation margin	31.2%	33.9%	28.9%	30.4%	32.1%	25.8%	35.6%
Metric 7	Return on Capital Employed	6.1%	5.4%	4.1%	3.7%	4.6%	3.8%	4.5%

Board Report and Financial Statements 2019/20

Business and Financial Review

Financial Review

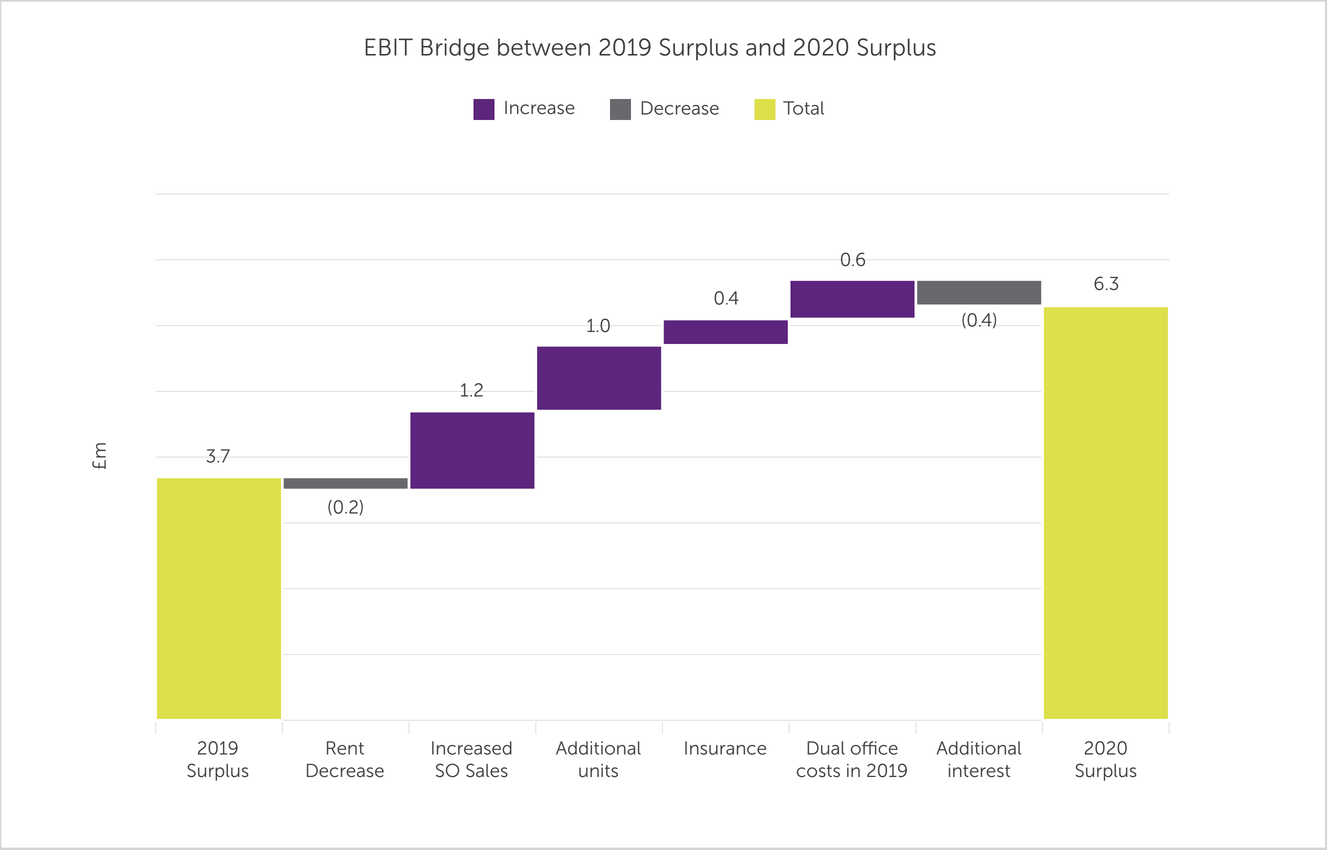
Thrive Homes reported a surplus for the Group of £6.3 million for the year ended 31 March 2020 on total turnover of £32.2 million. This compares to £3.7m in the prior year.

The main component of the increase in surplus from 2019 is £1.2 million increased Shared Ownership sales, additional surplus from new units along with £0.2 million surplus from Market rent activities, and decreased management costs resulting from the office relocation and decrease in insurance costs following a re-tender.

Interest costs increased by £0.4 million from the new loans and facilities utilised during the year.

Thrive's underlying cost base continues to remain stable with no material change over the last three years. This 'control' amplifies the benefits derived from the growth in number of units managed and evidences the positive impacts of the changes made to systems and process.

Below is a graph that depicts the main factors that contributed to the movement in surplus.



By the year-end Group reserves; being the results of Thrive Homes Limited, Thrive Homes Finance plc, SRJ Homes Limited, Thrive OwnHome Limited, Thrive Living Limited and Building for Thrive Limited amounted to £51.1m (2019: £43.1m). The Board has reviewed the reserves of the Association taking into consideration the nature of income and expenditure streams and has concluded that the level of reserves shown at 31 March 2020 is commensurate with the performance and investment profile of a charitable housing provider.

The results for the period and for the previous two years are summarised in the table below.

For the year ended 31 March	2020 £m	2019 £m	2018 £m
Statement of Comprehensive Income			
Total turnover	32.2	27.4	26.4
Income from social housing lettings	25.6	25.0	25.2
Depreciation and impairment of housing properties	4.5	4.5	3.7
Interest payable	5.8	5.4	5.1
Operating surplus	12.0	9.0	12.7
Surplus before and after tax	6.3	3.7	7.7
Statement of Financial Position			
Non-current assets, at depreciated cost	251.0	210.4	184.6
Net current assets	16.2	34.4	25.4
Provisions	(1.6)	(3.6)	(1.7)
Indebtedness	(198.6)	(184.7)	(156.6)
Social Housing Grant	(15.9)	(13.4)	(11.6)
Total reserves	51.1	43.1	40.1
Key financial performance information	%	%	%
Operating Surplus as a % of turnover	37	33	48
Gearing	76	67	60
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) less Major Repairs Improvements as a % of interest payable	187	143	153

Accounting Policies

The main accounting policies are set out on pages 37 to 41. 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.

Development

Thrive Homes has set a target of growing by 150-200 homes per annum. In 2019/20, 121 new homes were delivered and Thrive is in contract to build or acquire a further 275 units. The development team continue to seek opportunities and during 2020/21 the Board will assess Thrive's headroom for further borrowing, options to increase capacity and identifying what level of risk associated with these it is comfortable with.

Financial Risk Management

Thrive Homes is rated A by Standard and Poor's, which was confirmed in March 2019. Thrive Homes is also compliant with the Regulator of Social Housing's standards for both Governance (G1) and financial viability (V1).

At 31 March 2020, the Group's borrowings amounted to £175 million, none of which is due for repayment within the next 12 months.

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

In 2019 the Association secured a new loan facility 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), £17 million of which was drawn at 31 March 2020. Thrive also has an £8 million loan from a Local Authority during the year. The Local Authority and term loans are both fixed-rate loans and the RCF is at a interest rate.

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

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

Liquidity

The Association's Treasury Management Policy which was in operation throughout 2019/20 dictated that Thrive Homes will maintain a minimum level of liquidity such that there is sufficient cash and committed loan facilities capable of immediate draw down 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 Homes has been compliant with this policy throughout the year. Thrive Homes has enough committed facilities available to meet known requirements until 31 March 2021 and for the foreseeable future. COVID-19 will not impact on this position as our cash holding and facilities are sufficient to deliver the development programme on its pre-COVID programme. Thrive anticipated that there will be a slow-down on delivery and therefore the cash required to support the programme during the year will be lower than originally estimated.

The Statement of Cash Flows on page 35 shows that during the year Thrive Homes generated net cash from operating activities of £20.0 million and made interest payments of £6.9 million.

At the year end, the Group held £18.0 million of cash, £13.0 million of this cash was freely available, with a further £5 million on notice deposits with 65 days' notice. The Group also had £8 million of facilities available to be drawn immediately. On 15 April 2020 we received £25.7m of external funding from MORhomes to further improve our liquidity position.

Financial Instruments

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

Political and Charitable Donations

Thrive Homes did not make any political donations during the year but made donations of £39,044 (2019: £40,544) as part of its Community Grants Programme of which £39,044 (2019: £40,544) was made to charitable organisations. Thrive Homes Finance plc did not make any political or charitable donations during the year.

Events After the Reporting Period

There have not been any material post balance sheet events.

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 new loan facility secured in 2019 and the recent MORhomes funding (April 2020) strengthen the liquidity position of the Group and provides 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 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.

Principal 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 Homes has taken steps to ensure that it identifies factors that may affect future performance. Thrive Homes' 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.

Thrive Homes considers the following to be key risks during the business plan period:

Further details of the Thrive Homes' risk management activities are provided in the Board's statement on internal control.

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 terms by which the United Kingdom may withdraw from the European Union. It is not currently possible to accurately evaluate all the potential impacts on Thrive Homes, it's 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 Regulator and various other sources. Thrive has assessed the risks to the repairs supply chain, 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. • Thrive Homes will contribute to the consultation being carried out by RSH. Monitoring of Government sentiment regarding rent setting.
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 Homes 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.
Health & Safety	• Thrive Homes has no high-rise blocks or cladding but does has fire doors that failed the new testing regimes and there are landlord responsibilities with regards all Health & 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 & Safety report presented to Board at all meetings that covers any additional Health & Safety issues.
Development	• Brexit uncertainty on a developer's ability to build out schemes due to labour and/or material issues. COVID-19 may also contribute to these issues. • Sales price uncertainty.	• Employer agents monitor performance as well as all 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.

Board Report and Financial Statements 2019/20

Statement of Compliance

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

Approved and signed on behalf of the Board on

Vic Baylis Interim Chair of the Board

Annual General Meeting

The Annual General Meeting will be held on 21 September 2020.

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

Following the resignation of Mazars as auditors of the Association, and after a competitive tender process, the Board of the Association appointed Beever and Struthers as auditors in December 2019.

Board Report and Financial Statements 2019/20

Independent auditor's report to the members of Thrive Homes Limited

Opinion

We have audited the financial statements of Thrive Homes Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group and the parent association's Statements of Comprehensive Income, the Group and the parent association's Statements of Changes in Reserves, the Group and the parent association's Statements of Financial Position, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 parent association's affairs as at 31 March 2020 and of the group's and the parent association's surplus 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 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

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

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent association's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The Board is responsible for the other information. The other information comprises the information included in the Board Report, other than the financial statements and our auditor's report thereon. 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 requires us to report to you if, in our opinion:

- the Group or parent association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Group's or parent association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 15, 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 group's and the parent 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 group or the parent 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 https://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body 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
EC1Y 8LP

Date: 21 September 2020

Consolidated and Association Statement of Comprehensive Income

	Notes	Group		Association	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
TURNOVER	2a	32,188	27,412	32,617	27,812
Cost of Sales- Shared Ownership	2a	(3,939)	(1,313)	(3,939)	(1,313)
Operating costs	2a	(16,782)	(17,758)	(16,782)	(17,758)
Gain on disposal of fixed assets	11	504	617	504	617
OPERATING SURPLUS	5	11,971	8,958	12,400	9,358
Interest receivable	3	161	152	199	121
Interest payable and other finance costs	4	(5,808)	(5,374)	(6,189)	(5,721)
SURPLUS BEFORE TAX		6,324	3,736	6,410	3,758
Taxation	8	-	-	-	-
SURPLUS FOR THE YEAR		6,324	3,736	6,410	3,758
Actuarial gain/(loss) on pension scheme	21	1,663	(676)	1,663	(676)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,987	3,060	8,073	3,082

The financial statements were approved by the Board on 13 July 2020 and were signed on its behalf by:

The Consolidated and Association's results relate wholly to continuing activities and the notes on pages 37 to 71 form an integral part of these financial statements.

Vic Baylis
Interim Chair of the Board

Kate McLeod
Interim Vice Chair

Elspeth Mackenzie
Company Secretary

Board Report and Financial Statements 2019/20

Consolidated and Association Statement of Changes in Reserves

Reserves	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

	Group		Association	
	Income and expenditure reserve	Total	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000
At 1 April 2018	40,052	40,052	40,056	40,056
Surplus for the year	3,736	3,736	3,758	3,758
Actuarial loss on pension scheme	(676)	(676)	(676)	(676)
At 31 March 2019	43,112	43,112	43,138	43,138

Income and Expenditure Reserve

The Income and Expenditure reserve represents cumulative surpluses and deficits of the Group and Association.

The accompanying notes on pages 37 to 71 form part of the financial statements.

Consolidated and Association Statement of Financial Position

	Notes	Group		Association	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	9	291	552	291	552
Housing properties	10	205,326	182,039	201,207	177,920
Other property, plant and equipment	9a	1,175	820	1,175	820
Investment properties	13	28,944	9,395	28,944	9,395
TOTAL FIXED ASSETS		235,736	192,806	231,617	188,687
INVESTMENTS	19	30	30	3,150	3,150
CURRENT ASSETS					
Properties for Shared Ownership sale	14	6,695	3,610	6,695	3,610
Debtors	15	5,844	5,692	5,930	5,692
Refurbishment obligation asset	15	15,250	17,620	15,250	17,620
Cash and cash equivalents		18,049	35,006	8,031	24,608
		45,838	61,928	35,906	51,530
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(14,409)	(9,951)	(14,770)	(10,103)
NET CURRENT ASSETS		31,429	51,977	21,136	41,427
TOTAL ASSETS LESS CURRENT LIABILITIES		267,195	244,813	255,903	233,264
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	214,507	198,056	203,103	186,481
PROVISION FOR LIABILITIES	20	1,686	2,205	1,686	2,205
PROVISION FOR PENSION LIABILITY	21	(97)	1,440	(97)	1,440
NET ASSETS		51,099	43,112	51,211	43,138
CAPITAL AND RESERVES					
Called up share capital	18	-	-	-	-
Income and expenditure reserve		51,099	43,112	51,211	43,138
		51,099	43,112	51,211	43,138

The financial statements were approved by the Board on 13 July 2020 and were signed on its behalf by:

The accompanying notes on pages 37 to 71 form an integral part of the financial statements.

Vic Baylis
Interim Chair of the Board

Kate McLeod
Interim Vice Chair

Elspeth Mackenzie
Company Secretary

Consolidated Statement of Cash

GROUP	Notes	2020		2019	
		£'000	£'000	£'000	£'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	(a)		19,976		13,299
CASH FLOWS FROM INVESTING ACTIVITIES					
Software purchased and developed		-		-	
Acquisition and improvement of housing properties, including construction		(21,089)		(20,869)	
Net proceeds from sale of properties		877		999	
Purchase of other PPE		(550)		(748)	
Construction of Shared Ownership properties for sale		(9,110)		(3,947)	
Purchase of investment properties		(19,549)		(9,395)	
Grants received		2,203		1,952	
Other investments		-		(30)	
Interest received		188		122	
			(47,030)		(31,916)
			(27,054)		(18,617)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(6,895)		(6,138)	
Loan financing costs		(8)		(604)	
New secured loans	(b)	17,000		33,000	
			10,097		26,258
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(c)		(16,957)		7,641
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			35,006		27,365
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			18,049		35,006

Board Report and Financial Statements 2019/20

GROUP

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

	2020	2019
	£'000	£'000
Surplus for the financial year	6,324	3,736
ADD BACK non-cash items:		
Depreciation and Amortisation	4,908	4,802
Grant amortisation income	(167)	(167)
Surplus on disposal of fixed assets	(504)	(617)
(Increase)/decrease in < 1-year debtors	(179)	(697)
Increase/(decrease) in < 1-year creditors	4,376	(224)
(Decrease)/increase in Provisions	(519)	1,144
Change in pension liability	90	100
Adjustments for investing or financing activities		
Interest received	(161)	(152)
Interest payable	5,808	5,374
Net cash generated from operating activities	19,976	13,299

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

	2020	2019
	£'000	£'000
(Decrease)/increase in cash in the year	(16,957)	7,641
New loans	(17,000)	(33,000)
Bonds issued	-	-
Change in net debt	(33,957)	(25,339)
Net debt brought forward	(122,994)	(97,635)
Net debt carried forward	(156,951)	(122,994)

(c) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2019	Cash flow	At 31 March 2020
	£'000	£'000	£'000
Cash on instant access	12,000	(9,000)	3,000
Cash at bank	23,006	(7,957)	15,049
	35,006	(16,957)	18,049
Debt due before 5 years	(8,000)	-	(8,000)
Debt due after 5 years	(150,000)	(17,000)	(167,000)
Total net debt	(122,994)	(33,957)	(156,951)

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 2020. Thrive Living Limited, also a subsidiary, was incorporated in October 2019. It also had not traded in the period to 31 March 2020. 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 2020 (prior year, 12 months ended 31 March 2019).

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.

Board Report and Financial Statements 2019/20

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.

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 2020 these number 627)

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.

(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

Board Report and Financial Statements 2019/20

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 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 16a.

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 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.

Board Report and Financial Statements 2019/20

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

Group	Notes	2020 Turnover	2020 Cost of sales	2020 Operating Costs	2020 Surplus on disposal of fixed assets	2020 Operating Surplus/ (Deficit)	2019 Turnover	2019 Cost of sales	2019 Operating Costs	2019 Surplus on disposal of fixed assets	2019 Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2b	25,598	-	16,102	-	9,496	24,959	-	16,882	-	8,077
Other Social Housing Activities											
Charges for Support Services		1	-	-	-	1	40	-	7	-	33
SO 1st tranche sales		6,093	3,939	-	-	2,154	2,272	1,313	-	-	959
Development		103	-	430	-	(327)	-	-	249	-	(249)
Other		1	-	137	-	(136)	-	-	552	-	(552)
Non-Social Housing Activities											
Market Rent		392	-	113	-	279	141	-	68	-	73
Surplus on disposal of fixed assets	-		-	-	504	504	-	-	-	617	617
Total		32,188	3,939	16,782	504	11,971	27,412	1,313	17,758	617	8,958

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	Notes	2020 Turnover	2020 Cost of sales	2020 Operating Costs	2020 Surplus on disposal of fixed assets	2020 Operating Surplus/ (Deficit)	2019 Turnover	2019 Cost of sales	2019 Operating Costs	2019 Surplus on disposal of fixed assets	2019 Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2b	25,598	-	16,102	-	9,496	24,959	-	16,882	-	8,077
Other Social Housing Activities											
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Other		1	-	137	-	(136)	-	-	552	-	(552)
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Surplus on disposal of fixed assets			-	-	504	504	-	-	-	617	617
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Board Report and Financial Statements 2019/20

2b. Income and Expenditure from Social Housing Lettings

Group And Association	2020				2019			
	General Needs £'000	Housing for Older People £'000	Shared Ownership £'000	Total £'000	General Needs £'000	Housing for Older People £'000	Shared Ownership £'000	Total £'000
Income								
Rents	20,422	3,082	554	24,058	20,000	3,170	434	23,604
Service charges income	910	299	92	1.301	831	270	52	1,153
Amortised government grant	155	-	12	167	155	-	12	167
Other income	72	-	-	72	35	-	-	35
Turnover from Lettings	21,559	3,381	658	25,598	21,021	3,440	498	24,959
Expenditure								
Management	5,178	786	242	6,206	5,880	935	181	6,996
Service charges costs	669	220	67	956	757	245	48	1,050
Routine maintenance	2,794	424	-	3,218	2,693	428	-	3,121
Planned maintenance	985	150	-	1,135	975	155	-	1,130
Bad debts	119	17	-	136	99	15	-	114
Depreciation, Housing Properties	3,887	564	-	4,451	3,873	598	-	4,471
Operating Costs on Lettings	13,632	2,161	309	16,102	14,277	2,376	229	16,882
Operating Surplus	7,927	1,220	349	9,496	6,744	1,064	269	8,077
Memo - Voids	88	13	-	101	145	23	-	168

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Interest receivable from bank deposits	161	152	199	121
Interest receivable from subsidiary	-	-	-	-
	161	152	199	121

4. Interest Payable and Other Finance Costs

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Payable to subsidiary	-	-	5,850	5,850
Payable to bond holders	5,850	5,850	-	-
Amortised bond premium	(381)	(369)	-	-
On bank loans, overdrafts and other loans	1,174	387	1,174	387
Other finance costs – pension scheme	36	18	36	18
Other finance costs	128	91	128	69
	6,807	5,977	7,188	6,324
Borrowing costs capitalised	(999)	(603)	(999)	(603)
	5,808	5,374	6,189	5,721

Borrowing costs within the Association have been capitalised using a rate of 4.68% (2019: 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.

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5. Surplus on Ordinary Activities Before Interest

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Depreciation of housing properties	4,452	4,471	4,452	4,471
Depreciation of other assets	195	69	195	69
Amortisation of intangible assets	261	262	261	262
Operating lease payments	360	864	360	864
Auditor's remuneration (excluding VAT):				
in the capacity of auditor	42	17	29	15
in respect of other services	7	-	7	-

6. Employee Information

Group	2020			2019
	Staff No.	Non-Exec No.	Total No.	Total No.
Average number of full-time equivalent staff employed during the year (at 37 hours / week)	99	-	99	94
These were categorised as:				
Support functions	40	-	40	40
Development	5	-	5	4
Housing Management	17	-	17	15
Property Services (including maintenance)	37	-	37	35
	Staff £'000	Non-Exec £'000	Total £'000	Total £'000
Salaries and other benefits	3,638	69	3,707	3,628
Social security costs	424	6	430	396
Pension costs	430	-	430	357
	4,492	75	4,567	4,381
Excluded from the above costs are:				
Compensation for loss of office	47	-	47	92

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

Group	2020			2019
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	-
£160,000 - £169,999	-	-	-	1
£150,000 - £159,999	2	-	2	-
£140,000 - £149,999	-	-	-	1
£130,000 - £139,999	-	-	-	1
£120,000 - £129,999	-	-	-	1
£110,000 - £119,999	1	-	1	-
£100,000 - £109,999	-	-	-	-
£90,000 - £99,999	1	-	1	-
£80,000 - £89,999	2	-	2	2
£70,000 - £79,999	-	-	-	1
£60,000 - £69,999	2	-	2	1
	9	-	9	8

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7. Directors' Emoluments

Group

Emoluments paid to the Directors of Thrive Homes (the Board of Management, the Chief Executive, Operations Director, Development Director and Resources Director) are shown below. The key management personnel of the group comprise the Executive Management Team and Board members as named on page 11.

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

	2020			2019
	Exec	Non-Exec	Total	Total.
	£'000	£'000	£'000	£'000
Salary	536	69	605	520
Pension	53	-	53	61
Total emoluments	589	69	658	581
Emoluments paid to the highest paid director	173	-	173	169
Excluding pension contribution	159	-	159	154
Total expenses reimbursed to Directors not chargeable to UK income tax	2	7	9	21

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	2020 £	2019 £
Ashley Lane	Chair of the Board	4 / 5	11,457	8,714
Vic Baylis	Interim Chair of the Board (appointed 17 February 2020) Previously Vice Chair of the Board and Chair of the Remuneration & Governance Committee	5 / 5	9,085	5,727
Beverley Cook	Resident (Resigned 23 September 2019)	1 / 3	2,789	4,080
Karen Forbes-Jackson	(Appointed 13 May 2019, Resigned 9 March 2020)	3 / 4	5,078	-
Malcom Green		5 / 5	5,576	4,080
Rachel Harrison	(Appointed 23 September 2019)	0 / 1	3,285	-
Yvonne Harrison		2 / 3	2,789	4,080
Monique Kozlakidis	Leaseholder (Resigned 23 September 2019)	2 / 3	2,789	4,080
Craig O'Donnell	(Appointed 23 September 2019)	1 / 1	3,285	-
Graham Olive	Interim Chair of Remuneration and Governance Committee (Appointed 17 February 2020)	4 / 5	6,002	4,080
Jamie Smith	Chair of Resources & Development Committee	5 / 5	8,136	5,727
Tom Vaughan		0 / 1	897	4,080
Kate McLeod	Chair of the Risk and Audit Committee Interim Vice Chair of the Board (appointed 17 February 2020)	5 / 5	8,136	4,998
Tonia Warren	(Appointed 13 May 2019)	3 / 4	5,078	-

During the year remuneration paid to Committee Co-optees was:

		2020 £	2019 £
Paul Haylock	Chair of the Risk & Audit Committee (Resigned 16 July 2018)	-	1,880
Peter Matza	Risk & Audit Committee (Resigned 16 April 2018)	-	183

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 and Association	Note	Internally developed software	Aquired software	Total
		£'000	£'000	£'000
Cost				
At 1 April 2019		411	862	1,273
Additions in year		-	-	-
As at 31 March 2020		411	862	1,273
Amortisation				
At 1 April 2019		214	507	721
Charge for the year	5	84	177	261
As at 31 March 2020		298	684	982
NET BOOK VALUE				
As at 31 March 2020		113	178	291
As at 31 March 2019		197	355	552

9a. Other Property, Plant and Equipment

Group and Association	Office Equipment, Fixtures & Fittings	Total
	£'000	£'000
Cost		
At 1 April 2019	862	862
Additions	550	550
Disposal of assets	-	-
As at 31 March 2020	1,412	1,412
Depreciation		
At beginning of year	42	42
Charge for year	195	195
Disposal of assets	-	-
As at 31 March 2020	237	237
Net Book Value		
At 31 March 2020	1,175	1,175
At 31 March 2019	820	820

10. Housing Properties

Group	Housing Properties Under Construction	Housing Properties Completed	Housing Properties Under Construction	Housing Properties Completed	Total
	For letting	For letting	For shared ownership	For shared ownership	
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 April 2019	20,057	164,114	6,864	14,607	205,642
Additions in year	18,437	-	12,697	-	31,134
Developments completed	(11,574)	11,574	(5,852)	5,852	-
Works to existing properties	-	3,672	-	-	3,672
Reclassifications	-	-	-	-	-
Transfer from current assets	-	-	(2,977)	(3,718)	(6,695)
Disposals	-	(89)	-	(308)	(397)
Component write offs	-	(402)	-	-	(402)
At 31 March 2020	26,920	178,869	10,732	16,433	232,954
DEPRECIATION					
At beginning of year	-	23,603	-	-	23,603
Charge for year	-	4,221	-	-	4,221
Component write-offs	-	(172)	-	-	(172)
Eliminated on disposal	-	(24)	-	-	(24)
At 31 March 2020	-	27,628	-	-	27,628
NET BOOK VALUE					
At 31 March 2020	26,920	151,241	10,732	16,433	205,236
At 31 March 2019	20,057	140,511	6,864	14,607	182,039

Interest of £999k (2019: £603k) and own costs of £339k (2019: £392k) have been capitalised in the year to 31 March 2020.

10. Housing Properties (continued)

Association	Housing Properties Under Construction	Housing Properties Completed	Housing Properties Under Construction	Housing Properties Completed	Total
	For letting	For letting	For shared ownership	For shared ownership	
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 April 2019	20,057	159,995	6,864	14,607	201,523
Additions in year	18,437	-	12,697	-	31,134
Developments completed	(11,574)	11,574	(5,852)	5,852	-
Works to existing properties	-	3,672	-	-	3,672
Reclassifications	-	-	-	-	-
Transfer from current assets	-	-	(2,977)	(3,718)	(6,695)
Disposals	-	(89)	-	(308)	(397)
Component write offs	-	(402)	-	-	(402)
At 31 March 2020	26,920	174,750	10,732	16,433	228,835
DEPRECIATION					
At beginning of year	-	23,603	-	-	23,603
Charge for year	-	4,221	-	-	4,221
Component write-offs	-	(172)	-	-	(172)
Eliminated on disposal	-	(24)	-	-	(24)
At 31 March 2019		27,628	-	-	27,628
NET BOOK VALUE					
At 31 March 2020	26,920	147,122	10,732	16,433	201,207
At 31 March 2019	20,057	136,392	6,864	14,607	177,920

Interest of £999k (2019: £603k) and own costs of £339k (2019: £392k) have been capitalised in the year to 31 March 2020.

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 £309k (2019: £166k).

10. Housing Properties (continued)

	2020	2019
	£'000	£'000
Analysis of works to existing properties:		
Capitalised: replacement of components	3,513	4,513
Capitalised: improvements (Aids and Adaptations)	159	78
	3,672	4,591
Charged to Statement of Comprehensive Income	1,135	1,130
	4,807	5,721

Properties held for security

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

11. Disposal of Fixed Assets

Group and Association	2020			2019
	Right to Buy	Other	Total	Total
Proceeds	112	767	879	1,002
Costs	(65)	(331)	(396)	(426)
Depreciation eliminated on disposal	18	5	23	44
Fees	4	(6)	(2)	(3)
	69	435	504	617

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12. Units In Ownership and Management

	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

	2018	Additions	Disposals	Transfers	2019
	No.	No.	No.	No.	No.
Social Housing					
Owned – General Needs, let at social rents	3,204	-	(9)	(1)	3,194
Owned – General Needs, let at affordable rents	154	72	-	-	226
Owned – General Needs, let at intermediate rents	100	-	-	-	100
Owned – Housing for Older People	571	-	-	(8)	563
Shared Ownership	98	13	(2)	-	109
Leasehold Properties	491	2	-	(1)	492
	4,618	87	(11)	(10)	4,684
Non-Social Housing					
Market Rented	1	19	-	-	20
Total	4,619	106	(11)	(10)	4,704
The above excludes units taken out of rent debit	35			6	45

13. Investment Properties

	Group		Association	
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 April	9,395	-	9,395	-
Additions	19,549	9,395	19,549	9,395
At 31 March	28,944	9,395	28,944	9,395

Market rented properties (Private Rented Sector, "PRS") are treated as investment properties. The company have 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, 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.

Given the impact of the Covid-19 pandemic on the housing markets and the availability of market evidence to fully inform an opinion on value, we consider that there is material uncertainty in the valuation of our investment properties included within these accounts. We will keep this situation under review.

14. Properties For Shared Ownership Sale

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Properties under construction	5,919	2,941	5,919	2,941
Completed Shared Ownership Units held for sale	776	669	776	669
	6,695	3,610	6,695	3,610

15. Debtors

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Due within one year				
Gross rent and service charges arrears	1,831	1,522	1,831	1,522
Less: provision for bad debts	(599)	(475)	(599)	(475)
	1,232	1,047	1,232	1,047
VAT due from HMRC	174	223	174	223
Trade debtors less provision for bad debts	41	-	41	-
Refurbishment obligation	3,647	3,692	3,647	3,692
Due from subsidiary undertakings	-	-	86	-
Other debtors	160	14	160	14
Prepayments and accrued income	590	716	590	716
	5,844	5,692	5,930	5,692
Due after one year				
Deferred expenditure, refurbishment obligation (note 16d)	15,250	17,620	15,250	17,620

16. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	755	73	755	73
Rents and service charges received in advance	1,382	736	1,382	736
Due to Three Rivers District Council – VAT sharing agreement	51	78	51	78
Due to Three Rivers District Council – RTB proceeds share	884	1,865	884	1,865
Taxation & social security costs	112	105	112	105
Leaseholder sinking funds	110	90	110	90
Refurbishment obligation	3,647	3,692	3,647	3,692
Due to subsidiaries	-	-	865	643
Interest payable to bond holders	112	112	-	-
Retentions, due on works to properties	1,033	401	1,033	401
Sundry creditors	24	34	24	36
Accruals and deferred income	6,299	2,765	5,907	2,384
	14,409	9,951	14,770	10,103

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Housing loans – Bond, Note 17a	123,730	123,609	123,730	123,609
Housing loans – Bank loans, Note 17b	42,000	25,000	42,000	25,000
Housing loans – Other loans, Note 17c	8,000	8,000	8,000	8,000
Deferred Income – Bond Premium, Note 17d	9,573	9,966	-	-
Deferred Income – Grant, Note 17e	15,954	13,354	14,123	11,745
Deferred Income – Refurbishment obligation, Note 17f	15,250	17,620	15,250	17,620
Disposal Proceeds Fund – Note 17g	-	507	-	507
Total creditors more than one year	214,507	198,056	203,103	186,481

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 (2,198 rented and 270 leasehold) at their Existing Use Value - Social Housing (EUV-SH) of £153.0 million. This includes a revaluation of EUV-SH values completed by Savills during the year, 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.

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Long Term Loan – THF plc	-	-	125,000	125,000
Deferred finance fees – re Bond	(1,270)	(1,391)	(1,270)	(1,391)
Due to bond holders	125,000	125,000	-	-
Repayable after five years	123,730	123,609	123,730	123,609

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

17b. Housing loans – Bank loans

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loan	25,000	25,000	25,000	25,000
Revolving Credit Facility	17,000	-	17,000	-
At 31 March	42,000	25,000	42,000	25,000
Due within one year	-	-	-	-
Due after one year	42,000	25,000	42,000	25,000
	42,000	25,000	42,000	25,000

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 1.58%and 2.61%

17c. Housing loans – Other

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Due within one year	-	-	-	-
Due after one year	8,000	8,000	8,000	8,000
	8,000	8,000	8,000	8,000

During the 2018-19 financial year Thrive Homes secured a loan from a Local Authority partner. The loan is at a fixed interest rate of 4.69% and is secured by land owned by Thrive Homes and are repayable at fixed and variable interest rates of between 1.58% and 2.61%.

17d. Deferred Income – Bond Premium

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 April	10,347	10,716	-	-
Additions	-	-	-	-
Amortised in year	(381)	(369)	-	-
At 31 March	9,966	10,347		
Due within one year	393	381	-	-
Due after one year	9,573	9,966	-	-
	9,966	10,347	-	-

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 and are repayable at fixed and variable interest rates of between 1.58% and 2.61%.

17e. Deferred Income – Grants

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Original Capital Grant Value	16,680	13,913	14,850	12,305
At 1 April	13,521	11,735	11,912	10,595
Grants acquired with stock acquisition	-	-	-	-
Grant received	2,767	1,953	2,545	1,484
Amortisation to Statement of Comprehensive Income	(167)	(167)	(167)	(167)
At 31 March	16,121	13,521	14,290	11,912
Due within 1 year, note 15 (included within Accruals and Deferred Income)	167	167	167	167
Due after 1 year, Note 16	15,954	13,354	14,123	11,745
	16,121	13,521	14,290	11,912

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).

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17f. Refurbishment Obligation

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Debtor Balances				
Original Debt, 2008	70,196	70,196	70,196	70,196
At 1 April	21,312	24,690	21,312	24,690
LESS works completed in year	(2,416)	(3,378)	(2,416)	(3,378)
At 31 March	18,896	21,312	18,896	21,312
Due within 1 year, Note 15	3,647	3,692	3,647	3,692
Due after 1 year, Note 15	15,249	17,620	15,249	17,620
	18,896	21,312	18,896	21,312

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Creditor Balances				
Original Liability, 2008	70,196	70,196	70,196	70,196
At 1 April	21,312	24,690	21,312	27,920
LESS works completed in year	(2,416)	(3,378)	(2,416)	(3,230)
At 31 March	18,896	21,312	18,896	24,690
Due within 1 year, Note 16	3,647	3,692	3,647	3,036
Due after 1 year, Note 17	15,249	17,620	15,249	21,654
	18,896	21,312	18,896	24,690

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 2020/21 budget and asset management plans.

17g. Disposal Proceeds Fund

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 April	507	507	507	507
Utilised during year (new build)	(507)	-	(507)	-
At 31 March	-	507	-	507

18. Called Up Share Capital

	2020		2019	
	No.	£	No.	£
Issued and fully paid shares of £1 each:				
At beginning of year	10	10	11	11
Issued during the year	4	4	1	1
Cancelled during the year	(6)	(6)	(2)	(2)
At end of the year	8	8	10	10

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.

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19. Investments

	Group		Association	
	2020	2019	2020	2019
	£'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)	-	-	-	-
At 31 March	30	30	3,150	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	2020 £'000	2019 £'000
At the beginning of the year	2,205	1,061
Increase in provision	-	1,144
Release of provision	(519)	-
At 31 March	1,686	2,205

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

Remedial works

Group and Association	2020 £'000	2019 £'000
At the beginning of the year	1,051	-
Increase in provision	-	1,051
Release of provision	(164)	-
At 31 March	887	1,051

Other

Group and Association	2020 £'000	2019 £'000
At the beginning of the year	1,154	1,061
Increase in provision	(355)	93
Release of provision	-	-
At 31 March	799	1,154

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 20.3% of pensionable salary (2019: 20.3%).

The most recent actuarial valuations of scheme assets and the present value of the defined obligation were carried out at 31 March 2020. 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:

	2020 £'000	2019 £'000
Financial assumptions:		
Pension increase rate	1.9	2.5
Salary increase rate	2.3	2.6
Discount rate	2.3	2.4

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2013 model assuming current rates of improvement have peaked and will converge to a long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males years	Females years
Current pensioners	21.9	24.1
Future pensioners	22.8	25.5

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

	2020 £'000	2019 £'000
Current service cost	(172)	(215)
Net interest cost	(36)	(18)
	(208)	(233)
Actuarial gain/(loss) recognised in other comprehensive income	1,663	(676)
Total gain/(loss) relating to defined benefit scheme	1,455	(909)

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

	2020 £'000	2019 £'000
Present value of defined benefit obligations	(14,235)	(16,531)
Fair value of scheme assets	14,332	15,091
Surplus/(deficit)	97	(1,440)
Net asset/(liability) recognised in the Statement of Financial Position	97	(1,440)

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

	2020 £'000	2019 £'000
At 1 April	(16,531)	(14,757)
Service cost	(172)	(215)
Interest cost	(397)	(398)
Actuarial gains/(losses)	2,638	(1,359)
Contributions from members	(26)	(36)
Benefits paid	253	234
At 31 March	(14,235)	(16,531)

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

	2020 £'000	2019 £'000
At 1 April	15,091	14,111
Interest income	361	380
Return on plan assets (excluding amounts included in net interest cost)	(975)	683
Contributions from the employer	82	115
Contributions from members	26	36
Benefits paid	(253)	(234)
At 31 March	14,332	15,091

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

	2020 £'000	2019 £'000
Equity instruments	48	50
Bonds	39	38
Property	8	8
Cash	5	4
	100	100

The employer contribution rate from 1 April 2020 will be 20.3% (2019: 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 2020 were £252k (2019: £243k). The amount of pension contributions payable at the 31 March 2020 was £Nil (2019: £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 2020 were 80 (2019: 76)

22. Capital Commitments

Group and Association	2020 £'000	2019 £'000
Capital expenditure contracted for but not provided in the financial statements	38,505	29,981
Capital expenditure authorised by the Board but not yet under contract	5,211	24,242

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:

	2020				2019			
	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	378	2	27	407	301	3	27	331
Later than one year but not later than five years	1,489	-	16	1,505	1,467	2	42	1,511
After five years	1,098	-	-	1,098	1,464	-	-	1,464
	2,965	2	43	3,010	3,232	5	69	3,306

24. Contingent Liabilities

At the 31 March 2020 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 £559,000 (2019: £392,000).

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 one Tenant Member of the Board (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 £6,235 (2019: £6,298). Arrears charges outstanding at year end, for tenant Board members amounted to £nil (2019: £nil).

Resident Board Members - Leaseholders

There was one Leasehold Member who served as a member of the Board (resigned on 23 September 2019). The leasehold Board member was appointed on 12 September 2016.

During the year, service charge costs charged to leasehold Board members amounted to £714 (2019: £588). Balances outstanding at year end for leasehold Board members, relating to the costs of major works being paid in instalments, amounted to £nil (2019: £697), Board members were up to date with their instalment payments.

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 £203,221 (2019: £310,398).

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.

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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:

	2020 £'000	2019 £'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)
Debtors, less than 1 year, Gift Aid	-	-

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:

	2020 £'000	2019 £'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:

	2020 £'000	2019 £'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 4 £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;

	2020 £'000	2019 £'000
STATEMENT OF COMPREHENSIVE INCOME		
Interest receivable	87	52
OUTSTANDING BALANCES AS AT 31 MARCH		
Creditors, less than 1 year	665	531

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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 1 £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:

	2020 £'000	2019 £'000
STATEMENT OF COMPREHENSIVE INCOME		
Interest payable	-	-
BALANCES AS AT 31ST MARCH		
Creditors, less than one-year, unpaid share capital	-	-

28. Financial instruments

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial assets				
Measured at undiscounted amount receivable				
Deferred expenditure- refurbishment obligation (note 17f)	15,250	17,620	15,250	17,620
Rent arrears and other debtors (note 15)	5,080	4,753	5,167	4,753
Cash	18,049	35,006	8,031	24,608
	38,379	57,379	28,448	46,981
Financial liabilities				
Measured at amortised cost				
Loans payable (note 17a-17c)	173,730	156,609	173,730	156,609
Measured at undiscounted amount payable				
Refurbishment obligation (note 17f)	15,250	17,620	15,250	17,620
Trade and other creditors (note 16)	14,409	9,951	13,905	9,460
Amounts owed to related undertakings (note 27)	-	-	865	643
	203,389	184,180	203,749	184,332

The Group and Association's income, expense, gains and losses in respect of financial instruments / were £nil (2019: £nil).

29. 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.

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