thrive
homes

Financial Statements

Year ended 31 March 2019

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


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WELCOME

Contents


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homes

A Brief Story

What Does Thrive Homes Do?

Thrive Homes is a housing association providing affordable homes for people in housing need, primarily in South West Hertfordshire, Bedfordshire and Buckinghamshire.

Key statistics are:

- 4,100 low cost rented homes
- £107 per week average rent
- 10,500 residents
- 94 FTE staff

Why Do We Exist?

We are a not-for-profit business. Our entire surplus is re-invested back into our housing stock or, together with our cash from the Bond issued and lenders, is used to build or buy more homes.

We have a very simple Mission; 'Thrive is a professional landlord creating good quality homes where people enjoy living'.

We do this by working with customers and partners to deliver our strategic objectives:

- » Resilient with a strong financial base
- » Growth
- » Fair deal for customers
- » A good place to work

These are the four elements to Thrive Homes' 2018 Strategic Framework. The Strategic Framework explains the aims within each of the four objectives and where appropriate sets out the minimum levels of performance. For the Framework to remain relevant in an ever-changing environment, Thrive Homes has not set targets for each of these strategic objectives, but rather defined within the Framework what Thrive is trying to achieve within each of these areas.

What We Think About Social Housing

The year ended 31st March 2019 was the third year of the four years of rent reductions announced by the Government in July 2015, effective from April 2016 to March 2020. The impact of this was to reduce rental income by a further £250k on top of the £400k per annum reductions over the past two years. The focus of Government on the provision of more homes has not waned and this is something the Board of Thrive Homes is in complete agreement with. The development programme has increased in scale significantly with 85 new units built and with customers living in them during the year and over 100 new units due in the coming financial year, all of which are affordable housing. These new units are offsetting the effect of the rent reductions and meaning income is increasing overall.

The reality is that fewer and fewer people will be able to buy a property, yet still require decent, affordable homes that offer reasonable security of tenure to live in. As a result, demand for affordable rent and ownership products continues to be strong across our areas of operation. In Three Rivers District Council (TRDC), where most of our rented stock is, we receive an average of 44 bids for every home that becomes available for letting and to purchase an average home outright would cost more than £410,000! Both these statistics indicate how hard it is for local people to own their own home or obtain a social housing home.

Maintaining affordability in the current housing market, where only minimal grant funding is available to subsidise sub-market rented homes, means that housing providers increasingly need to find ways to support this. Thrive is currently utilising profits from shared ownership sales, cashable Value for Money savings and other efficiencies to generate cash to support its development programme. During the year Thrive has acquired some units for market rent as another opportunity to increase financial returns. We recognise that to maximise efficiencies, we need to move to a different operating model with a larger digital platform and are working on this. The development programme also includes some land opportunities, where Thrive have acquired sites which could be built for open market sales; the profits from which could then be used to build more affordable housing. This utilisation of general commercial activities (at a relatively small scale) to provide additional funds to build more homes is a key opportunity for Thrive.

Ensuring that products are affordable to our target customer groups continues to be a priority and we carefully evaluate prospective customers to ensure that their tenancy will be sustainable. Thrive will continue to offer a range of social and affordable rent properties. Wherever possible, affordable rents will be offered in houses, to manage the service charge risk associated with this tenure.

How We're Doing

During the year under review, Thrive Homes raised an additional £58 million of loan facilities and will be using these funds to build and acquire more homes. These facilities were a mix of loans (where the cash has already been received) or facilities that Thrive can draw on as required.

Thrive also relocated offices from Watford to Apsley near Hemel Hempstead. The move has meant easier access to key transport links as Thrive expands its geographical spread of properties, but always remaining within a one-hour drive of the office.

This was another satisfactory year financially and operationally.

	2019	2018	Progress
Operating Margin	33%	48%	↓
Operating Margin*	33%	33%	→
Net Surplus	£3.7m	£7.7m	↓
Net Surplus	£3.7m	£3.7m	→
Arrears	2.70%	2.18%	↓
Void Turnaround	23 days	25 days	↑
Net Promoter Score	-4	7	↓

** During 2017/18 Thrive sold 123 homes to another housing association, this sale generated a significant 'one-off' surplus and is the reason for the reduction in Operating margin and Surplus in 2018/19 when compared to prior year. Excluding this 'one off'; results and margins for the year were in line with the previous year, despite the reduction in rents.*

Arrears continues to increase, principally due to the continuing increase in the number of customers who are on Universal Credit. Thrive now has nearly 500 customers on the new benefit system (just over 100 last year). The issues the new system is causing many people are well documented, with both Thrive (and the general social housing sector) seeing arrears for customers in Universal Credit generally being more than 10% (though it is important to note that not all Universal Credit customers are in arrears). Arrears levels drop over time, but as Thrive experiences significant increases in new Universal Credit customers so the arrears continues to increase.

Void turnaround has reduced despite a higher number of voids than the prior year. This has been achieved with some process changes, but is mainly due to more of the works being done by the in-house team.

The Net Promoter Score has deteriorated with passives moving to detractors. The main issue is communication around repairs and outstanding repairs. Thrive has put an improvement plan in place to focus on these issues and this has led to an improved score for the start of the new year. Overall satisfaction with the service Thrive offers increased from 63% to 73% during the year, contrary to the reduced Net Promoter Score.

What We Are Doing In The Coming Year

The coming financial year is going to be significant for Thrive. The key changes will be the launch of a 'hub' that customers can use to manage their account and request Thrive services at any time that is convenient to them, without the need to call the business. These types of digital options are what most customers use every day for many other services they use; it will also complete the transition Thrive is making to allow 'digital only' tenancies.

From a development perspective, work on the two regeneration sites will commence as will development on Thrive's first two land led sites, a significant change from only having developments that are the social housing part of larger development schemes that developers have.

Improving Our Properties

Every year we spend millions of pounds improving our properties, making sure they are good quality homes that people want to live in. Below are some of the new products we installed in our properties during the year:

	2019	2018
Bathrooms	57	98
Boilers	278	255
Doors	290	545
Kitchens	57	73
Roofs	107	193
Windows	213	184
Component spend	£3.5 million	£4.4 million
Remedial works	£1.1 million	£0.0 million
Total spent	**£4.6 million**	**£4.4 million**


thrive
homes
www.thrivehomes.org.uk
developing communities where people enjoy living
An exciting development of 6 shared ownership and 10 high quality homes for affordable rent.
Thrive Homes
Working in partnership with
Central Bedfordshire
Homes & Communities Agency

Board Members, Executives And Advisers

Board

Ashley Lane	Chair of the Board	
Vic Baylis	Vice Chair of the Board, Chair of Remuneration and Governance Committee	
Beverley Cook	Resident member	
Karen Forbes-Jackson		Appointed 13th May 2019
Malcolm Green		
Yvonne Harrison		
Monique Kozlakidis	Resident member	
Kate McLeod	Chair of Risk and Audit Committee	Appointed to the Board 14th May 2018. Appointed Committee Chair 24th September 2018
Graham Olive		
Jamie Smith	Chair of Resources and Development Committee	
Tom Vaughan		Resigned 22nd May 2019
Tonia Warren		Appointed 13th May 2019

Co-Optees

Paul Haylock	Chair of Risk and Audit Committee	Resigned 16th July 2018

Executive Management Team

Elspeth Mackenzie	Chief Executive
Jo Barrett	Operations Director
Jack Burnham	Development Director
Shaun McLean	Resources Director

Company Secretary

Shaun McLean

Registered Office

Westside, London Road, HEMEL HEMPSTEAD, HP3 9TD

Auditor

Mazars LLP, Chartered Accountants and Statutory Auditors
45 Church Street, BIRMINGHAM, B3 2RT

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

The Board is pleased to present presents 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 2019. This is the 10th full year of operations for Thrive Homes since its formation as a large-scale voluntary transfer from Three Rivers District Council in 2008.

Group Structure and Overview

Thrive Homes manages 4,749 homes across the northern Home Counties, primarily Hertfordshire, Bedfordshire and Buckinghamshire. Thrive Homes has been growing over the years by a combination of building new homes or acquisitions from other property owners.

Building for Thrive Limited is our design and build business and Thrive OwnHome Limited will develop new homes for sale on the open market; both these companies have been dormant during the period under review. SRJ Homes Limited is a company that owns land (with planning permission); no activity was carried out in the year under review apart from finalising planning approval and selection of a construction supplier. Construction work will commence later in 2019. 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

National Housing Federation Code of Governance

The Board have adopted the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)' and confirm that the Group comply fully with the Code. An annual review of compliance is performed by the Board, with the most recent review in May 2019 demonstrating continued compliance.

The Group maintains an Assets and Liability Register which has been reviewed by our Internal Auditors during the year.

Governance 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- https://www.gov.uk/topic/housing/social-housing-regulation-england

Board Trustees and Executive Directors

The Association is managed and monitored by the Board, several Board Sub-Committees and an Executive Management Team. The Board Trustees and the Executive Directors are set out on page 6. Membership of the Board is entirely of non-executive Members whom are drawn from a wide background, bringing together professional, commercial and resident experience. All appointments to Board Trustee 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; being 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 was reserved for residents, which means that the Board still consists of no more than 12 Members, but none of them must be residents. During the year, there were also co-opted committee members, but there are no co-opted members in place as at year end.

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 Trustees split their responsibilities amongst Thrive Homes various Committees. The table below shows Trustee attendance during the year, out of the possible attendances:

Board Trustee	Board	Remuneration & Governance Committee	Resources & Development Committee	Risk & Audit Committee
Ashley Lane	5/5	4/4	3/4	-
Vic Baylis	5/5	4/4	-	-
Bev Cook	3/5	4/4	-	-
Malcolm Green	5/5	-	4/4	4/4
Yvonne Harrison	4/5	-	3/4	-
Monique Kozlakidis	1/5*	-	4/4	-
Kate McLeod	4/4	-	-	3/3
Graham Olive	5/5	-	-	4/4
Jamie Smith	5/5	-	4/4	-
Tom Vaughn	4/5	3/4	-	-
Paul Haylock (co-optee)	-	-	-	2/2
Peter Matza (co-optee)	-	-	-	1/1

** Ms Kozlakidis has been on maternity leave during the year and so was unable to attend all Board meetings.*

The Board Trustees received payment for their services as Non-Executive Directors. Payment is reviewed periodically by Members. Levels of Board Remuneration paid to Board Trustees during 2018/19 and 2017/18 are shown in the table below:

		2019 £	2018 £
Ashley Lane	*Chair of the Board*	**8,714**	7,741
Vic Baylis	*Vice Chair of the Board and Chair of the Remuneration & Governance Committee*	**5,727**	4,400
Mick Biles	*Chair of the Risk & Audit Committee – resigned 18-09-17*	**-**	2,098
Beverley Cook	*Resident*	**4,080**	3,562
Mike De'Ath	*Chair of Development Committee – resigned 06-05-17*	**-**	702
Malcom Green		**4,080**	3,562
Yvonne Harrison		**4,080**	4,400
Monique Kozlakidis	*Leaseholder*	**4,080**	3,562
Kate McLeod	*Appointed to the Board 14-05-2018 and appointed Chair of Risk and Audit Committee 24-09-18*	**4,998**	-
Graham Olive		**4,080**	3,562
Jamie Smith	*Chair of Resources & Development Committee*	**5,727**	4,190
Tom Vaughan		**4,080**	3,562
Paul Haylock	*Chair of Risk and Audit Committee resigned 16-07-18*	**1,880**	3,511

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.

Statement of Directors' Responsibilities

The Board are 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 have 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 they are 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; and
- 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 are 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 is exposed and is consistent with Turnbull principles.

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

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

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation, mitigation and control of significant risks. It is the Board's responsibility to review and assess these risks. During the year, the series of 'deep dives' by the Risk and Audit Committee on individual risks continued; Remuneration and Governance Committee also did one on a risk specifically included in 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 Thrives 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 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 have adopted the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)' and confirm that the Group comply fully with the Code. An annual review of compliance is performed by the Board, with the most recent review in May 2019 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 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 Regulator for Social Housing, 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).

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, LGBT+ or disability are given full and careful consideration for all vacancies. The Association holds the ‘two ticks’ disability symbol accreditation, which demonstrates the commitment of Thrive Homes to good practice in employing and retaining disabled people.

In the event of an employee becoming disabled, every effort is made to retain them so that their employment within Thrive Homes can continue. 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 staff briefings, departmental meetings, via ‘OneThrive’ the social media platform of the organisation and through one to one meetings.

Director’s indemnity

The Board confirms that the Association does have Directors and Officers Insurance in place.

Value for Money Strategy

Thrive Homes Strategic Framework comprises four main aims, as set out below:

- Resilient with a strong financial base
- Fair deal for customers
- Growth
- A good place to work

The Thrive Homes Value for Money strategy can be found on the website at http://www.thrivehomes.org.uk/we-want-to-work-in-partnership/strategy-and-values/. The strategy operates around the belief that there are three approaches to creating Value for Money, namely transactional, transitional and transformational. All deliver value for money gains; however, the transformational approach delivers the longer-term gains. These three approaches can be described as follows:

Transactional (Tactical Efficiency Savings)

- Quick wins
- Localised cost savings
- Process improvement

Transitional (Strategic Operation Re-Alignment)

- Cost: value ratio – better utilisation
- Optimisation of people, processes & technology, procurement & capital assets
- Performance improvement

Transformational (Sustainable VFM)

- Ongoing embedded cost management and continuous improvement

The aim is to ensure that as a business, the transformational approach is achieved.

All of this will help Thrive achieve the four main aims of its Strategic Framework:

- Resilient with a strong financial base
- Fair deal for customers
- Growth
- A good place to work

Within each of these high-level aims are several specific objectives which together will enable Thrive Homes to build upon its existing success and focus upon the use of all its resources in the most effective way. Value for Money is absolutely at the heart of how these aims and targets will be achieved.

Value for Money Performance

Background

The Regulator for Social Housing (RSH) issued a new Value for Money Standard (VFM) in early 2018; this is the second year where the reporting required is as a minimum focussed on seven Key Performance Indicators (KPI). The explanation of these metrics can be seen if the link below is either clicked on or entered into a web browser
https://www.gov.uk/government/publications/value-for-money-metrics-technical-note

The requirement is for Thrive to report on its performance against these seven KPI's (as a minimum) and for the Board to report in these financial statements how it is performing relative to the Sector averages and peer group. Where there are significant differences, the Board needs to understand how these differences are due to Thrive delivering its strategic objectives. Where the differences are due to inefficiencies, comments as to what actions the Board is taking to reduce these inefficiencies needs to be included.

Current Position

Thrive has developed its Standing Orders and Financial Regulations to ensure clear roles and responsibilities for the Board, Committees and Executive Management Team. This includes 'tiered' approval levels for development schemes (within standard, approved development assumptions), review and approval of the various strategies as well as reporting of both operational performance (mainly via the Management Accounts and the Balanced Scorecard of Key Performance Indicators) to the Committees and Board and regular monitoring of development performance, compliance with Health & Safety and other legislation and also progress on the operational change program Thrive is undertaking.

Each year, performance targets are set and the Strategic Framework outlines the strategic aims for Thrive. These are agreed by the Board either at regular Board meetings or at any of the 'away days' the Board has throughout the year. These 'away days' allow for time as a Board to be dedicated to significant and strategic issues that cannot be suitably covered during a regular Board meeting. Decisions at these events have included reviewing different tenure options for development (and the scale of these), corporate structures which could allow for savings to be achieved and a review of the in-house maintenance team to ensure that they are not just delivering a good customer service but is also achieving VFM in the way they deliver these services.

Thrive Homes performance has been assessed by the Board against the organisation's Strategic Framework objectives. Within these are several aims and strategies that Thrive has in place, that will impact on VFM. Examples include the Asset Management Strategy, which provides a clear basis on which Thrive makes property investment decisions regarding investment in its properties; the Treasury Strategy defines the level of borrowings and types of debt Thrive Homes wishes to have. Within the Growth aim of the Strategic Framework, the Board has defined that despite the ambition to grow and service these increased unit volumes with the same headcount and minimal increased costs, they still wish to retain a 'tight' geographic spread of all the properties it manages as this will enable greater efficiency and so all stock must be within a one-hour drive of the main office.

During the year Thrive relocated offices from Watford to Hemel Hempstead, meaning that new areas of operation (and potential partnerships with new Local Authorities) can be accessed whilst still within a one-hour radius of the office, though 90% of Thrive stock is still accessed within 15 minutes. In terms of being 'A good place to work', along with the new office, Thrive has invested heavily in IT so that all staff are now truly agile and able to work from any location with a Wifi signal. Significant investment has been (and continues to be made) in our people, developing both their technical skills and soft skills, all of which will lead to a better performing organisation.

The table below focuses on the seven metrics as defined by the Regulator, the Board manage the business using these as well as other metrics, which have been reported and commented on elsewhere in the Board report.

		31 Mar 2017		31 Mar 2018			31 Mar 2019	31 Mar 2020	31 Mar 2021	31 Mar 2022
		Actual	Sector	Actual	Peers	Sector	Actual	Budget	Forecast	Forecast
Metric 1	**Reinvestment %**	19.0%	6.8%	17.1%	9.8%	6.0%	**14.7%**	20.1%	8.1%	3.2%
Metric 2a	**New supply of Social housing units delivered %**	3.1%	1.5%	1.2%	2.9%	1.2%	**1.8%**	2.4%	3.9%	1.7%
Metric 2b	**New supply of non-Social housing units delivered %**	0.0%	0.0%	0.0%	0.0%	0.0%	**0.4%**	0.0%	0.0%	0.5%
Metric 3	**Gearing %**	61.7%	49.9%	59.7%	50.9%	42.9%	**66.8%**	68.6%	64.7%	61.2%
Metric 4	**EBITDA MRI Interest Cover %**	161%	170%	153%	245%	206%	**143%**	154%	168%	181%
Metric 5	**Headline Social Housing cost per unit £**	£4,611	£3,300	£4,344	£4,390	£3,397	**£4,178**	£3,647	£3,697	£3,864
Metric 6a	**Operating margin (social housing lettings) %**	35.2%	34.1%	34.5%	36.6%	32.1%	**32.4%**	34.5%	35.3%	34.9%
Metric 6b	**Operating margin (overall) %**	29.6%	29.6%	31.2%	33.9%	28.9%	**30.4%**	33.3%	32.1%	26.8%
Metric 7	**Return on Capital Employed**	5.3%	4.3%	6.1%	5.4%	4.1%	**3.7%**	4.0%	5.0%	5.0%

The new requirements for VFM were published in March 2018, as a result it is only possible at this time to compare our performance to our peer group for 2017/18. The peer group has been selected as other housing associations who are like Thrive Homes in size and geographic location. The peer group comprises:

- B3 Living
- Hightown Housing Association
- Red Kite Community Housing
- Richmond Housing Partnership
- Vale of Aylesbury Housing Trust
- Watford Community Housing Trust

Sector and peer values are obtained from the HQN Housing Finance Network group and the Global Accounts as published by the Regulator for Social Housing

Forecast results are derived from the 30-year Business Plan Thrive prepares and submits to the Regulator for Social Housing.

Metric 1 - Reinvestment

This metric reflects the value of spend on building and acquiring more homes as well as how much is invested in the properties Thrive Homes already owns. 2017/18 reinvestment rate was the fourth highest in the social housing sector, showing that Thrive Homes is investing significantly more than sector average and a lot more than our peers. Thrive Homes continues to invest well in excess of £4 million each year in the existing properties for Health & Safety and ongoing replacement of major components like kitchens, bathrooms, roofs and windows, this 'active' decision by the Board to continue investing in existing properties is in line with the Asset Management Strategy to ensure all our customers live in safe, secure and good condition homes. This ensures the properties are maintained in good condition for the wellbeing of our customers and helps them maintain 'value' from a security aspect for potential future borrowings.

When the properties were transferred to Thrive in 2008, there was a significant level of investment required, reflecting the condition the properties were in generally, which was well below the Decent Homes 'plus' Standard which Thrive Homes is striving for. All new properties, be they newly built or acquired, are part of the Growth Strategic Framework objective which satisfies our aim of providing for people in housing need whilst also providing the assets required to generate income for future growth.

Metric 2a - New supply of social housing assets

There is often a 'disconnect' between this metric and metric 1. Metric 1 includes spend on units being built during the year. A significant proportion of this spend may occur a few years before the units are completed. Metric 2 measures completed units only, creating a time lag between the two metrics. As can be seen, the change in strategy around development and Thrives focus on growth within the new Strategic Framework has meant Thrive Homes is supplying more units than the average and is progressing closer to the peer group. Thrive is still in its 'early days' in terms of delivery of new units and the scale of the programme is growing. The increased programme will be closely monitored on a project by project basis in light of the increasing cost pressures and build capacity and so there will be 'peaks and troughs' between years as to the volume of units completed.

It is worth noting that the peer group is heavily influenced by a single provider who delivered 11.2% growth in the year. Excluding this provider, the average would be 1.3%, much closer to Thrive Homes delivery of 85 new units in the year.

Metric 2b - New supply of non-social housing assets

Growth is one of the four objectives of the new Strategic Framework. 2018/19 has been the first year where Thrive has built or acquired units that are not for social housing. Thrive acquired a single block of 19 flats which are let at market rent levels. Thrive Homes may invest more in developing units for Market sale or Market rent, though Thrive has not taken any final decisions on this yet. All non-social housing activities are only undertaken with the purpose of utilising the profits from these activities to support Thrives social purpose, either to invest in the business to improve services to customers or to subsidise the building of more social housing units and so there is close monitoring of these on a project by project basis to ensure good cost control and that the market for these types of products remain strong. This part of the growth strategy will only be done within the financial 'red lines' contained in the Strategic Framework.

Metric 3 - Gearing

Thrive Homes' gearing is higher than sector and peer averages but is closely monitored and mitigation actions identified if necessary. Gearing levels are expected to increase in the coming years, particularly as Thrive utilises the cash reserves and whilst continuing to borrow to invest in building more homes. Assuming the sector is aiming to increase the volume of new homes built the sector average would also be expected to increase. Essentially Thrive Homes wishes to utilise its assets at an appropriate level to build more of the homes so desperately needed or to invest in maintaining the existing units so their value that can be used as security for further borrowings and therefore further additional homes. The current and expected levels of gearing are well within loan covenant levels and the Board is content with the levels of gearing as the business plan has been 'stress tested' against a number of scenarios and all of these can be 'accommodated' within the gearing covenants.

Metric 4 - Interest cover

This is a fundamental metric for both the regulator, lenders and Standard & Poors (our credit rating organisation). Interest cover demonstrates Thrives ability to service its interest on borrowings out of its day to day operations.

Thrive's interest cover is below the sector average for two main reasons: i) Thrive has used Bond funding to finance the development programme - this means receiving high levels of cash in advance and therefore incurring interest on cash that is not yet reinvested in homes and ii) the high level of investment in building new homes, many of which are still to be completed and so are yet to produce income. The Board are looking at ways to grow the business with opportunities that are less capital intensive, such as managing units for others, which would improve the overall financial position of the business. Thrive is expecting this metric to improve as earnings increase as a result of the investments made in building new homes.

The new loan facilities which are much more flexible in nature, allow cash to be drawn when needed significantly reducing interest costs. Additionally, Thrive Homes' reliance on Bond financing in the past has meant that the overall interest rate is significantly higher than sector and peer averages. Board are satisfied that the current and forecast levels of gearing for the next few years are acceptable. Thrive has increased the size of the development programme significantly in a short period and these new units being built will take time to generate income. The intention is for Thrive to consistently achieve interest cover closer to sector average from 2021 when the development programme scale is consistent in annual growth and has a continuous 'flow' of new units completing and generating income each year.

Metric 5 - Cost per unit (CPU)

Cost per unit measures the total cost base divided by the number of units that Thrive manages. The measure is not entirely accurate as leaseholder costs, in the form of service charge costs do form part of the total cost base, but the leasehold units are not included in the number of units Thrive manages (which in Thrives case is about 13% of the total stock, a feature considered when selecting the peer group). Irrespective of this, Thrive Homes is above the median and Board have carefully considered their 'comfort' with the levels of spend when determining the budget. The Regulator has also in the past recognised that organisations with housing for older people will have a higher CPU; Thrive has 15% housing for older people.

One of the key spends that impact CPU is the major works spend, i.e. investment in existing properties. This means that where performance in Metric 1 is good, it will negatively impact the CPU (more spend per unit on kitchens, bathrooms, roofs and similar). Thrive Homes has made a provision of nearly £1 million for remedial works relating to fire doors; advice from the fire authorities has been that residents are not in immediate danger but that the works will need to be carried out in due course. Work has been delayed as suitable alternative and compliant parts are not available; work is planned in 2019/20.

The Regulator recognises that LSVT organisations that are under 12 years since transfer (such as Thrive Homes and most of our peer group), generally do have a CPU of £300 more than traditional organisations, this is in recognition of the fact that the LSVT still has obligations to fulfil under the Transfer Agreements via which they were created. Costs are controlled as best is possible via Thrives procurement processes and have been successful in generating significant savings over the years.

Despite all the above, our CPU has reduced a further 4% in the year. This is due to increased units under management meaning that the costs are diluting, but also because of real savings. Thrives’ aim is to grow, with this growth will lead to a further reduction in CPU as the ‘fixed’ elements of the cost base remain the same, allowing us to manage more units for less.

The Board has reviewed (and continues to review) various ideas and initiatives to potentially reduce spend without compromising our Asset Management strategy and the aims identified in Metric 1. The Board is also keen to explore opportunities to utilise the skills within the business to manage properties for other landlords, so utilising the capacity of the business effectively and reduce CPU. The Board ensures financial control by holding the Executive Management Team to account, ensuring the strategic objectives and strategies are delivered within the annual budget and longer-term financial plans.

The peer group average is overstated by approximately £600/unit due to one of the peer group having a large Care and Support cost. Excluding this business stream, the average would be £3,800/unit reflecting the higher costs of being close to London and the knock-on effect this has in terms of wages and contractor costs. Whilst Thrive Homes is still above the peer group average the differential is smaller than when compared to the sector average. A key focus of the Board is the reduction of our CPU to being more in line with our peers.

Overall, the Board is comfortable with the current results and how they have improved over the last three years, with further improvements expected in the coming years. 2022 will have a slight increase, as the initial stock condition survey results are indicating a higher level of major works spend expected in that year.

Metric 6a - Social housing lettings operating margin

Thrive Homes margins are significantly impacted by increasing depreciation costs. As Thrive is a young organisation, many of the major works carried out each year is not replacement of cost and so is increasing depreciation cost. This is impacting margins in the region of 0.6% per annum. Margins are also being impacted by the -1% rent reduction. The peer group is also above sector average which is to be expected as rents are generally higher in the region than the national average; Thrive Homes’ margins need to improve relative to the peer group and this will be achieved over time as the CPU reduces. The Board believe that improved productivity which the past investment in systems and resources is starting to generate will see this metric improve in the coming years.

The Board is satisfied that the current margin is appropriate for where Thrive is in its growth and investment strategy. The levels of investment are all in line with the Strategic Framework and associated strategies. Margins above forecast margins is our aspiration but not realistic at this phase of Thrive, whilst we are delivering on the short and medium term aims of growth and investment.

Metric 6b - Overall operating margin

Like the rest of our sector (including our peers), Thrive Homes' overall margin is lower than that achieved for social housing. This generally has to do with costs relating to development teams and sales of shared ownership units which do not always generate margins as high as that of social housing.

Thrive Homes reduction in margin between social housing lettings and overall margin is very similar to that of the sector and peer group, indicating that Thrive Homes is not undertaking significantly different types of non-social housing letting activities than the peer group or sector.

Metric 7 - Return on Capital Employed (ROCE)

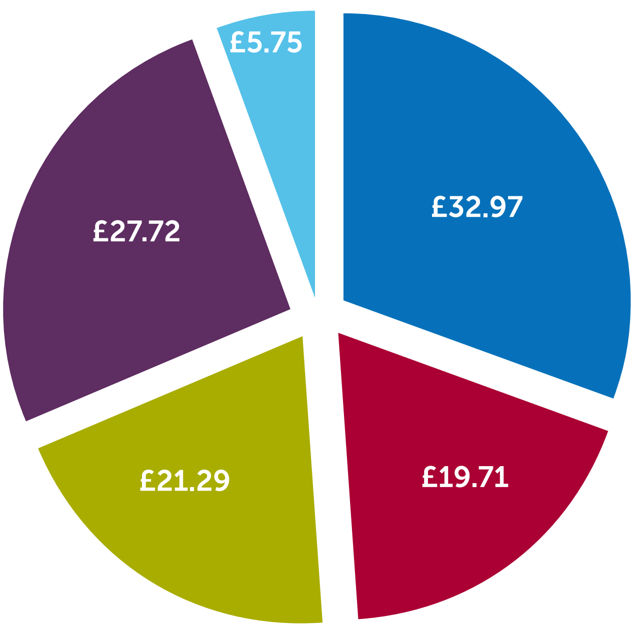
ROCE is a measure of the level of surplus (return) for the year relative to the cost base of the assets that generate that return. ROCE for Thrive is about sector average, though not as high as the 2018 result which was significantly above average due to the significant surplus made on the sale of 123 units to another Housing Association. Without this exceptional item, ROCE would have been 4.6%. 2019 results are lower than this as the asset base has grown significantly with a large investment in new properties, including market rent properties.

The Board are content that the current ROCE is in line with expectations as Thrive continues to invest in its existing homes whilst also growing. This means that the Capital levels against which the returns are being derived are growing significantly in a short period; returns will increase over time as has been identified when appraising new development opportunities.

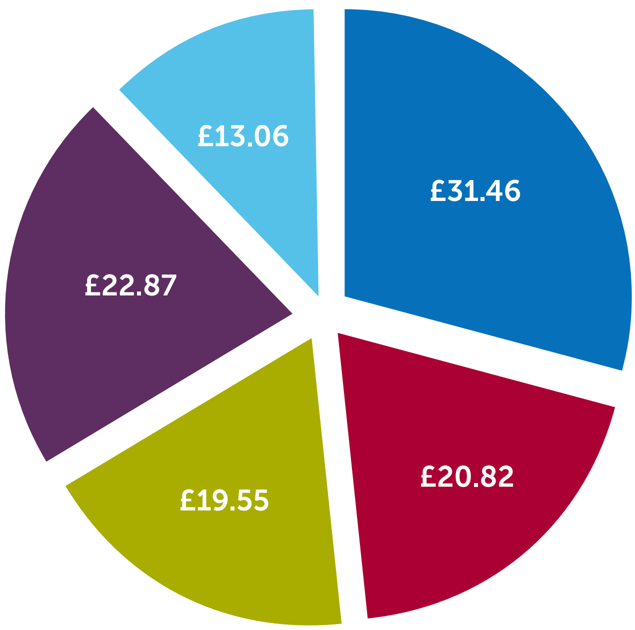
Customer Value for Money

The average rent for a Thrive property is £107/week. The graph following indicates how that income was spent in 2019 and 2018.

2019 Spend Allocation



2018 Spend Allocation



Management Costs | Repairs & Maintenance | Major Works | Interest Costs | Other/Development

In both years, £41 went towards maintaining customer properties in good condition; with nearly £28 (£23 in 2018) each week going towards paying the interest costs of Thrive for borrowings which are directly invested in building or acquiring more homes. 'Other/Development' has reduced down to under £6 compared to £13 in 2018, this is primarily due to reduced overhead costs in these teams, the staff in this area of the business are now very much allocated to the homes and development schemes that they are responsible for delivering.

Management costs has increased slightly, primarily due to some duplicate office costs as Thrive prepared to move offices and continues to be a focus of the Board in terms of spend in this area being appropriate to the overall income of the business.

The desire to deliver efficient and effective services also benefit our customers and the wider community in which we operate.

Examples of this include:

- Improving the efficiency and effectiveness of our repairs service has generated better value for both Thrive and our customers.
- By providing grants to e.g. the Citizens Advice Bureau in South Oxhey, which funded the office to be manned two days extra per week This benefitted Thrive and its customers by improving the provision of advice on Universal Credit and other personal financial issues.

Conclusion

The Board of Thrive Homes monitor performance of the business via various means, including management accounts, risk maps and a balanced scorecard. The balanced scorecard enables the Board to monitor compliance, customer satisfaction, employee engagement, VFM and more. It is felt that this 'holistic' view aids the Board in ensuring that VFM is embedded across the business in all the activities that Thrive undertakes and that no decisions are made with VFM as the sole objective, if they lead to reduced customer engagement or increasing compliance risks. The Board has approved a number of initiatives and investments across the business which are making the business more productive and is part of the continuous improvement journey the organisation is on, as opposed to 'one-off' plans that only generate short-term savings.

The Board dedicates part of an away day every year to reviewing VFM and benchmarking performance against the peer group. The benchmarking always includes the sector averages as well, so that comparisons are not done in isolation. Overall the Board is satisfied with Thrive's performance given where Thrive is, against its recent growth via development objective and the investment that has been made as Thrive evolves its operating model. This 'satisfaction' does not mean that the Board is content with these levels of return and margins; in the medium term, improvement targets are being identified as well as 'red lines' to reflect the lowest level of performance the Board will accept, have been defined. The Business Plan indicates that these improvements cannot be achieved merely by maintaining existing performance levels, savings will be a pre-requisite to being able to achieve the targets.

The Board are confident that given the strategic approach taken to VFM, the actions to date and future activities identified, Thrive Homes is meeting the VFM standard.

Annual General Meeting

The Annual General Meeting will be held on 23rd September 2019.

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

Mazars LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the Annual General Meeting.

Strategic Report

Mission and Key Objectives

The Mission and Vision of Thrive Homes has been simplified to 'A professional landlord creating quality homes where people enjoy living'.

We will do this by working with customers and partners to deliver our strategic objectives:

- » Resilient with a strong financial base
- » Fair deal for customers
- » Growth
- » A good place to work

The achievement of these high-level aims is monitored using both financial and non-financial performance indicators. A balanced scorecard has been produced which is used by both the Executive and the Board to scrutinise performance.

Description of the Business

Thrive Homes is a Registered Provider of Social Housing and maintains its head office in Hemel Hempstead, Hertfordshire. The principal activity is the provision and management of housing accommodation at affordable rents for people in housing need, primarily in South West Hertfordshire, Bedfordshire and Buckinghamshire.

Thrive Homes is a charitable, not-for-profit organisation and reinvests all the surpluses generated into providing good quality housing and landlord services. Thrive Homes operates four key business streams:

- » general needs and affordable rented housing for rent, primarily by individuals and families who are unable to rent or buy at open market rates;
- » housing for older people'which is generally communities of self-contained accommodation for people over 55 to live;
- » low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their homes and pay rent to the Association on the remainder; and
- » the management of leasehold properties with homes where Thrive Homes owns the freehold.

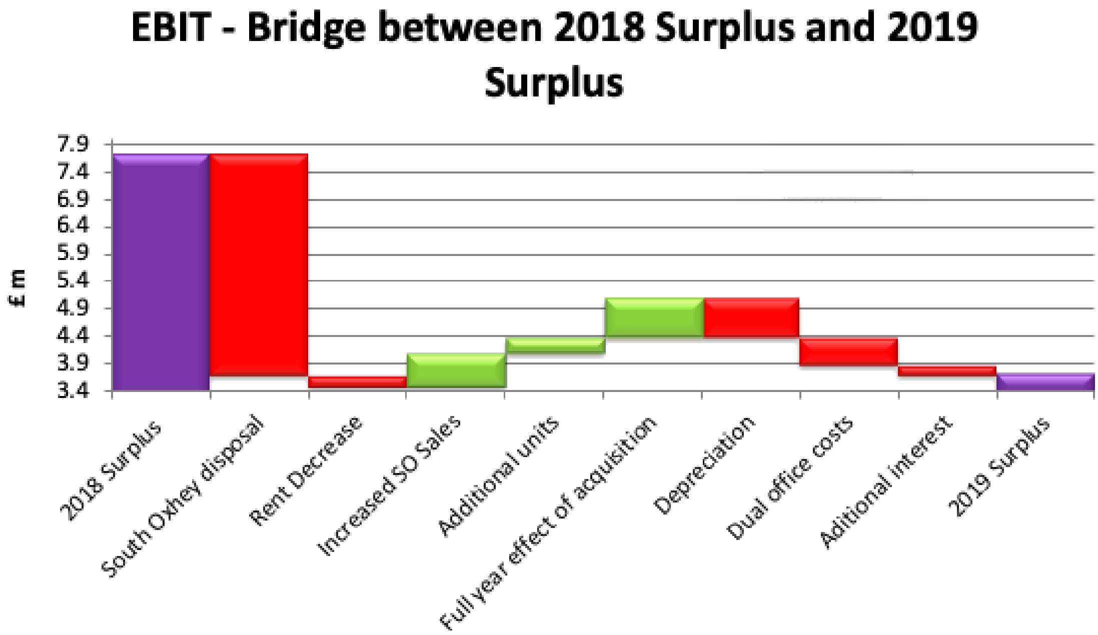
As well as owning and managing nearly 4,750 properties, Thrive Homes is also a developer of new housing. 2018/19 saw the delivery of 104 new homes, 72 of which were affordable or social rent, 13 for shared ownership and 19 for market rent. The addition of market rent units is a new activity for Thrive Homes and allows Thrive Homes to offer good accommodation at different price levels, to those who need housing. Despite embarking on new activities, the focus is still very much its social housing activities and these rental activities constitute over 91% of Thrive Homes activities by turnover.

Business and Financial Review

Financial Review

Thrive Homes reported a surplus for the Group of £3.7 million for the year ended 31st March 2019 on total turnover of £27.4 million. The reduction in surplus compared to 2018 mainly originates from the 'one-off' profit in 2018 of £4.0 million on the sale of 96 rental and 27 leasehold units to another Housing Association who together with a commercial developer were successful in being awarded the contract to regenerate the town centre of South Oxhey, including these units Thrive owned. If this profit is excluded, then 2019 results would be in line with 2018; the main component of this is £0.5 million increased Shared Ownership sales, additional surplus from new units along with £0.1 million surplus from market rent activities, offset by increased depreciation costs of £0.6 million. Interest costs increased £0.2 million from the new loans and facilities contracted during the year.

Below is a graph to depict the main factors contributing to the movement in surplus, this shows that the actual cost base (excluding dual office costs whilst Thrive was relocating from Watford to Hemel Hempstead) reduced in the year despite over 100 additional units being added to the portfolio. This is the second year where the cost base has not materially changed despite Thrive growing in non-leasehold units' scale by nearly 8% over these years; this ability to 'absorb' additional units reflects that the changes made to systems, processes and structures are working and leading to tangible Value for Money improvements.



2018 Surplus £M	South Oxhey disposal	Rent Decrease	Increased SO Sales	Additional units	Full year effect of acquisition	Depreciation	Dual office Costs	Additional interest	**2019 Surplus £M**
7.7	**(4.0)**	**(0.2)**	**0.6**	**0.3**	**0.7**	**(0.7)**	**(0.5)**	**(0.2)**	**3.7**

Thrive has continued trying to mitigate the impact of the reducing rents by improving and altering the operations of the business to improve efficiency and create Value for Money. Some of these plans led to savings in the current year, whilst others like the IT investment continue to be ongoing and will achieve their full benefits in the coming years. These efficiencies are being converted into improved financial results (and cash), so that Thrive can build more homes of all tenures, be that affordable rent, shared ownership or social rents. Thrive has also entered (on a limited scale) into commercial activities such as market rent properties and will also be building some properties for market sale. Profits from these commercial activities are higher than on social activities and will be used to subsidise the cost of building more affordable rental and home ownership properties; something that is desperately required within the core operating area of Thrive.

By the year-end Group reserves; being the results of Thrive Homes Limited, Thrive Homes Finance plc, SRJ Homes Limited, Thrive OwnHome Limited and Building for Thrive Limited amounted to £43.1m (2018: £40.1m). 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 31st March 2019 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	2019 £m	2018 £m	2017 £m
Statement of Comprehensive Income			
Total turnover	27.4	26.4	27.9
Income from social housing lettings	25.0	25.2	23.9
Depreciation and impairment of housing properties	4.5	3.7	2.9
Interest payable	5.4	5.1	4.2
Operating surplus	9.0	12.7	8.3
Surplus before and after tax	3.7	7.7	4.3
Statement of Financial Position			
Non-current assets, at depreciated cost	210.4	184.6	125.8
Net current assets	34.4	25.4	38.1
Provisions	(3.6)	(1.7)	(2.0)
Indebtedness	(184.7)	(156.6)	(126.6)
Social Housing Grant	(13.4)	(11.6)	(3.4)
Total reserves	43.1	40.1	31.9
Key financial performance information	%	%	%
Operating Surplus as a % of turnover	33	48	30
Gearing	67	60	62
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) less Major Repairs Improvements as a % of interest payable	143	153	161

Operating Review

Senior management and the Board monitor achievement of Thrive Homes' objectives by measuring performance against several Key Performance Indicators. A selection of the key indicators is set out below. The Board agrees targets each year that are designed to manage development and deliver continuous service improvement. A range of indicators are used to monitor achievement of the Association's objectives and these have evolved over time in order that measures can be used to inform service improvement activity.

Operational performance over the last three years against the key indicators is shown in the table below:

Key Performance Information	2019	2018	2017
Customer satisfaction with repairs service	94.0%	90.0%	80.0%
Net Promoter score (old basis)	NA	NA	61
Net Promoter score (new basis)	-4	7	NA
Complaints handled within target time	100%	100%	100%
Percentage of properties compliant with the Decent Homes Standard	99%	98%	98%
Average days to re-let a general needs dwelling	23	25	15
Percentage of emergency repairs completed within target	99.7%	96.8%	95.0%
Percentage of properties with a valid gas safety certificate*	100.0%	100.0%	100%
Gross current tenant arrears as % of rent and service charges receivable	2.70%	2.18%	1.79%
Operating margin	33%	48%	30%
Staff Engagement with Thrive	76%	74%	67%

** The appropriate legal process has been initiated where access was denied*

Customer feedback across the range of services provided by Thrive Homes is generally positive with overall satisfaction increasing from 63% to 73%. When analysing the Net Promoter Score however, the proportion of promoters has remained consistent throughout the year, but the number of detractors increased in the last quarter, with passives moving to detractors. The main issue is communication around repairs and outstanding repairs; Thrive has put an improvement plan in place to focus on these issues because this is not the service Thrive wishes to provide and this has led to an improved score for the start of the new year. Complaint handling has maintained the same excellent results from last year. This shows that Thrive can adhere to its policies and the limited number of complaints to be escalated shows that customers understand the response they receive from Thrive even when the decision is not to uphold their complaint.

Properties allocated for re-development have been allowed to drop below the Decent Homes Standard. This is because the significant investment to maintain the condition of the properties would be a poor return on this investment. All these properties are now vacant, but if a customer were still living in the property, Thrive Homes would continue to maintain the property and all Health & Safety related works would be carried out in accordance with Thrive policies and standards.

Thrive Homes continues to offer a wide range of opportunities for customers to be involved in shaping service development, be that via the service satisfaction surveys, membership of the Customer Experience Panel, various Thrive Deal related activities or becoming Board members.

Universal Credit is affecting a more significant number of the customers at Thrive, with 483 (2018: 103) residents now being part of this scheme. This category of residents' arrears is 11.0% (2018: 11.4%), though not every person receiving Universal Credit is in arrears. This increased number together with more rents being at higher affordable rent levels (5.4% of rental stock in 2019 against 3.8% in 2018) rather than Social rent has meant a further increase in arrears. The changes in the Universal Credit system in April 2018 is not helping customers from falling into significant arrears right from the start of being on Universal Credit. The increased arrears are within target and business plan assumptions and will continue to rise as more and more customers are placed on the Universal Credit system. The trend observed from other providers who have many more Universal Credit customers than Thrive or those who have had customers part of the system for years, is that arrears will go up in the early stages and then come down and stabilise. Whilst the number of customers on Universal Credit keeps increasing significantly year on year, Thrive is still a while from stabilising in the medium term.

Operational performance of Thrive Homes' in-house maintenance team which carries out emergency repairs, improved in the year to 99.7% of appointments kept. At the year-end, 100% of all properties had a valid gas safety certificate or the appropriate legal process had been initiated. Performance for the year has been either at or very close to 100% every month, testimony to the work the team has put into ensuring tenants are safe.

The year ended 31st March 2019 was another year of strong performance. Net surplus and Operating Margin were not as high as achieved in the previous year, but 2018 included a significant surplus from the sale of 123 properties to another housing association, there was no similar transaction in the year under review.

One of Thrive Homes' key Strategic Aims is to be 'A Good Place to Work'. Thrive has participated in the Best Companies survey since 2015 with the scores steadily improving. The 2018 survey showed Thrive being categorised as a '1 Star' organisation and placed 73rd in the Sunday Times Top 100 Not for Profit companies to work for (an improvement of 60 places from 2017). The results for 2019 were even better, with Thrive improving to 53rd position and being just a few points short of a '2 Star' organisation. Thrive was also ranked the 15th best housing association to work for. The Positive Resilient People project continues to utilise feedback from these surveys and other findings, work with the Staff Voice Group and staff in general to determine what changes could be made to make Thrive an even better place to work.

Accounting Policies

The main accounting policies are set out on pages 46 to 51. 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. 104 units were delivered in 2018/19 and Thrive is in contract to build or acquire 414 units over the next three years as well has acquired land with the opportunity to build over 60 more homes. The Development Team continue to seek opportunities and the Board are assessing, subject to financing options, how many more homes Thrive can aspire to build.

Thrive was successful in securing grant funding under the Affordable Homes Programme for redevelopment of some existing sites. Along with this grant, Thrive Homes has also been successful in securing grant funding from local authorities for two new development opportunities signed within the past year. Grant funding assists with the capital required from Thrive to build homes, meaning that more homes can be built.

Financial Risk Management

Thrive Homes are 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 31st March 2019 the Group's borrowings amounted to £158 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.

During the year 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), none of which was drawn at 31st March 2019. Thrive also secured 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 variable 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 2018/19 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 draw down) 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 2020 and for the foreseeable future.

The Statement of Cash Flows on page 37 shows that during the year Thrive Homes generated net cash from operating activities of £13.3 million and made interest payments of £6.1 million.

At the year end, the Group held £35.0 million of cash, £9.5 million of this cash was freely available, with a further £25.5 million on notice deposits with varying maturity dates, the longest of which matures in September 2019. The Group also had £25 million of facilities available to be drawn immediately.

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.

Properties and Development

At 31st March 2019, Thrive Homes owned 4,257 housing properties (2018: 4,163) plus 492 leasehold properties (2018: 491).

104 new properties were completed during the year, though there was a reduction of eight units through Right to Buy sales, one Right to Acquire sales and two Shared Ownership properties stair-cased to 100%. Thrive Homes has also spent £4.6 million further improving these properties, ensuring that those units not planned for redevelopment, as a minimum meet the Decent Homes Standard. This investment included replacing 107 roofs, 278 domestic boilers and heating works, 213 properties benefitted from new windows as well as replacing 57 kitchens and 57 bathrooms; along with other significant component works.

The Future

The financial results and strong operational performance are helping Thrive Homes positively contribute to the Regulator for Social Housing (RSH) aim of regulated providers being cost efficient and contributing towards the Governments aims of building more homes.

The results of the Grenfell Tower Public Inquiry and other reviews are difficult to anticipate, but the Board expects there to be changes to the Building Regulations which may require additional works to be undertaken and adjustments made to future building design. This will impact Thrive Homes even though no high-rise blocks are owned at present. Until further details are available and the scale of any works identified for all housing, no estimate of costs for works can be made and no contingent liability recognised. The Board does though continue to monitor the situation and will act where it is clear what action is required and how it will enhance the safety of our customers.

Political and Charitable Donations

Thrive Homes did not make any political donations during the year but made donations of £40,544 (2018: £40,014) as part of its Community Grants Programme of which £40,544 (2018: £30,239) 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 activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to credit, liquidity and cash flow risk are described above.

The Group has considerable financial resources and consequently, the Board believe that the Group is well placed to manage its business risks successfully despite current uncertainties in the social housing sector.

After making all reasonable enquiries, the Board have a reasonable expectation that the Association and the Group have the necessary resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing 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:

Key Risk Area	Key Drivers	How this is being managed
Brexit	• 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.	• 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.

Key Risk Area	Key Drivers	How this is being managed
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 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 2019. • 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 nor any cladding that may be common with Grenfell; however, 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 developer's ability to build out schemes due to labour and/or material 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. • Sales and reservations of completed units is tracked and ongoing monitoring of sales price market conditions in general.

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

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 6th August 2019

A.G.C. Lane

Ashley Lane
Chair of the Board


thrive
thrive
thrive
safe
0800 408 5500

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 2019 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 2019 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 2018.

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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors’ view on the impact of Brexit is disclosed on page 36.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company’s trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company’s future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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 twelve 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 parent association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page nine, 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 **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.

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House, St Katharines Way, London E1W 1DD

Date: 12 August 2019

Consolidated and Association Statement of Comprehensive Income

	Notes	Group		Association	
		2019	2018	**2019**	2018
		£'000	£'000	£'000	£'000
TURNOVER	2a	**27,412**	26,437	**27,812**	26,801
Cost of Sales- Shared Ownership	2a	**(1,313)**	(680)	**(1,313)**	(680)
Operating costs	2a	**(17,758)**	(17,508)	**(17,758)**	(17,508)
Gain on disposal of fixed assets	11	**617**	4,464	**617**	4,464
OPERATING SURPLUS	5	**8,958**	12,713	**9,358**	13,077
Interest receivable	3	**152**	130	**121**	151
Interest payable and other finance costs	4	**(5,374)**	(5,129)	**(5,721)**	(5,510)
SURPLUS BEFORE TAX		**3,736**	7,714	**3,758**	7,718
Taxation	8	**-**	-	**-**	-
SURPLUS FOR THE YEAR		**3,736**	7,714	**3,758**	7,718
Actuarial (loss)/gain on pension scheme	21	**(676)**	481	**(676)**	481
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,060**	8,195	**3,082**	8,199

All the above relate to continuing activities.

The accompanying notes on pages 46 to 79 form part of the financial statements.

Consolidated and Association Statement of changes in Reserves

	Group		Association	
	Income and expenditure reserve	Total	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000
At 1st 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 31st March 2019	**43,112**	**43,112**	**43,138**	**43,138**

	Group		Association	
	Income and expenditure reserve	Total	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000
At 1st April 2017	31,857	31,857	31,857	31,857
Surplus for the year	7,714	7,714	7,718	7,718
Actuarial gain on pension scheme	481	481	481	481
At 31st March 2018	**40,052**	**40,052**	**40,056**	**40,056**

Income and Expenditure Reserve
The Income and Expenditure reserve represents cumulative surpluses and deficits of the Group and Association.
The accompanying notes on pages 46 to 79 form part of the financial statements.

Consolidated and Association Statement of Financial Position

	Notes	Group		Association	
		2019	2018	**2019**	2018
		£'000	£'000	**£'000**	£'000
FIXED ASSETS					
Intangible assets	9	**552**	814	**552**	814
Housing properties	10	**182,039**	162,016	**177,920**	157,897
Other property, plant and equipment	9a	**820**	149	**820**	149
Investment properties	13	**9,395**	-	**9,395**	-
Refurbishment obligation asset	15	**17,620**	21,654	**17,620**	21,654
TOTAL FIXED ASSETS		**210,426**	184,633	**206,307**	180,514
INVESTMENTS	19	**30**	-	**3,150**	3,120
CURRENT ASSETS					
Properties for shared ownership sale	14	**3,610**	3,057	**3,610**	3,057
Debtors	15	**5,692**	4,965	**5,692**	4,965
Cash and cash equivalents		**35,006**	27,365	**24,608**	16,597
		44,308	35,387	**33,910**	24,619
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	**(9,951)**	(10,037)	**(10,103)**	(9,753)
NET CURRENT ASSETS		**34,357**	25,350	**23,807**	14,866
TOTAL ASSETS LESS CURRENT LIABILITIES		**244,813**	209,983	**233,264**	198,500
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	**198,056**	168,224	**186,481**	156,737
PROVISION FOR LIABILITIES	20	**2,205**	1,061	**2,205**	1,061
PROVISION FOR PENSION LIABILITY	21	**1,440**	646	**1,440**	646
NET ASSETS		**43,112**	40,052	**43,138**	40,056
CAPITAL AND RESERVES					
Called up share capital	18	**-**	-	**-**	-
Income and expenditure reserve		**43,112**	40,052	**43,138**	40,056
		43,112	40,052	**43,138**	40,056

The accompanying notes on pages 46 to 79 form part of the financial statements.

These financial statements were approved by the Board on 6th August 2019 and were signed on its behalf by:

A.G.C. Lane

Ashley Lane
Chair

Vic Baylis
Vice Chair

Shaun McLean
Company Secretary

Consolidated Statement of Cash Flows

GROUP	Notes	2019		2018	
		£'000	£'000	£'000	£'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	(a)		**13,299**		13,808
CASH FLOWS FROM INVESTING ACTIVITIES					
Software purchased and developed		-		(25)	
Acquisition and improvement of housing properties, including construction		(20,869)		(44,272)	
Net proceeds from sale of properties		999		5,780	
Purchase of other PPE		(748)		(133)	
Construction of shared ownership properties for sale		(3,947)		(17,022)	
Purchase of investment properties		(9,395)		-	
Grants received		1,952		1,150	
Other investments		(30)		-	
Interest received		122		130	
			(31,916)		(54,392)
			(18,617)		(40,584)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(6,138)		(5,783)	
Loan financing costs		(604)		(25)	
New secured loans		33,000		-	
Retained bond issue (at par)	(b)	-		25,000	
Bond premium received		-		7,747	
			26,258		26,939
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(c)		7,641		(13,645)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			27,365		41,010
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			35,006		27,365

Consolidated Statement of Cash Flows

GROUP

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

	2019	2018
	£'000	£'000
Operating Surplus	**8,958**	12,713
ADD BACK non-cash items:		
Depreciation and amortisation	**4,802**	4,234
Grant amortisation income	**(167)**	(103)
Surplus on disposal of fixed assets	**(617)**	(4,464)
(Increase)/decrease in < 1-year debtors	**(697)**	1,223
(Decrease)/increase in < 1-year creditors	**(224)**	37
Increase in provisions	**1,144**	50
Change in pension liability	**100**	118
Net cash generated from operating activities	**13,299**	13,808

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

	2019	2018
	£'000	£'000
Increase/ (decrease) in cash in the year	**7,641**	(13,645)
New loans	**(33,000)**	-
Bonds issued	**-**	(25,000)
Change in net debt	**(25,359)**	(38,645)
Net debt brought forward	**(97,635)**	(58,990)
Net debt carried forward	**(122,994)**	(97,635)

(c) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2018	Cash flow	At 31 March 2019
	£'000	£'000	£'000
Cash on instant access	**14,000**	(2,000)	**12,000**
Cash at bank	**13,365**	9,641	**23,006**
	27,365	7,641	35,006
Debt due after 5 years	(125,000)	(33,000)	(158,000)
Total net debt	(97,635)	(25,359)	(122,994)

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 31st March 2019.

None of these entities have changed name since the end of the preceding reporting period.

The financial year represents the 12 months ended 31st March 2019 (prior year, 12 months ended 31st March 2018).

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 2018. 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'.

Notes to the Financial Statements CONTINUED

Significant management judgements and key sources of estimation uncertainty

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

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

Significant management judgements

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

Impairment of social housing properties

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

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.

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.

Notes to the Financial Statements CONTINUED

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 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.

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 31st March 2019 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

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.

Notes to the Financial Statements CONTINUED

Financial instruments

Financial assets carried at amortised cost

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

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

Financial liabilities carried at amortised cost

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

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

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

Bond issue

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

Notes to the Financial Statements CONTINUED

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, 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.

Supporting people income and expenditure

Supporting people income and costs for the provision of related services is included in Charges for Support Services in Note 2a.

Notes to the Financial Statements CONTINUED

2a. Turnover, Cost Of Sales, Operating Costs And Operating Surplus

GROUP	Note	2019				2018	
		Turnover	Cost of sales	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2b	**24,959**	**-**	**(16,882)**	**8,077**	25,226	8,709
Other Social Housing Activities							
Charges for support services		**40**	**-**	**(7)**	**33**	38	30
SO 1st tranche sales		**2,272**	**(1,313)**	**-**	**959**	1,173	493
Development		**-**	**-**	**(249)**	**(249)**	-	(301)
Other		**-**	**-**	**(552)**	**(552)**	-	(682)
Non – Social Housing Activities							
Market Rent		**141**	**-**	**(68)**	**73**	-	-
Total		**27,412**	**(1,313)**	**(17,758)**	**8,341**	26,437	8,249

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

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

ASSOCIATION	Note	2019				2018	
		Turnover	Cost of sales	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Surplus/ (Deficit)
		£000	£000	£000	£000	£000	£000
Social Housing Lettings	2b	**24,959**	**-**	**(16,882)**	**8,077**	25,226	8,709
Other Social Housing Activities							
Charges for support services		**40**	**-**	**(7)**	**33**	38	30
SO 1st tranche sales		**2,272**	**(1,313)**	**-**	**959**	1,173	493
Gift Aid received		**400**	**-**	**-**	**400**	364	364
Development		**-**	**-**	**(249)**	**(249)**	-	(301)
Other		**-**	**-**	**(552)**	**(552)**	-	(682)
Non – Social Housing Activities							
Market Rent		**141**	**-**	**(68)**	**73**	-	-
Total		**27,812**	**(1,313)**	**(17,758)**	**8,741**	26,801	8,613

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.

Notes to the Financial Statements CONTINUED

2b. Income And Expenditure From Social Housing Lettings

Group and Association	2019				2018			
	General Needs	Housing for Older People	Shared Ownership	Total	General Needs	Housing for Older People	Shared Ownership	Total
	£000	£000	£'000	£000	£000	£000	£'000	£000
Income								
Rents	**20,000**	**3,170**	**434**	**23,604**	19,340	3,150	280	22,770
Service charges income	**831**	**270**	**52**	**1.153**	1,680	571	79	2,330
Amortised government grant	**155**	**-**	**12**	**167**	97	-	6	103
Other income	**35**	**-**	**-**	**35**	23	-	-	23
Turnover from Lettings	**21,021**	**3,440**	**498**	**24,959**	21,140	3,721	365	25,226
Expenditure								
Management	**5,880**	**935**	**181**	**6,996**	5,362	885	152	6,399
Service charges costs	**757**	**245**	**48**	**1,050**	1,545	510	70	2,125
Routine maintenance	**2,693**	**428**	**-**	**3,121**	2,440	403	-	2,843
Planned maintenance	**975**	**155**	**-**	**1,130**	1,175	186	-	1,361
Bad debts	**99**	**15**	**-**	**114**	68	11	-	79
Depreciation, Housing Properties	**3,873**	**598**	**-**	**4,471**	3,197	5137	513	3,710
Operating Costs on Lettings	**14,277**	**2,376**	**229**	**16,882**	13,787	2,508	222	16,517
Operating Surplus	**6,744**	**1,064**	**269**	**8,077**	7,353	1,213	143	8,709
Memo - Voids	**145**	**23**	**-**	**168**	118	19	-	137

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.

Notes to the Financial Statements CONTINUED

3. Interest Receivable

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Interest receivable from bank deposits	152	130	121	130
Interest receivable from subsidiary	-	-	-	21
	152	130	**121**	151

4. Interest Payable And Other Finance Costs

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Payable to subsidiary	**-**	-	**5,850**	5,637
Payable to bond holders	**5,850**	5,614	**-**	-
Amortised bond premium	**(369)**	(358)	**-**	-
On bank loans, overdrafts and other loans	**387**	-	**387**	-
Other finance costs – pension scheme	**18**	27	**18**	27
Other finance costs	**91**	51	**69**	51
	5,977	5,334	**6,324**	5,715
Borrowing costs capitalised	**(603)**	(205)	**(603)**	(205)
	5,374	5,129	**5,721**	5,510

Borrowing costs within the Association have been capitalised using a rate of 4.68% (2018: 4.68%), and at a rate of 5.00% in SRJ Homes Ltd. Borrowing costs are charged to development projects from the date of completion on land acquisition or the date of signing works contracts through to practical build completion of properties.

5. Surplus On Ordinary Activities Before Interest

The surplus on ordinary activities before interest is stated after:

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
- Depreciation of housing properties	**4,471**	3,710	**4,471**	3,710
- Depreciation of other assets	**69**	273	**69**	273
- Amortisation of intangible assets	**262**	251	**262**	251
- Operating lease payments	**864**	516	**864**	516
- Auditor's remuneration (excluding VAT):				
in the capacity of auditor	**17**	25	**15**	21
in respect of other services	**-**	32	**-**	32

Notes to the Financial Statements CONTINUED

6. Employee Information

Group	2019			2018
	Staff No.	Non-Exec No.	Total No.	Total No.
Average number of full-time equivalent staff employed during the year (at 37 hours / week)	94	-	94	91
These were categorised as: - Support functions	40	-	40	37
- Development	4	-	4	3
- Housing Management	15	-	15	16
- Property Services (including maintenance)	35	-	35	35

	Staff £'000	Non-Exec £'000	Total £'000	Total £'000
Salaries and other benefits	3,579	49	3,628	3,467
Social security costs	393	3	396	376
Pension costs	357	-	357	351
	4,329	52	4,381	4,194
Excluded from the above costs are: Compensation for loss of office	92	-	92	81

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

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

Notes to the Financial Statements CONTINUED

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 nine.

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

	2019			2018
	Exec	**Non-Exec**	**Total**	Total
	£'000	£'000	£'000	£'000
Total emoluments	**582**	**49**	**631**	582
Emoluments paid to the highest paid director	**169**	**-**	**169**	**160**
Excluding pension contribution	***154***	**-**	***154***	*133*
Total expenses reimbursed to Directors not chargeable to UK income tax	**6**	**15**	**21**	6

The Chief Executive is an ordinary member of Thrive Homes' defined benefit pension scheme. No additional contributions to any pension scheme have been made and there were no special or enhanced terms which applied. The employers' contribution to the pension scheme on behalf of the Chief Executive in the year was £15,023 (2018: £26,854).

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

During the year remuneration paid to Board Members was:

		Board Meetings Attended	**2019 £**	2018 £
Ashley Lane	Chair of the Board	**5/5**	**8,714**	7,741
Vic Baylis	Vice Chair of the Board and Chair of the Remuneration & Governance Committee	**5/5**	**5,727**	4,400
Mick Biles	Chair of the Risk & Audit Committee – resigned 18-09-17	**-**	**-**	2,098
Beverley Cook	Resident	**3/5**	**4,080**	3,562
Mike De'Ath	Chair of Development Committee – resigned 06-05-17	**-**	**-**	702
Malcom Green		**5/5**	**4,080**	3,562
Yvonne Harrison		**4/5**	**4,080**	4,400
Monique Kozlakidis*	Leaseholder	**1/5**	**4,080**	3,562
Graham Olive		**5/5**	**4,080**	3,562
Jamie Smith	Chair of Resources & Development Committee	**5/5**	**5,727**	4,190
Tom Vaughan		**4/5**	**4,080**	3,562
Kate McLeod	Chair of the Risk and Audit Committee Appointed 24-09-18	**4/4**	**4,998**	-

** Ms Kozlakidis has been on maternity leave during the year and so was unable to attend all Board meetings.*

Notes to the Financial Statements CONTINUED

7. Directors' Emoluments (continued)

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

		2019 £	2018 £
Paul Haylock	Chair of the Risk & Audit Committee –resigned Chair 16-07-18	**1,880**	3,511
Peter Matza	to the Risk & Audit Committee- resigned 16-04-18	**183**	2,624
Kate Smith	to the Resources Committee –resigned 31-05-17	**-**	437

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 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 £'000	Acquired software £'000	Total £'000
Cost				
At 1st April 2018		411	862	1,273
As at 31st March 2019		**411**	**862**	**1,273**
Amortisation				
At 1st April 2018		129	330	459
Charge for the year	5	85	177	262
As at 31st March 2019		**214**	**507**	**721**
NET BOOK VALUE				
As at 31st March 2019		**197**	**355**	**552**
As at 31st March 2018		282	532	814

Notes to the Financial Statements CONTINUED

9a. Other Property, Plant And Equipment

Group and Association

	Office Equipment, Fixtures & Fittings	Total
	£000	£000
Cost		
At 1st April 2018	3,742	3,742
Additions	748	748
Disposal of assets	(3,628)	(3,628)
As at 31st March 2019	**862**	**862**
Depreciation		
At beginning of year	3,593	3,593
Charge for year	69	69
Disposal of assets	(3,620)	(3,620)
As at 31st March 2019	**42**	**42**
Net Book Value		
At 31st March 2019	**820**	**820**
At 31st March 2018	149	149

Notes to the Financial Statements CONTINUED

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 1st April 2018	9,809	154,195	6,247	12,234	182,485
Additions in year	16,866	-	5,241	-	22,107
Developments completed	(6,618)	6,618	(4,349)	4,349	-
Works to existing properties	-	4,591	-	-	4,591
Reclassifications	-	185	-	(130)	55
Transfer from current assets	-	-	(275)	(1,605)	(1,880)
Disposals	-	(191)	-	(235)	(426)
Component write offs	-	(1,284)	-	(6)	(1,290)
At 31st March 2019	**20,057**	**164,114**	**6,864**	**14,607**	**205,642**
DEPRECIATION					
At beginning of year	-	20,469	-	-	20,469
Charge for year	-	3,962	-	-	3,962
Component write-offs	-	(784)	-	-	(784)
Eliminated on disposal	-	(44)	-	-	(44)
At 31st March 2019	**-**	**23,603**	**-**	**-**	**23,603**
Net Book Value					
At 31st March 2019	**20,057**	**140,511**	**6,864**	**14,607**	**182,039**
At 31st March 2018	9,809	133,726	6,247	12,234	162,016

Interest of £603k (2018: £205k) and own costs of £392k (2018: £200k) have been capitalised in the year to 31st March 2019.

Notes to the Financial Statements CONTINUED

10. Housing Properties

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 1st April 2018	9,809	150,076	6,247	12,234	178,366
Additions in year	16,866	-	5,241	-	22,107
Developments completed	(6,618)	6,618	(4,349)	4,349	-
Works to existing properties	-	4,591	-	-	4,591
Reclassifications	-	185	-	(130)	55
Transfer from current assets	-	-	(275)	(1,605)	(1,880)
Disposals	-	(191)	-	(235)	(426)
Component write offs	-	(1,284)	-	(6)	(1,290)
At 31st March 2019	**20,057**	**159,995**	**6,864**	**14,607**	**201,523**
DEPRECIATION					
At beginning of year	-	20,469	-	-	20,469
Charge for year	-	3,962	-	-	3,962
Component write-offs	-	(784)	-	-	(784)
Eliminated on disposal	-	(44)	-	-	(44)
At 31st March 2019		**23,603**	**-**	**-**	**23,603**
Net Book Value					
At 31st March 2019	**20,057**	**136,392**	**6,864**	**14,607**	**177,920**
At 31st March 2018	9,809	129,607	6,247	12,234	157,897

Interest of £603k (2018: £205k) and own costs of £392k (2018: £200k) have been capitalised in the year to 31st March 2019.

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 £166k (2018: £139k).

Notes to the Financial Statements CONTINUED

10. Housing Properties (continued)

	2019	2018
	£000	£000
Analysis of works to existing properties:		
Capitalised: replacement of components	**4,513**	4,237
Capitalised: improvements (Aids and Adaptations)	**78**	122
	4,591	4,359
Charged to Statement of Comprehensive Income	**1,130**	1,361
	5,721	5,720

11. Disposal Of Fixed Assets

Group and Association

	2019			2018
	Right to Buy	**Other**	**Total**	Total
	£000	**£000**	**£000**	£000
Proceeds	243	759	1,002	5,825
Costs	(159)	(267)	(426)	(1,653)
Depreciation eliminated on disposal	38	6	44	337
Fees	(1)	(2)	(3)	(45)
	121	**496**	**617**	4,464

Notes to the Financial Statements CONTINUED

12. Units In Ownership And Management

	2018 No.	Additions No.	Disposals No.	Transfers No.	2019 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*			*10*	*45*

	2017 No.	Additions No.	Disposals No.	Transfers No.	2018 No.
Social Housing					
Owned – General Needs, let at social rents	**3,116**	203	(102)	(13)	3,204
Owned – General Needs, let at affordable rents	**74**	80	-	-	154
Owned – General Needs, let at intermediate rents	**100**	-	-	-	100
Owned – Housing for Older People	**571**	-	-	-	571
Shared Ownership	**45**	51	-	2	98
Leasehold Properties	**496**	17	(27)	5	491
	4,402	351	(129)	(6)	4,618
Non-Social Housing					
Market Rented	**1**	-	-	-	1
Total	**4,403**	351	(129)	(6)	4,619
The above excludes units taken out of rent debit	*29*			*6*	*35*

Notes to the Financial Statements CONTINUED

13. Investment Properties

	Group		Association	
	Land & Buildings	Land & Buildings	**Land & Buildings**	Land & Buildings
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
At 1st April 2018	**-**	-	**-**	-
Additions	**9,395**	-	**9,395**	-
At 31st March 2019	**9,395**	-	**9,395**	-

Market rented properties (Private Rented Sector, "PRS") are treated as investment properties. They are valued externally every three years as a minimum or when there are indicators of potentially significant changes in value, by a qualified RICS Chartered Surveyor. Changes in the value of market rented properties will be taken to the Statement of Comprehensive Income.

14. Properties For Shared Ownership Sale

	Group		Association	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Properties under construction	**2,941**	2,667	**2,941**	2,667
Completed Shared Ownership Units held for sale	**669**	390	**669**	390
	3,610	3,057	**3,610**	3,057

Notes to the Financial Statements CONTINUED

15. Debtors

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	£'000	£'000
Due within one year				
Gross rent and service charges arrears	**1,522**	1,412	**1,522**	1,412
Less: provision for bad debts	**(475)**	(369)	**(475)**	(369)
	1,047	1,043	**1,047**	1,043
VAT due from HMRC	**223**	152	**223**	152
Trade debtors less provision for bad debts	**-**	107	**-**	107
Refurbishment obligation	**3,692**	3,036	**3,692**	3,036
Other debtors	**14**	27	**14**	27
Prepayments and accrued income	**716**	600	**716**	600
	5,692	4,965	**5,692**	4,965
Due after one year				
Deferred expenditure, refurbishment obligation (note 17f)	**17,620**	21,654	**17,620**	21,654

16. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Trade creditors	**73**	962	**73**	962
Rents and service charges received in advance	**736**	624	**736**	624
Due to Three Rivers District Council – VAT sharing agreement	**78**	45	**78**	45
Due to Three Rivers District Council – RTB proceeds share	**1,865**	1,881	**1,865**	1,881
Taxation & social security costs	**105**	34	**105**	34
Leaseholder sinking funds	**90**	67	**90**	67
Refurbishment obligation	**3,692**	3,036	**3,692**	3,036
Due to subsidiaries	**-**	-	**643**	174
Interest payable to bond holders	**112**	112	**-**	-
Retentions, due on works to properties	**401**	411	**401**	411
Sundry creditors	**34**	123	**36**	123
Accruals and deferred income	**2,765**	2,742	**2,384**	2,396
	9,951	10,037	**10,103**	9,753

Notes to the Financial Statements CONTINUED

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

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Housing loans– Bond, Note 17a	**123,609**	124,148	**123,609**	124,148
Housing loans– Bank loans, Note 17b	**25,000**	-	**25,000**	-
Housing loans– Other loans, Note 17c	**8,000**	-	**8,000**	-
Deferred Income- Bond Premium, Note 17d	**9,966**	10,347	**-**	-
Deferred Income– Grant, Note 17e	**13,354**	11,568	**11,745**	10,428
Deferred Income– Refurbishment obligation, Note 17f	**17,620**	21,654	**17,620**	21,654
Disposal Proceeds Fund– Note 17g	**507**	507	**507**	507
Total creditors more than one year	**198,056**	168,224	**186,481**	156,737

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 14th 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.

The market value of the instruments, as at 31st March 2019 is estimated as £176.5 million. The debt has not been traded during the year ended on 31 March 2018, and its market value has been calculated against the price of a reference gilt (UKT 3.25% 2044) at 31st March 2019 plus a credit spread appropriate to the Company's A credit rating and size.

Notes to the Financial Statements CONTINUED

Association

Thrive Homes Limited has a loan from its subsidiary Thrive Homes Finance plc. £70 million was put in place on 24th March 2014 with further £30 million on 14th July 2015, and a final £25 million on 26th 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 5 years.

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Long Term Loan – THF plc	**-**	-	**125,000**	125,000
Deferred finance fees – re Bond	**(1,391)**	(852)	**(1,391)**	(852)
Due to bond holders	**125,000**	125,000	**-**	-
Repayable after 5 years	**123,609**	124,148	**123,609**	124,148

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

17b. Housing loans – Bank loans

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Loan	**25,000**	-	**25,000**	-
Revolving Credit Facility	**-**	-	**-**	-
At 31st March	**25,000**	-	25,000	-
Due within one year	**-**	-	**-**	-
Due after one year	**25,000**	-	**25,000**	-
	25,000	-	**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%.

Notes to the Financial Statements CONTINUED

17c. Housing loans – Other

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Due within one year	**-**	-	**-**	-
Due after one year	**8,000**	-	**8,000**	-
	8,000	-	**8,000**	-

During the 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.

17d. Deferred Income – Bond Premium

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
At 1st April	**10,716**	3,326	**-**	-
Additions	**-**	7,748	**-**	-
Amortised in year	**(369)**	(358)	**-**	-
At 31st March	**10,347**	10,716		
Due within one year	**381**	369	**-**	-
Due after one year	**9,966**	10,347	**-**	-
	10,347	10,716	**-**	-

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.

Notes to the Financial Statements CONTINUED

17e. Deferred Income – Grants

	Group		Association	
	2019	2018	**2019**	2018
	£’000	£’000	**£’000**	£’000
Original Capital Grant Value	**13,913**	11,961	**12,305**	10,821
At 1st April	**11,735**	3,411	**10,595**	3,411
Grants acquired with stock acquisition	**-**	7,277	**-**	7,277
Grant received	**1,953**	1,150	**1,484**	10
Amortisation to Statement of Comprehensive Income	**(167)**	(103)	**(167)**	(103)
At 31st March	**13,521**	11,735	**11,912**	10,595
Due within 1 year, note 15 (included within Accruals and Deferred Income)	**167**	167	**167**	167
Due after 1 year, Note 16	**13,354**	11,568	**11,745**	10,428
	13,521	11,735	**11,912**	10,595

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

17f. Refurbishment Obligation

	Group		Association	
	2019	2018	**2019**	2018
	£’000	£’000	**£’000**	£’000
Debtor Balances				
Original Debt, 2008	**70,196**	70,196	**70,196**	70,196
At 1st April	**24,690**	27,920	**24,690**	27,920
LESS works completed in year	**(3,378)**	(3,230)	**(3,378)**	(3,230)
At 31st March	**21,312**	24,690	**21,312**	24,690
Due within 1 year, Note 15	**3,692**	3,036	**3,692**	3,036
Due after 1 year, Note 15	**17,620**	21,654	**17,620**	21,654
	21,312	24,690	**21,312**	24,690

Notes to the Financial Statements CONTINUED

17f. Refurbishment Obligation CONTINUED

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Creditor Balances				
Original Liability, 2008	**70,196**	70,196	**70,196**	70,196
At 1st April	**24,690**	27,920	**24,690**	27,920
LESS works completed in year	**(3,378)**	(3,230)	**(3,378)**	(3,230)
At 31st March	**21,312**	24,690	**21,312**	24,690
Due within 1 year, Note 16	**3,692**	3,036	**3,692**	3,036
Due after 1 year, Note 17	**17,620**	21,654	**17,620**	21,654
	21,312	24,690	**21,312**	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 1 year is determined by reference to the Association's 2018/19 budget and asset management plans.

17g. Disposal Proceeds Fund

	Group		Association	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
At 1st April	**507**	507	**507**	507
Transferred to fund during year	**-**	-	**-**	-
At 31st March	**507**	507	**507**	507

Notes to the Financial Statements CONTINUED

18. Called Up Share Capital

Association	2019		2018	
	No.	**£**	No.	£
Issued and fully paid shares of £1 each:				
At beginning of year	**11**	**11**	12	12
Issued during the year	**1**	**1**	2	2
Cancelled during the year	**(2)**	**(2)**	(3)	(3)
At end of the year	**10**	**10**	11	11

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

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

19. Investments

	Group		Association	
	2019	2018	**2019**	2018
	£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**	-
At 31st March	**30**	-	**3,150**	3,120

Notes to the Financial Statements CONTINUED

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	2019	2018
	£'000	£'000
At beginning of the year	1,061	1,011
Increase in provision	1,144	50
Release of provision	-	-
At 31 March 2019	2,205	1,061

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

Remedial Works

Group and Association	2019	2018
	£'000	£'000
At beginning of the year	-	-
Increase in provision	1,051	-
Release of provision	-	-
At 31 March 2019	1,051	-

Other

Group and Association	2019	2018
	£'000	£'000
At beginning of the year	1,061	1,011
Increase in provision	93	50
Release of provision	-	-
At 31 March 2019	1,154	1,061

Notes to the Financial Statements CONTINUED

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 (2018: 20.3%).

The most recent actuarial valuations of scheme assets and the present value of the defined obligation were carried out at 31st March 2019. 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:

	2019 **%**	**2018** **%**
Financial assumptions:		
Pension increase rate	**2.5**	2.4
Salary increase rate	**2.6**	2.5
Discount rate	**2.4**	2.7

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	22.5	24.9
Future pensioners	24.1	26.7

Notes to the Financial Statements CONTINUED

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

	2019 £'000	2018 £'000
Current service cost	**(215)**	(245)
Net interest cost	**(18)**	(27)
	(233)	(272)
Actuarial (loss)/gain recognised in other comprehensive income	**(676)**	481
Total (loss)/gain relating to defined benefit scheme	**(909)**	209

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

	2019 £'000	2018 £'000
Present value of defined benefit obligations	**(16,531)**	(14,757)
Fair value of scheme assets	**15,091**	14,111
Deficit	**(1,440)**	(646)
Net liability recognised in the Statement of Financial Position	**(1,440)**	(646)

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

	2019 £'000	2018 £'000
At 1st April	**(14,757)**	(14,601)
Service cost	**(215)**	(245)
Interest cost	**(398)**	(381)
Actuarial (losses)/gains	**(1,359)**	317
Contributions from members	**(36)**	(47)
Benefits paid	**234**	200
At 31st March	**(16,531)**	(14,757)

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

	2019 £'000	2018 £'000
At 1st April	**14,111**	13,619
Interest income	**380**	354
Return on plan assets (excluding amounts included in net interest cost)	**683**	164
Contributions from the employer	**115**	127
Contributions from members	**36**	47
Benefits paid	**(234)**	(200)
At 31st March	**15,091**	14,111

Notes to the Financial Statements CONTINUED

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

	2019 %	2018 %
Equity instruments	**50**	59
Bonds	**38**	28
Property	**8**	8
Cash	**4**	5
	100	100

The employer contribution rate from 1st April 2019 will be 20.3% (2018: 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 31st March 2019 were £243k (2018: £226k). The amount of pension contributions payable at the 31st March 2019 was £Nil (2018: £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 31st March 2019 were 76 (2018: 68).

22. Capital Commitments

Group and Association

	2019 £'000	2018 £'000
Capital expenditure contracted for but not provided in the financial statements	**29,981**	3,844
Capital expenditure authorised by the Board but not yet under contract	**24,242**	16,341

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.

Notes to the Financial Statements CONTINUED

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:

	Land & buildings 2019 £'000	Office equipment 2019 £'000	Vehicles 2019 £'000	Total 2019 £'000	Land &buildings 2018 £'000	Office Equipment 2018 £'000	Vehicles 2018 £'000	Total 2018 £'000
Expiring:								
Not later than one year	**301**	**3**	**27**	**331**	369	5	27	401
Later than one year but not later than five years	**1,467**	**2**	**42**	**1,511**	1,385	5	69	1,459
After 5 years	**1,464**	**-**	**-**	**1,464**	1,913	-	-	1,913
	3,232	**5**	**69**	**3,306**	3,667	10	96	3,773

24. Contingent Liabilities

At the 31st March 2019 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 £392,000 (2018: £226,000).

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

There is one Tenant Member of the Board as at 31st March 2019 and they were a Board member for the financial year.

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 £6,298 (2018: £6,362). Arrears charges outstanding at year end, for tenant Board members amounted to £nil (2018: £nil).

Notes to the Financial Statements CONTINUED

26. Related Party Transactions Continued

Resident board members - leaseholders

There was one Leasehold Member of the Board as at 31st March 2019 and they were a Board member for the financial year.

During the year, service charge costs charged to leasehold Board members amounted to £588 (2018: £811). Balances outstanding at year end for leasehold Board members, relating to the costs of major works being paid in instalments, amounted to £697 (2018: £255), 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 £310,398 (2018: £312,553).

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 16.

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 19th 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:

	2019 £'000	2018 £'000
Statement of Comprehensive Income:		
Interest payable	5,850	5,637
Outstanding balances as at 31st 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	**-**	-

Notes to the Financial Statements CONTINUED

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 9th 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:

	2019 £'000	2018 £'000
Statement of Comprehensive Income:		
Interest payable	-	-
Balances as at 31st 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 9th 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:

	2019 £'000	2018 £'000
Statement of Comprehensive Income:		
Interest payable	-	-
Balances as at 31st March:		
Creditors, less than one-year, unpaid share capital	-	-

Notes to the Financial Statements CONTINUED

SRJ Homes Limited

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

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

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

Transactions and balances with SRJ Homes Limited are as follows:

	2019 £'000	2018 £'000
Statement of Comprehensive Income:		
Interest payable	**52**	23
Balances as at 31st March:		
Creditors, less than one-year, unpaid share capital	**531**	62

28. Financial Instruments

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

	Group		Association	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Financial assets				
Measured at undiscounted amount receivable				
- Deferred expenditure- refurbishment obligation (note 17f)	**17,620**	21,654	**17,620**	21,654
- Rent arrears and other debtors (note 15)	**4,753**	4,213	**4,753**	4,213
	22,373	25,867	**22,373**	25,867
Financial liabilities				
Measured at amortised cost				
- Loans payable (note 17a-17c)	**156,609**	124,148	**156,609**	124,148
- Deferred income (note 17d and 17e)	**23,320**	21,915	**11,745**	10,428
Measured at undiscounted amount payable				
- Refurbishment obligation (note 17f)	17,620	21,654	17,620	21,654
- Trade and other creditors (note 16)	**9,951**	10,037	**9,460**	9,579
- Provision for liabilities (note 20)	**2,205**	1,061	**2,205**	1,061
- Amounts owed to related undertakings (note 27)	**-**	-	**643**	174
	209,705	**178,815**	**198,282**	167,044

The Group and Association's income, expense, gains and losses in respect of financial instruments were £nil (2018: £nil).

Notes to the Financial Statements CONTINUED

27. Ultimate Controlling Party

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

Thrive Homes, Westside, London Road, Hemel Hempstead. HP3 9TD
0800 917 6077 | enquiries@thrivehomes.org.uk | www.thrivehomes.org.uk