

**Alliance**  
homes



# Group annual report and financial statements

2019-20



# Contents



**We've made strong progress against our plan to build 2,000 new homes over the next ten years.**





# Chair's statement

I was delighted to join Alliance Homes in September 2019 and I would like to thank the Board and our colleagues and customers for their warm welcome.

It is fair to say that the last few months, including the last couple of months of the financial year that this report covers, have been far from normal. We've all be dealing with disruption caused to our day-to-day lives as a result of the global (Covid-19) pandemic.

Many of us will have had Covid-19 or lost a loved one or a friend to it, which is incredibly tragic. It has brought great challenge to our lives, to our health and wellbeing and for many to employment circumstances. Despite this, it has also brought remarkable kindness and compassion. We've seen incredible support for the NHS and there is renewed respect for those working in our care sectors.

At the time of writing, we are beginning to exit from lockdown and as we start to adapt to this new way of life, we know that there will be many social and financial challenges ahead.

Housing associations, including Alliance, have played an important role in providing people with homes through this crisis. We know that there will be increased demand for social

housing as the impact to our economy begins to bite and hope to help with this through our plans to build more homes.

Our care arm, Alliance Living Care (ALC) provided vital care and support during this crisis, helping some of the most vulnerable members of our community to remain safe in their homes. We're incredibly grateful to our care and repairs teams who continued to provide essential services for our customers.

My sincere thanks to all my colleagues for adapting so seamlessly to this new way of working.

We do need to consider what was achieved pre-Covid-19 and 2019-20 was another busy year for our organisation.

One of the key pillars to our Plan A strategy is to be known for providing great customer service and we've placed great emphasis on talking to customers this year to understand what matters most to them. This has been complimented by the launch of HIVE, our online customer insight forum.

We've made strong progress against our plan to build 2,000 new homes over the next ten years, completing another 73 during the year and our development pipeline for the next year and beyond is looking promising.

Just before Christmas we received some great news from the Regulator for Social Housing who regraded our business to the highest level of G1 (governance), V1 (financial viability). This rating demonstrates their confidence in our plans and complements our A1 credit rating from the independent credit risk agency Moody's which reflects our financial strength. This puts us in a strong position to access funding so we can invest in our customers' homes and build more homes in our community.

I am incredibly proud of our colleagues who have achieved so much this year and who rose to the challenges the pandemic brought. On behalf of the Board, I would like to express our sincere thanks to everyone.

We know 2020-21 will be testing as we recover from the impact of the pandemic. But I am confident that we can rise to this and I am grateful to our customers for your continued support.

**Andy Willis**  
Chair of the Board

**My sincere thanks to all my colleagues for adapting so seamlessly to this new way of working.**





# Chief Executive's statement

At the start of this financial year, I don't think any of us could have imagined having to respond to a global pandemic. As a result of this, the last quarter of the year saw a radical change to our lives and to the way we run our business.

The business responded swiftly to the unfolding crisis, putting plans in place to be able to continue to run with most of our office-based colleagues working from home. To ensure the safety of our customers and colleagues, we moved our Home Repairs Service to an emergency and safety service only. We continued with letting homes to those most in need, which provided us with the blueprint as to how we could adapt home lettings when the restrictions eased slightly in May.

We want to make our houses homes for our customers and home has certainly played a larger role for all of us as a result of the pandemic. We are pleased to have been able to support customers to continue to live in their homes, offering advice and support where needed, as part of our response to the crisis.

We were also a friendly voice at the end of the phone for many through the early days of lockdown, thanks to our customer calling programme. In addition, we were able to support our wider communities via donations to local food banks and continuing to run our community-based services, specifically care and support.

I'm incredibly proud of how our colleagues stepped up to help customers. So many went above and beyond to help, and I am grateful to all of them. I particularly want to mention our operatives and our carers. They continued to provide services during this time, going into customers' homes when they were most in need. It's times like this that remind us of our purpose of improving lives and benefiting communities.

Whilst the pandemic has challenged us in ways we couldn't have imagined, much was achieved prior to this. We've been passionate about delivering our Plan A priorities of delivering great customer service and building more much-needed new homes and are making good progress on both these fronts.

Financially the year has been positive but not without challenge. We continue to invest in our existing homes and our ambitious development programme, and we are in a strong financial position to drive forward our plans. We are striving to improve value for money in everything we do and set ourselves challenging financial targets. We have increased our investment in existing properties during the year, our gearing is strong. However, some of our other financial targets (such as our operating margin) are lower than planned, due to increased business costs as we continue to transform our business and due to additional costs relating to Covid-19 in the latter part of the year.

During the year, we've strengthened our relationship with local authorities, especially North Somerset Council so we can achieve our mutual goals of delivering more affordable homes to this area.

I'm passionate about driving continuous improvement in our customer experience and this year we've invested significantly in customer research and analysis. This is helping us to really understand who our customers are and what's important to them. We've spoken to and surveyed many of our customers and this rich insight is helping us to change and adapt our services. We want to deliver services that meet customer needs and make their lives better. We want to move forward our relationship with customers, enabling them to live independent lives but knowing that we are here if they need us.

Like everyone, I am hoping that we bounce back from this pandemic and return to life as it was before, although I am mindful that this may take time. I am confident that we can continue to progress our plans and we will remain agile in our response to this changing environment.

I want to thank our customers who have been so open with us this year. Your feedback has been invaluable, and I hope that we can continue to deliver the changes you need. To my colleagues, you've been great, thank you.

**Louise Swain**  
Chief Executive





# Board Members, Advisors and Bankers

<b>Andrew Willis</b>	Chair, appointed September 2019
<b>Richard Gaunt</b>	Chair of Audit Committee
<b>Jenny Field</b>	Chair of Remuneration, People and Change Committee
<b>Claire Feehily</b>	Chair of Alliance Living Care Board
<b>Paul Foster</b>	Chair of Investment Committee, Appointed May 2020
<b>Maddie McIsaac Dunne</b>	Chair of Customer Insight Committee
<b>Louise Swain</b>	Chief Executive
<b>Sarah Frost</b>	Board Member
<b>Huw James</b>	Appointed September 2019
<b>Sameer Rahman</b>	Appointed May 2020
<b>Carol Rosati</b>	Co-opted May 2020
<b>Ashley Lane</b>	Deceased January 2020
<b>Simon Sweetinburgh</b>	Resigned September 2019
<b>Irene Watkins</b>	Co-optee resigned May 2019
<b>Andrew Martyn-Johns</b>	Resigned September 2019
<b>David Poole</b>	Resigned August 2019

## Strategic Leadership Team

<b>Louise Swain</b>	(Chief Executive Officer)
<b>Katrina Michael</b>	(Chief Finance Officer)
<b>Philippa Armstrong-Owen</b>	(Director of Governance and Compliance)
<b>Jane Carne</b>	(Director of People and Change)
<b>Iain Lock</b>	(Director of Investment) Appointed July 2020
<b>Elizabeth Griffiths</b>	(Director of Community Services) Appointed November 2019
<b>Julian Paine</b>	(Chief Operating Officer) Resigned September 2019

## Registered office

40 Martingale Way  
Portishead BS20 7AW

## Group members

- NSAH (Alliance Homes) Limited
- Alliance Homes Partnerships Limited
- Alliance Homes Design and Build Company Limited  
(formerly Alliance Homes Rented Limited)
- Alliance Homes Sales Limited
- Alliance Living Care Limited
- Alliance Homes (Ventures) Limited

## Independent auditors

KPMG LLP  
Chartered Accountants  
66 Queen Square  
Bristol BS1 4BE



**Bankers**

Barclays Bank Plc  
PO Box 1015  
3rd Floor Windsor Court  
3 Windsor Place  
Cardiff CF10 3ZL

**Legal advisors**

Trowers and Hamlins Solicitors LLP  
3 Bunhill Row  
London EC1Y 8YZ

For specialist advice we also work with:  
Clarke Wilmott LLP  
Carbon Law Partners  
Devonshires Solicitors LLP

NSAH (Alliance Homes) Limited is a Community Benefit Society incorporated under the Co-operative and Community Benefit Societies Act 2014, registered with the FCA with registration number 29804R. Regulator for Social Housing registration number L4459.





# Strategic report

## Who we are

We're a dynamic, fair and community minded housing association delivering new homes and landlord services.

We also provide a range of care and support services on behalf of North Somerset Council and to some private customers.

We want to make housing accessible for everyone, create thriving communities and support independent living.

Operating in five local authority areas, we own and manage **6,468 homes** and provide services to over **15,000 people** each year.



# Our operational performance 2019-20

Number of colleagues  
**493**

Number of homes owned  
**6,468**

Average rent arrears  
**1.88%**

Operating margin  
**23.7%**

Average re-let period  
**29 days**

Meeting our customers' needs (UKCSI)  
**73%**

Number of customers  
**8,646**

Number of new homes  
**78**

Number of hours of care delivered  
**118,251**

Number of complaints  
**652**

**73%**

Number of new windows  
**284**

Number of repairs  
**18,655**

Number of new heaters & boilers  
**153**

Number of new bathrooms  
**234**

Number of new kitchens  
**217**

Number of compliments  
**196**



# Delivering our strategic plan

## Plan A: Our five-year strategy 2017-22

### Purpose

We're a **dynamic, fair** and **community minded** housing association delivering new homes and trusted landlord, care and support services.



### Vision

To **improve lives** and **benefit communities**.



### What we want to be known for

- Increasing the supply of housing
- A great customer experience.



### We will achieve this by

- Being a great **proactive** and **trusted** partner
- Being **commercially adept**, competing and excelling in everything we do
- Investing in our people, creating an **agile and trusting** organisation culture
- Innovation, embracing change and technology to **constantly improve** and **maximise** efficiency.



Values

**Ambitious  
for all**

**Genuine**

**Awake to challenge  
and opportunity**

**Make the  
difference**

**Effective**



## 2019–20 corporate priorities

### Homes



Make every house a home by improving existing homes, developing new houses and transforming the way we provide landlord services.

### Communities & neighbourhoods



Create attractive, vibrant neighbourhoods and support customers to live independent lives.

### Business transformation



Continue with the transformation of our business by designing and providing services that prioritise customer needs and preferences.

### Well-led



Ensuring we're a well-managed business which is compliant, achieves value for money and demonstrates our values.



## Homes

### 2,000 homes development programme

Strong progress is being made on our plan to deliver 2,000 new homes over the next ten years, ending March 2029.

Demand for new affordable homes is increasing each year faster than supply. Across our operating area there is continuing pressure to increase the pace and scale of building new affordable homes.

Last year we continued to support customers and communities to thrive by investing in the construction of more affordable homes.

We built a further 73 new affordable homes across the West of England over the last year:

- 31 in North Somerset
- 26 in South Gloucestershire
- 16 in Bristol.

81% of these completions were for either social or affordable rent, demonstrating our commitment to increasing customer access to high quality affordable homes in places where people want to live.

We are planning to build even more new homes in 2020-21 and have a growing pipeline of opportunities that will support even more customers across our operating area.

This year we have also supported 19 households into low cost home ownership through the shared ownership scheme in both North Somerset and in South Gloucestershire. We recognise that offering a range of affordable housing products gives us extended reach to a broader range of customer segments with different requirements and aspirations.

Shared ownership enables a customer to purchase a proportion of a home - giving them an invested stake - whilst they pay rent on the share they do not own and are able to buy a bigger stake as their financial circumstances allow.

We built and sold four homes in Yatton last year at Princes Court. This high specification development was extremely popular and showcases the very best of affordable housing and our drive to deliver a quality product that meets or exceeds the open market standard.

The Old Stables in Shirehampton is an example where we have built six new one and two bedroom flats for affordable rent in an area with good transport links to Bristol city centre, within close proximity of a range of local amenities and have invested in sensitive design to make a positive contribution to the wider neighbourhood.

	Social Rent	Affordable Rent	Shared Ownership	Total
<b>Build completions by tenure</b>	<b>30</b>	<b>29</b>	<b>14</b>	<b>73</b>
<b>Build completions by local authority</b>				
North Somerset	19	3	9	31
South Gloucestershire	11	10	5	26
Bristol	0	16	0	16
<b>Shared ownership sales</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>19</b>
<b>Sales by local authority</b>				
North Somerset	-	-	18	18
South Gloucestershire	-	-	1	1
Bristol	-	-	0	0



## Asset management

We are committed to providing homes that are affordable, warm, safe and secure. The government announcement to achieve net carbon zero emissions by 2050 presents opportunities and challenges.

We are evolving our asset strategy to support the 2050 targets and North Somerset Council's 2030 net carbon zero ambitions in order to ensure our homes continue to meet future requirements of both policy and our customers.

Aligned to Plan A, we will be looking at how we can diversify and innovate our asset base.



**We are committed to providing homes that are affordable, warm, safe and secure.**



## Developing the Alliance Homes + standard

Over the course of the year, work has progressed on developing our Alliance Homes + standard. We've been looking at how we can bring our existing homes up to the same calibre as a new build home in terms of decorative finishes, fixtures and fittings and layout.

At the beginning of the year, we used the Alliance Hive to talk to our customers about what was important to them and what features they'd like to see. Using this feedback and aligning this to the standards used for our new homes programme we have developed our Alliance Homes + standard.

We carried out a pilot on ten properties which for some meant replacing the kitchen or bathroom, embedding exposed pipes into the walls and fitting more durable doors. Where the layout allowed, we carried out some minor remodelling to install an accessible downstairs toilet. This was supported by improving the quality of decorative finishes.

Feedback from those involved in the trial has been extremely positive. Based on customer feedback, the things that matter most are having contemporary decorative finishes and being carpeted. In 2020-21 we are looking at expanding the pilot and assessing the costs of this programme.



## Changing the way we let homes

We began transforming lettings in summer 2019, aspiring to streamline the process of advertising a vacant home, shortlisting and matching new tenants to homes and then getting them settled in.

We've made great progress with this, prioritising the launch of electronic sign-ups which has been invaluable during the coronavirus pandemic. Enabling tenants to send and sign documents digitally has allowed us to move several vulnerable families from temporary accommodation into their permanent homes during this time, giving them a sense of security.

What's more, the ongoing amalgamation of our lettings and tenancy teams will mean that customers can be assigned a single agent to assist them through the entire tenant experience.

Moving forward, we're making the process even more straightforward for our customers. We'll be advertising properties directly on our website, which will be linked from HomeChoice so that customers can engage with more detailed, interactive adverts.

## Managing anti-social behaviour

At Alliance, we value our customers' right to peaceful enjoyment of their homes. Frontline teams have effectively managed 638 cases of anti-social behaviour over the past year, 20% of which were noise complaints.

We've continued to encourage customers to use the Noise App to record traceable evidence of noise. The app is proving itself to be both easy to use for customers and extremely helpful for colleagues in understanding how noise issues are impacting our customers.

We've been able to resolve most anti-social behaviour cases over the last 12 months. We've worked with several independent charities, including SARI (Support Against Racism and Inequality) and Resolve West to provide specialist support and conflict resolution for our communities.

Our focus on building sustainable communities remains at the heart of our services. A crucial element of this is ensuring customers are placed in the right home at the right time. We have a high success rate, with less than 1% (0.7%) of tenancies ending as a result of antisocial behaviour this year.



## Our focus on building sustainable communities remains at the heart of our services.



## Keeping our customers safe

We moved into the new financial year with our Keep Safe project already underway. Following the high-level health check of our approach to property compliance completed in the previous financial year, we've successfully implemented the measures outlined in our six-month action plan. This has led to a vast improvement of the health and safety of all property assets (commercial, communal and offices).

The management and governance process around assessing the safety of our homes has also been addressed. We have fully rewritten our five key health and safety policies in line with regulation, legislation and approved codes of practice, delivering training on this to the board and our leadership team.

We've ensured our continued compliance through the creation and scrutiny of a full suite of compliance measures, giving the board the ability to analyse landlord health and safety performance.

## Home repairs service

Our operatives completed 18,655 repairs to a high standard this year. We also fitted 217 new kitchens and 234 new bathrooms, improving the quality of many existing and new homes. We're excited to continue to build on this success in partnership with United Communities.

Our Home Repairs Service has evolved in many respects, prioritising consistent communication and exemplary customer service as well as quality repairs and fittings. As a result, we've seen a perceptible increase in positive customer feedback which explicitly mentions the approachability of our operatives.

We're also delighted to have moved away from a paper-based contact system, instead conducting phone calls with customers to organise repairs. There are many advantages of this, and notably it is a more appropriate form of contact to use during the current pandemic.

## Communities and neighbourhoods

### Our neighbourhoods and communities

We want to continue to create attractive, vibrant neighbourhoods and support customers to lead independent lives. As part of our placemaking strategy when delivering our new homes, we'll ensure our communities have the appropriate infrastructure available to support sustainable growth.

## Supporting our communities

In 2018, Alliance Homes submitted a successful funding bid to the Big Lottery's Community Fund, which we began to invest in Our Neighbourhood Network in January 2019. The Network is a community-based project devised by people who live and work in the Oldmixon, Coronation and Bournville estates in Weston-Super-Mare.

Our Neighbourhood Network has flourished this year. In early 2019, our newly appointed Project Team held workshops to map existing assets and determine local priorities. Over the course of the year, the growth of the Network led to collaborations with community development consultant, Alison Gilchrist and improvement in several areas identified as priorities by members of the community.

Moreover, we now have a ground-breaking evaluation framework in place. Through this, we have been able to observe an increase in the social connections which support and sustain successful community development.

With the support of the project team, Alliance Homes has also developed two valuable assets in the local area which will become community hubs, one in Aller Parade (Oldmixon) and one in Loxton Road (Coronation). Through these sites, we're looking to continue to support local people to mobilise their strengths and thrive.



## Delivering support services

This year, on behalf of North Somerset Council, we've been able to provide a wealth of housing related support to a range of people, many of whom are Alliance Homes tenants.

Shortly after first contact with our team, we assign an individual support worker to provide consistent, face-to-face support. We've also hosted regular community drop-ins to provide customers the opportunity to access advice and support more easily.

Our Home from Hospital service has also gone from strength to strength this year. We continue to assist the NHS during the coronavirus pandemic by supporting a wide range of patients to return home safely, freeing up hospital beds.

We were excited to launch our new complex case management function, which allows for more cohesive problem-solving. Complex case conferencing is now well established, meeting on a monthly basis to integrate the touch points a customer uses to access our services. Through this we've been able to unite a range of experienced practitioners to reduce duplication and provide holistic, coordinated services across Alliance Homes.



## Alliance Living Care

This year we've refined the way we deliver our care services, launching new digital systems, Celltrak and Coldharbour. Celltrak enables customers and colleagues to look online at their information including care plans and communication records and Coldharbour is our new online colleague pay and rostering system.

In September, we were delighted to acquire two successful daycentres in the district, Elm View in Clevedon and Waverley Court in Portishead. These facilities represent a new string to the Alliance Living Care bow. We're excited to continue to build on their dedicated service, facilities and community links. In addition, by the end of March 2020, work was underway to transfer the day services based at Tamar Court into ALC.

Our services underwent Care Quality Commission (CQC) inspections once again this year, in which we scored good in all areas, including safe, effective and well-led.

Alliance Living Care are currently facing the unprecedented challenge posed by coronavirus. The dynamic response of our whole team has ensured that we can continue to meet the needs of our customers. We have worked closely with the Local Authority to ensure ongoing safe service delivery and supplies of PPE.



## Business transformation

### Involving our customers

This year, we've been continuing to engage with our customers to understand their needs and preferences when it comes to our services. In October 2019, we launched our brand-new digital community, Alliance Hive.

This platform allows customers to make real-time contributions to the evolution of the business. Members can access Hive whenever it is convenient for them, making it accessible to more customers than ever before. As Hive is delivered through our partner agency, our customers can give their honest opinions with the reassurance that their contributions will remain entirely confidential and anonymous.

We currently have over 500 active members, giving our customers a distinct voice with which to influence business transformation.

Throughout the year we've been continuing to deliver robust customer insight through telephone and face-to-face methodologies through similar partner agencies.



**In October 2019, we launched our brand-new digital community, Alliance Hive.**



.....  
This highly representative customer feedback has enhanced the way we address a range of areas, including our delivery of home repairs and customer service, digital activity, further improving the standard of our homes, our approach to anti-social behaviour and most recently, our Covid-19 response.

### What customers say

During the last 12 months, we've received 119 customer comments, 195 compliments and 651 complaints. We're grateful to receive customer feedback of all types; it is essential in shaping business transformation.

Following a pilot, our new complaints management procedure has been fully implemented. As a result, 97% of our complaints were efficiently resolved this year.

If our colleagues are unable to resolve the matter immediately, our aim is for a manager to call the customer back within 24 hours, acknowledging the complaint and checking that the recorded details are correct.

If we need to investigate an issue further, we do so fairly, consistently and promptly, keeping the customer fully informed throughout the process. In more complex cases, managers from different departments will discuss how we can resolve the matter in 'stand up' meetings, where one manager is assigned to the case to facilitate consistency for the customer.



## Towards a digital future

Over the course of the year, we've made great progress in laying the foundations for the implementation of our new housing management system, Civica (CX). We've been building and testing the system thoroughly in order to cultivate the best results from this digital transformation.

Civica (CX) will bring revolutionary benefits for both our colleagues and customers, delivering a comprehensive view of customer information and interactions with colleagues. This will allow us to make decisions more quickly and provide live solutions which are more fully informed.

Implementing the new system will enable the introduction of an online customer portal. This will create a self-service option for our customers, who will be able to log in to the system to request repairs, report incidents and pay rent online, whenever is convenient for them. Currently most requests are handled over the phone. Our aim is to launch the new system in 2021.

## Keeping customers up to date

To coincide with the launch of our refreshed Alliance Homes brand we've introduced a new quarterly customer digital newsletter, InTouch. InTouch aims to keep customers up to date with news and developments and signposts them to useful information and advice on our website.

Over the course of the year we've seen an increase in followers and subscribers to our social media channels on Facebook and Twitter. This is also matched to growing interaction on the digital platforms and increasing numbers of customers engaging with us online.

## Our new look

After ten years our 100 strong fleet of vans was due for replacement. We used this as an opportunity to refresh the look of the organisation and launched our new identity in September.

We've taken the new identity across all our offices, assets and operative and carer uniforms. Feedback from customers and colleagues has been positive and we are looking at signage within our neighbourhoods as part of a review of our communities.



**Over the course of the year, we've made great progress in laying the foundations for the implementation of our new housing management system, Civica (CX).**





## Well-led

### Financial transformation

During the year, we completed our financial transformation. We have restructured our team and introduced a finance business partnering service throughout Alliance, with each business manager working with a Finance Business Partner and Finance Business Partner Support colleague. This ensures that the business is financially managed in the best possible way. We have completed the implementation of our new financial management system and developed new compliance and governance processes to support this.

### Value for money

Our approach to value for money is set in our 2018-19 Value for Money (VFM) Strategy and recognises the need to make sound business decisions reflecting our strategic ambitions as well as responding to the external environment.

The first two years of Plan A, our five-year strategic plan, have been focussed on investing in and delivering the business support services and infrastructure to help transform the organisation.

Over the next two years we will be reviewing our customer service provision in several of our service areas including housing, community services and home repairs. By the end of year five of Plan A, we will have improved efficiency by reducing our costs and increased our operating margin enabling us to develop more new homes and work towards meeting our carbon neutrality commitments.

[alliancehomes.org.uk](https://alliancehomes.org.uk)

Our performance on reinvestment in homes, both existing and new homes is ahead of the sector average. Our gearing is low with headroom within our funder covenants to borrow more if required and our interest cover ratio shows that we can comfortably afford our interest costs. Our operational costs are slightly higher than the sector average, particularly our maintenance costs, resulting in a lower operating margin. Our Return on Capital Employed is higher than our peers, showing an efficient investment of capital resources.

We have not been immune to the impact of Covid-19 during this financial year as ten homes scheduled for delivery were pushed into the 2020-21 year. Our pipeline is looking strong for the future and we are confident in achieving our goal of delivering 2,000 new homes.

Value for money is monitored by our Board and we manage projects through our Project Portfolio Board.





## Our principles

### Principle 1: Doing things economically

This principle considers effective and efficient ways to provide services and being innovative and using digital technology and research to design better ways to work.

### Principle 2: Doing things right

This principle ensures that we have clear strategies, policies and processes in order to deliver the vision of the business.

### Principle 3: Maximising the return on our assets

This principle sets out the way we will manage our existing assets and how we will create new assets to achieve maximum value from our assets for us and for our customers.

### Principle 4: Maximising the return from our colleagues

This principle ensures that we invest in our colleagues to promote high quality performance and to support a culture of development and innovation. It addresses how we will work with our colleagues to train, support and retain them as they deliver high-quality services in an agile way for our business.

### Principle 5: Achieving the right outcomes

This principle sets out how we will self-assess our business effectiveness and measure how successful we have been in achieving our corporate plan objectives, and what value has been delivered. We set annual measurable Value for Money targets within our operational metrics and strategic 'measures that matter'. We will report against these both internally and externally. We review ourselves against sector published statistics.





## Plan A – our strategic plan

Plan A, our five-year strategy, sets our ambition to be known for two things, increasing the supply of housing and delivering a great customer experience. Plan A also sets out the metrics we will use to measure our performance. These key metrics are set out over the next few pages.

## Building 2,000 new homes

Metric	Restated Alliance performance 2018-19	Sector Scorecard Performance 2018-19 (Median)	Alliance target 2019-20	Alliance forecast 2019-20	Alliance performance 2019-20	Alliance target 2020-21 (pre Covid-19)
New homes into management	134	N/A	88	88	73	67

In 2019 we increased our development ambitions from 1,000 to 2,000 new homes over a ten-year period. This change in strategy saw the business pull back in the short term on the number of homes developed in 2019-20 and 2020-21 in order to focus on generating a longer-term build pipeline. As a result, we anticipate an increase in the number of homes we develop over the following two years.

During 2019-20, we developed 73 new homes and sold an additional five homes - a total of 78 properties. This was ten fewer than our target for the year of 88 new homes. This was directly because of the pandemic when the closure of building sites pushed the delivery of these homes into the following financial year.



**In 2019 we increased our development ambitions from 1,000 to 2,000 new homes over a ten-year period.**





## Improving customer satisfaction

Metric	Restated Alliance performance 2018-19	Sector Scorecard Performance 2018-19 (Median)	Alliance target 2019-20	Alliance forecast 2019-20	Alliance performance 2019-20	Alliance target 2020-21 (pre Covid-19)
Customer recommendation	7/10	N/A	85%	85%	73%	85%

During the year, we changed the goal to the more nuanced measure of Meeting Customer Need, expressed as a percentage of our customers agreeing that we meet their needs in the provision of our services. We have set ourselves a target of 85% and achieved 73% in our first year. Customer statistics along with the emerging use of customer insight and data analytics, allow us to understand the drivers behind the measure in more detail and will inform the themes to improve our customer experience.

We have invested in a new digital research platform, Alliance HIVE, to understand what matters to our customers. Through this platform we can conduct a range of surveys, polls, discussion forums and focus groups to understand customer views. This has enabled us to have a meaningful dialogue with more customers than ever and allows us to truly represent the breadth of opinion and view from different

customer groups - not just those who were able to engage with us through previous models. This goes far beyond traditional resident involvement approaches and is creating a truly representative and inclusive customer voice that will help to shape what services we deliver and how we deliver them.

Alongside this, we are also developing real time measurement of customer experience through our transactional touchpoints. We have an instant SMS feedback programme for our Homes Repairs Service and are developing consistent approaches to feedback across the business.

From the early insight information, six customer themes or priorities have emerged. These will be incorporated as key deliverables into the Customer Strategy with the aim of improving the Customer Need score.

**...We are developing real time measurement of customer experience through our transactional touchpoints.**



## Helping people into employment

Metric	Restated Alliance performance 2018-19	Sector Scorecard Performance 2018-19 (Median)	Alliance target 2019-20	Alliance forecast 2019-20	Alliance performance 2019-20	Alliance target 2020-21 (pre Covid-19)
People into employment	203	N/A	176	176	82	N/A

During the year we supported 82 people into employment. Our customer insights data indicated there were fewer customers than anticipated who were looking for employment. As a result of a review of our People into Employment service in December 2019, a decision was made to divert resource away from supporting people into employment and instead

develop a Community Investment team which will look to support bespoke projects within our communities linked to local priorities and insight. Community Investment will seek to work with communities to create resilience and cohesion and deliver meaningful, measurable outcomes.

## Financial resilience

Metric	Restated Alliance performance 2018-19	Sector Scorecard Performance 2018-19 (Median)	Alliance target 2019-20	Alliance forecast 2019-20	Alliance performance 2019-20	Alliance target 2020-21 (pre Covid-19)
Operating Margin	25.9%	N/A	25.8%	25.1%	23.7%	25.7%

We measure our business financially by setting a golden rule for our operating margin of a minimum of 20%. This is calculated by taking the operating surplus as a percentage of total turnover. Our performance

for 2019-20 was 23.7% against a target of 25.8% and a forecast of 25.1%. During the year, we invested more on maintenance and management than anticipated, including additional pension costs.







## Homes

Project	Expected Outcome	Year end	Notes on performance
Redefine tenancy services offer	Deliver consistent, proactive tenancy services and reduce cost to serve	●	New approach to service management approved. To be implemented in 2020-21
Transform lettings	Consistent and positive experience that encourages a successful tenancy	●	Service restructured to create a single point of contact for customers. Learnings from pilots being used to refine lettings process
Develop the new Alliance Homes + standard	A new quality standard for our homes	●	Consistent standard for empty homes agreed and further cost benefit analysis to be undertaken in 2020-21
Continue with new homes development programme	2,000 homes delivered over 10 years	●	78 v target of 88 delivered, completion of ten homes delayed due to Covid-19 into Q1 of 2020-21
Conclude Keep Safe project	Full compliance with regulation, legislation and approved codes of practice	●	Project completed and new processed transitioned to business as usual



## Communities and neighbourhoods

Project	Expected Outcome	Year end	Notes on performance
Transform the way we respond to antisocial behaviours	Easy to access customer centric antisocial behaviour service	●	New process defined and antisocial behaviour resources centralised
Establish neighbourhood standard and priorities	Neighbourhoods RAG rated to understand if specific support is required	●	New Community Services directorate established to implement Neighbourhood projects
Embed complex case management function	Integrated approach to solving complex customer cases introduced	●	New process for assessing customer cases in place ensuring quicker resolution of customer issues
Continue to deliver high quality cost effective domiciliary care	Good rating for all Alliance Living Care services	●	All services retain a Good Care Quality Commission rating
Review employment service	Assessment of customer need to understand long term viability of service	●	Service offer to be integrated into new Community Services offer





## Business transformation

Project	Expected Outcome	Year end	Notes on performance
Undertake customer segmentation and build insights platform	Customer segmentation to design service which meet customer need	●	Segmentation work complete and being used to revise customer service strategy. Online customer engagement HIVE launched in October and growing membership
Embed centralised approach to customer feedback	Customer case management process in place and uses feedback to improve services	●	New customer feedback policy and processes in place
Develop blueprint for digital services	Digital strategy	●	High level plan and scope defined and aligned to revised n hold customer strategy developed
Complete finance transformation project	New structure and revised processes in place	●	Project completed and confirmed by Mazars in January 2020
Implement new housing management system	Consolidation of multiple systems enabling improved customer service management and platform for customer self-service portal	●	Phase one project postponed from October 2020 due to Covid-19 and rescheduled for May 2021
Launch new brand	New corporate brand and proposition	●	Brand refreshed in September
Establish customer service style and standard	Customer service standard	●	New service will result from the revised customer service strategy. To be delivered in 2020-21



### Well-led

Project	Expected Outcome	Year end	Notes on performance
Define strategic approach to value for money (VFM)	Continuous improvement in delivering value for money	●	Value for money report approved by Board in November. Further VFM efficiencies have been built into the three-year budget
Further develop our approach to recruitment and colleague engagement	Decrease reliance on recruitment agencies and spend and improve recruitment process and experience. Colleague engagement strategy and defined employer brand	●	Resource Rationale Group established to control recruitment /spend, recruitment processes streamlined, and onboarding portal launched. Assessing colleague engagement using Great Places to Work, achieved 65% against a target of 70%
Extend Leadership Academy and establish customer service academy	Develop a culture of ongoing learning enabling colleagues to continuously improve the way we provide services	●	Leadership Academy fully functional with 93 colleagues attending 207 courses. Institute of Leadership and Management accreditation programme launched in January with Weston College. Customer Academy will be aligned to customer service strategy
Create a performance management framework	Data led business	●	Key Performance Indicator framework launched and being used to manage the business
Complete IDA action plan	Improved grading from Regulator of Social Housing	●	G1/V1 grading awarded in December



## Value for money metrics

Metric	Restated Alliance performance 2018-19	Sector Scorecard Performance 2018-19 (Median)	Alliance target 2019-20	Alliance forecast 2019-20	Alliance performance 2019-20	Alliance target 2020-21 (pre Covid-19)
<b>Reinvestment %</b>	12.3%	5.4%	15.8%	14.01%	16.10%	26.4%
Our performance for the 2019-20 financial year was 16.1% which is above our target of 15.8% and higher than the previous year's performance of 12.3% and higher than the sector average of 5.4%. This indicates that Alliance invests well in its existing homes compared to other registered providers.						
<b>New supply (social housing) delivered %</b>	2.1%	1.0%	1.4%	1.26%	1.1%	1.0%
We developed a slightly lower number of new homes in the year, at 1.1% against a target of 1.4% due to adverse Covid-19 impacts. This was lower than the previous year's performance of 2.1% but higher than the sector average of 1.0%. Our target for 2020-21 is 1.0% which reflects our plans to deliver existing commitments and to continue building our pipeline for new development in order to support an increase in the following two years.						
<b>New supply (non-social housing) delivered</b>	0	0.0%	0	0	0	0
N/A						
<b>Gearing %</b>	40.7%	33.8%	44.0%	40.3%	43.1%	42.1%
Our gearing at 31st March 2020 was 43.1% against a target of 44.0% and reflects the fact that we did not develop as many new homes as planned. At the same time in the previous year, our gearing was 40.7% and for the following years we plan to see a decrease in gearing to match our increased development programme. Although our gearing is a little higher than the sector average, we are well within our lenders' covenants set a maximum gearing ratio of 75%.						
<b>EBITDA-MRI interest cover</b>	104.8% (inc. 'on-off' Loan breakage costs)	197.9%	300.0%	300.0%	248.9%	255.3%
Our target for the year was 300% and our performance was lower than this at 248.9%. This reflects the fact that our surplus for the year was lower than we planned. We are above the sector average of 197.9% and our targets for the coming three years show a forecast increase in surpluses driving an improved EBITDA-MRI.						



## Value for money metrics (continued)

Metric	Restated Alliance performance 2018-19	Sector Scorecard Performance 2018-19 (Median)	Alliance target 2019-20	Alliance forecast 2019-20	Alliance performance 2019-20	Alliance target 2020-21 (pre Covid-19)
<b>Headline social housing cost per unit</b>	£4,216	£3,725	£3,890	£4,102	£4,296	£4,148
<p>Our performance for the year was a higher cost per unit than planned at £4,296, against a target of £3,890. During the year, we reforecast the CPU to £4,052 to include additional maintenance costs which had been excluded at budget. Our performance for the year was £4,296, approximately £1.2m more than forecast. Approximately £500k of this is due to increased pension costs. Our plans are to reduce costs by driving in efficiencies as set out in our publication Value for Money – Our Approach.</p>						
<b>Operating margin – social housing lettings %</b>	25.8%	27.2%	31.8%	27.6%	21.7%	25.3%
<p>Our operating margin – social housing was lower at 21.7% than our target of 31.8%. During the year, we reforecast our operating margin – social housing to include additional maintenance costs which had been excluded at budget to 27.6%. Our operating margin on social housing lettings also reduced from the previous year of 25.8% to 21.7%. The main reasons for this are as stated above and are linked to the increase in the Social Housing Cost per Unit. Our plans are to reduce costs by driving in efficiencies as set out in our publication Value for Money – Our Approach.</p>						
<b>Overall operating margin % (excluding gain/loss on disposal)</b>	25.3%	25.5%	25.4%	21.4%	21.6%	25.3%
<p>Our Overall Operating Margin also reduced from the previous year of 25.3% to 21.6%. This is lower than our target margin of 25.4%. The same maintenance and pension cost drivers also apply to this calculation and are linked to the increase in the Social Housing Cost per Unit. Our target for 2020-21 is in line with the sector average. Our plans are to reduce costs by driving in efficiencies as set out in our publication Value for Money – Our Approach.</p>						
<b>Return on capital employed (ROCE)</b>	6.1%	3.2%	5.8%	5.9%	5.4%	5.9%
<p>Although our performance in 2019-20 at 5.4% is lower than the previous year of 6.1% and slightly lower than our target of 5.8%, it is higher than the sector average.</p>						



## Driving efficiency and value for money

We use external benchmarking to assess how we are delivering value for money. Using the Housemark Sector Scorecard analysis 2019 we can compare our cost per unit against other social housing providers. The cost per unit has a direct relationship to our operating margins and other metrics.

Cost Per Unit Measure	Quartile 1	Median	Quartile 3	Alliance Performance
Management	£842	£1,059	£1,319	£1,101
Service Charge	£208	£365	£648	£379
Maintenance	£766	£951	£1,160	£1,463
Major Repairs	£470	£703	£1,020	£966
Other Social Housing Costs	£80	£218	£597	£387

At present, our costs are slightly higher than the sector median, particularly in relation to maintenance costs. Our strategy of investing more in our existing properties through our major repairs programme will help us to reduce our cost per unit. Through our business transformation programme and by increasing our digital capability we will achieve greater efficiencies and savings over the next three years.

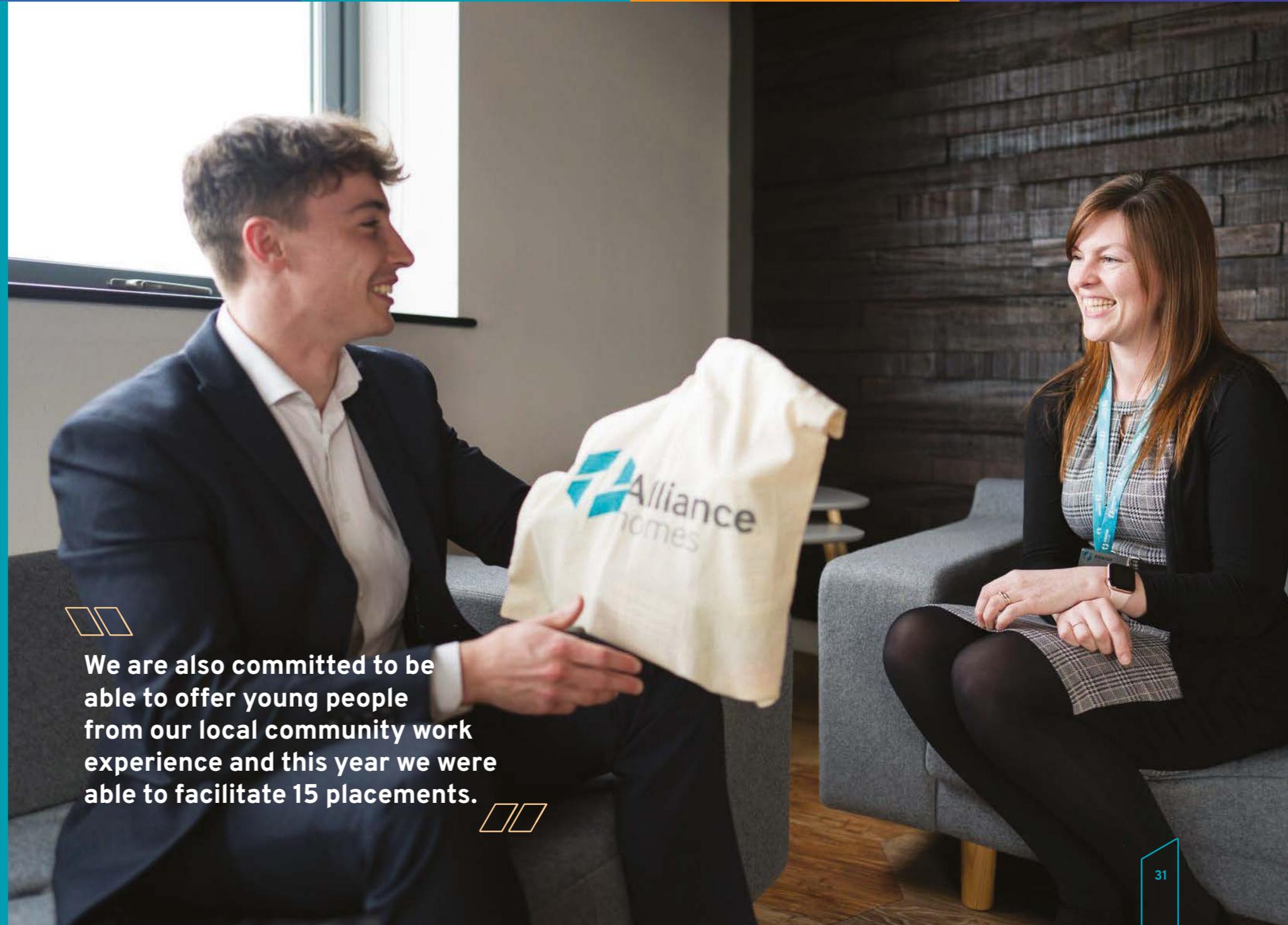


## Regulatory review

In December, we were awarded a G1 (governance), V1 (financial viability) rating from the Regulator of Social Housing. This is the highest regulatory rating a housing association can achieve and follows work to address recommendations from our first In-Depth Assessment (IDA) in 2018.

Following the IDA – which is a new inspection regime for housing associations - we took action to improve our financial stress testing and mitigation planning. We also reviewed our reporting so that we achieved greater clarity on the overhead distribution between the Group and our subsidiaries.

Within their judgment, the Regulator recognised the improved alignment of our business planning and stress testing to our development ambition. It also recognised improvements in the oversight of key risks, wider stress testing and increased understanding of our care business.



**We are also committed to be able to offer young people from our local community work experience and this year we were able to facilitate 15 placements.**





## Team Alliance

In September, we launched our new recruitment onboarding portals for colleagues in both Alliance Homes and Alliance Living Care. This new platform has helped to simplify and streamline the new-starter experience and has helped them to feel more at home from the start.

In addition to improving this part of our recruitment process, we have continued to carry out recruitment within the local community through the attendance at recruitment and careers fairs. We also held a successful open evening at our Portishead office, where attendees could discover the variety of career paths we offer.

We are also committed to be able to offer young people from our local community work experience and this year we were able to facilitate 15 placements.

Having highly engaged colleagues is essential to improving the customer experience and customer satisfaction. In December, we began our three-year journey to become an accredited Great Place to Work organisation with colleagues returning a 64% satisfaction rate. This gives us a strong base to build upon and we have defined various areas for improvement.

In conjunction with this, we've also introduced a continuous feedback and engagement platform for colleagues, the Alliance Hive. As with the customer Hive, it is a way for colleagues to voice their ideas and concerns anonymously through surveys and open forums.

Colleague turnover has decreased from 35.5% (March 2019) to 19.0% (March 2020), which is a significant step towards our target of 15%. During the same period, our colleague retention rate has increased from 76.6% to 87.5%.

Our programme of learning and development continues as we progress our plans for growing leadership capability within the organisation. Using the skills and expertise of leaders within the business, we've developed a series of training to support the development of more colleagues.

We've also been focusing on the launch of an internal customer services academy, which will enhance team members' ability to communicate with our customers. We're confident we'll be able to deliver training remotely in the new financial year in response to Covid-19.

## Measuring success

As part of our business transformation, we have been investing in improving the way we manage our data analytics function and processes. We've made considerable progress over this financial year in improving our performance framework helping to ensure we make data driven business decisions.



**Having highly engaged colleagues is essential to improving the customer experience and customer satisfaction.**





## Regulation and corporate governance

### Risks and uncertainties

The Group is committed to effective risk management. We ensure that we monitor our operating environment so that risks and their drivers are continuously assessed and that we respond accordingly.

We proactively identify and address the key risks that threaten the attainment of our Plan A Objectives. Risks that may prevent us achieving our objectives are considered and reviewed quarterly by the Strategic Leadership Team, the Audit Committee and the Board.

In particular, the Audit Committee plays a key role in Risk Management by monitoring and reviewing the Risk and Control framework, including the assessment and management of the risk system, ensuring there is a rigorous process for the identification and classification of risks. The Committee ensures detailed scrutiny and evaluation of risks on behalf of the Board, assisting the Board in the identification and regular review of the individual and combined material risks faced by the organisation and its plans and strategies to mitigate and manage them effectively.

An annual review of our management of risk is carried out by an Independent Advisor.

All our risks are assessed in terms of their impact and probability, as well as inherent and residual risk. Amendments to risks, including the identification of new risks are proposed as part of decision making, which are then approved by the Board or Audit Committee. In addition, reports presented to our Boards and Committees outline the risks involved in the matter under consideration.

The current top risks to successful achievement of the Group's objectives and their mitigating actions are:

#### Key risk

##### Failure of domiciliary care business (ALC).

#### Key controls

- Board approved business plan
- Monthly management accounts
- Scanning of external environment
- Annual budget process
- Quarterly board reporting
- ALC action plan
- Contract requirement monitoring.

#### Assurance

- Assurance supplied to: SLT and Board
- Annual and quarterly reporting to commissioner.



**The Group is committed to effective risk management.**





**Key risk**

**Failure to mitigate or recover from the impact of Covid-19 resulting in a significant disruption to service delivery and/or financial loss.**

**Key controls**

- Covid-19 working group
- Business Continuity plan
- Insurance in place
- ALC services RAG rated
- Action register
- Sub-group for colleague help and support offering
- Postal redirection
- Key roles identified
- Contingency management reporting line for ALC and Group
- Weekly updates with Board
- Stress testing to take into consideration Covid-19
- External guidance
- Redeployment pool for colleague support throughout the group
- Emergency repairs programme
- Increased cleaning in communal spaces at sheltered schemes
- Office closures and agile working implemented for all colleagues where appropriate
- Regular communications with colleagues and customers
- Monitoring of external environment
- Regular internal & external communications to all stakeholders and customers.

**Assurance**

- Assurance supplied to: SLT and Board.

**Key risk**

**Cost of maintaining LGPS pension becomes unaffordable.**

**Key controls**

- Current assumptions based latest triennial review
- Rates adjusted in line with any actuarial valuation recommendations
- Budget assumptions include pension contributions
- Current assumptions based latest triennial review
- Rates adjusted in line with any actuarial valuation recommendations
- Final salary pension closed, and defined contribution pension introduced
- The Board considers the overall strategy with respect to the LGPS pension from time to time.

**Assurance**

- Actuarial valuation for Statutory accounts (FRS102 basis)
- Triennial review
- Deficits payment made for past service deficit
- Assurance supplied to: Board.





**Key risk**

**Failure of the management team to demonstrate strong and effective leadership and management of the organisation.**

**Key controls**

- Governance framework
- Performance management framework
- Management Development and leadership programmes
- Chief Executive Report to Board.

**Assurance**

- Performance Reports (Quarterly)
- Chief Executive Appraisal (Annually)
- Assurance supplied to: Board.

**Key risk**

**Failure to record and maintain accurate business records.**

**Key control**

- Data cleanse activity to ensure customer contact details up to accurate and up to date
- Quality analysis for data
- Assurance received that Keystone data is robust
- Pennington review provided assurance regarding compliance data.

**Assurance**

- Pennington review
- Data is subject to scrutiny as part of Internal Audits
- Assurance supplied to: SLT and Board.

**Key risk**

**Failure to deliver operational performance data in a timely and robust way to inform improvement of services, accountability to customers or meet any regulatory requirements.**

**Key controls**

- Data is validated at a central source to ensure consistent data analysis
- Data is presented monthly to the SLT
- KPI reporting in place.

**Assurance**

- Monthly financial and operational performance update to SLT
- Quarterly financial and operational performance report to Board.

**Key risk**

**Civica Implementation project is not successfully delivered within agreed timescales and resources.**

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**Key controls**

- Project governance
  - Organisation engagement
  - RAG rating
  - Resource plan
  - Budget plan/management
  - Change Agents group established
  - Change-management plan in place
  - Project re-baselined
  - Board working group
  - Project escalation points
  - Operational readiness with IT imbedded into the project management process.
- 

**Assurance**

Regular reporting to Project Board, SLT, Audit and Risk Committee, and Board.

**Key risk**

**Cyber-crime incident which affects IT systems impacting on service delivery.**

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**Key controls**

- ICT service desk
  - Anti-virus software on all company laptops and servers
  - Web filtering on laptops
  - Email filtering for all inbound emails
  - Firewalls with intrusion prevention capabilities reviewed six-monthly
  - ICT policies in place
  - Password policy in line with industry best practice
  - Vulnerability scanning software to locate unpatched vulnerabilities in the ICT environment
  - Regular patch testing of systems and third-party software
  - Regular training and awareness programme in place.
- 

**Assurance**

- Cyber-security improvement action plan
- Multi-Factor Authentication is deployed to all users to mitigate theft of credential theft
- Review system permissions
- Review data loss prevention rules and additional prevention methods based on outcomes
- Additional monitoring rules to be implemented
- Cyber Security Internal Audit
- Assurance supplied to: SLT and Board.



## Our Board

### Board remuneration

Fees paid to Board members are periodically reviewed against market levels. They were last reviewed in March 2019 and a market median pay level was adopted. The level of remuneration was agreed by the Board, having regard to the size of the Group, complexity, resources, and benchmarking information on Board member pay in comparable organisations. Full year equivalent remuneration levels are therefore set as follows:

Role	Number of Board members paid	Payment
Chair	1	£12,000
Vice Chair	0	£7,175
Committee Chair/ALC Board Chair	5	£6,816
Board Member	4	£4,520
Board Member (CEO)	1	Unpaid for board appointment
<b>Total</b>	<b>11</b>	

The Board sets the pay and benefits of the Chief Executive Officer and determines the terms on which the Chief Executive Officer can agree other colleagues' salaries. The Chief Executive Officer and all members of the Strategic Leadership Team are members of the Association's Defined Contribution pension scheme and participate on the same terms as all other eligible colleagues.



## Internal controls assurance

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, and not absolute, assurance against material misstatements or loss.

The Board retains responsibility for a range of issues covering strategic and operational matters with key elements of the control framework including:

- Adoption of the National Housing Federation Code of Governance 2015, which promotes excellence for Federation members in governing their organisations and remaining accountable, independent and diverse. The Board has conducted a review of its performance against this Code and can demonstrate compliance with this and with the Regulatory Standards issued by the Regulator of Social Housing.
- The Rules of the Association, Standing Orders, financial regulations and policies and procedures which Board members and colleagues follow cover issues such as delegated authority, procurement, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.
- Financial reporting procedures including annual budget setting and reporting on a quarterly basis to the Board. Long term Strategic Financial Plans are created and reviewed and approved by the Board. These are revised during the year if necessary.

- The Risk Management Strategy and annual external validation of this enables the Board to confirm that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place throughout the year under review and is up to date as at the date of the annual report.
- External audit reports, including presentation of management letters.
- Internal audit strategy and programme of independent internal audits in accordance with recognised professional standards.
- Quarterly review by the Board of key performance indicators to assure progress towards the achievement of objectives. Benchmarking of this against national data.
- Quarterly review by the Audit Committee of internal control and risk at each of its meetings during the year, with the risk registers being reviewed by the Boards.
- A Fraud policy and associated register are maintained, and Fraud controls and awareness form a regular part of the internal audit programme. The Fraud Register is made available to the Audit Committee.
- Reports from the Committees and subsidiary companies and their Minutes are made available at Board meetings.
- All Board Members, Co-optees, committee members and colleagues are covered by Directors and Officers Liability insurance through the National Housing Federation to protect them from claims made against them in their capacity as representatives of the organisation.
- The Board has received the Audit Committee's and the Strategic Leadership Team's annual assurance report which includes evidence to support the review of the effectiveness of the systems of internal control. This process involves Directors and Heads of Service reviewing and confirming to the Strategic Leadership Team that throughout the year there were adequate systems of internal control in place. The Strategic Leadership Team provides their assurance to the Audit Committee whose chair provides a report for the Board. This system is supported by evidence to provide the required level of assurance including details of the key policies and internal control systems together with external evidence from internal and external auditors and other key external stakeholders.
- The Board has reviewed the Audit Committee's annual report on the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. Where issues have been identified, action plans are in place and will be enacted.
- The Regulator of Social Housing (RSH) has confirmed a regulatory upgrade in the period stating that we are compliant with the Governance and Viability Standard with a Regulatory Judgement of V1/G1.

The Board cannot delegate responsibility for the system of internal control, but it can, and has, delegated to the Audit Committee responsibility for reviewing the effectiveness of the system of internal control.



## Our governance

The supervision of how an organisation is run and how it manages the risks to its business is generally referred to by the term 'corporate governance'. This includes regulation, corporate structure and the function of the Board.

Alliance is supportive of the White Paper published in May 2020 regarding the standardisation of the Sector's approach to Environmental, Social and Governance (ESG) reporting. We are pleased to advise that we already capture and report on many of the recommended metrics that make up the ten key themes. We will be drawing from the White Paper recommendations to inform our public disclosure over the coming months.

## Company membership

Alliance operates a Company Membership Application Policy. This sets out the criteria by which the Board of the Alliance Homes Group ("Company") considers applications for shareholding membership.

The Alliance Group includes the following:

- NSAH (Alliance Homes) Ltd - our parent company and Social Landlord. It is a Community Benefit Society and owns circa 6,500 properties
- Alliance Living Care Ltd - our domiciliary care company. It is a company limited by shares
- Alliance Homes Partnerships Limited t/a Home Repairs Service - a Cost Share Group providing services for Alliance Homes, United Communities and Bristol Community Land Trust. It is a company limited by shares and commenced trading in April 2018
- Alliance Homes (Ventures) Ltd - a photovoltaic panels business and a company limited by shares
- Alliance Homes Sales Limited and Alliance Homes Design and Build Company Limited are companies that have not yet traded.





## Statement of Board's responsibilities

Our Board Members' obligations and responsibilities are set out in Alliance's Board Member role profile which states that Board Members are collectively responsible for the direction and control of the Alliance Homes Group. Each Member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements and shares the same legal status and responsibility for decisions taken.

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the Association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with:

- the Co-operative and Community Benefit Societies Act 2014
- the Housing and Regeneration Act 2008
- Accounting Direction for Private Registered Providers of Social Housing 2019.

It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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





## Statement of Compliance

### The Board

Alliance is governed by a Board made up of nine non-executive Board Members, a co-optee (planned succession for the Remuneration People and Change Committee Chair) and the Chief Executive Officer. The Board Members who served during the year and up to the date of signing the financial statements are listed on **page 5**.

The Board has established a Competency and Skills Framework that sets out what the Board will require in order to meet the challenges of delivering on our ambitions.

It is not expected that all Board Members will have all the attributes, but in order to achieve a balanced Board containing an appropriate range of skills, experiences and qualities, every effort is made to ensure the Board as a collective achieves an optimum fit.



**...Every effort is made to ensure the Board as a collective achieves an optimum fit.**



#### Competencies

#### Examples

##### Personal qualities

- Commitment to vision and values
- Ability to put Alliance before personal interests
- Integrity
- High ethical standards
- Confidence
- Sense of responsibility.

##### Behavioural competencies

- Leadership
- Interpersonal/team skills
- Sound judgement
- Critical thinking and constructive challenge
- Conflict management
- Strategic thinking and continuous improvement.



## Delegation

The Board of NSAH (Alliance Homes) Limited is responsible for strategy for the Group as well as overseeing its performance. Specific responsibilities have been delegated to committees which have their own approved terms of reference. Day-to-day performance is delegated to the Strategic Leadership Team.

The four committees supporting the Board and governance arrangements during the year were:

**Audit Committee** – responsible for:

Bringing independent scrutiny and challenge to provide the Parent and subsidiary Boards with assurance as it exercises oversight of:

- Financial reporting
- External audit
- Internal audit
- Risk and control framework
- VFM
- Internal control
- Fraud, Bribery, Insurance and Disaster Recovery Business Continuity.

The Committee also acts as a direct access point under the Group's whistleblowing policy.

**Remuneration, People and Change Committee** – responsible for:

Ensuring that appropriate policies and arrangements are in place and keep the effectiveness of those policies and arrangements under review for:

- The remuneration of Board and Committee Members and colleagues
- Significant or material changes to the colleague structure
- Board Member expenses
- The development of leaders
- Organisational change and culture
- Revisions of standing orders
- Appraisal methods
- Pensions.

**Investment Committee** – responsible for:

Ensuring independent scrutiny and oversight of investment decisions across Development and Asset Management and make recommendations that will ensure the balance between building new homes and maintaining existing assets.

**Customer Insight Committee** – responsible for:

Ensuring customer insight is used to review and inform strategies relating to all customers (including Care). To ensure that appropriate policies and arrangements are in place and keep the effectiveness of those policies and arrangements under review for:

- Rents and service charges
- Consumer regulation
- Performance metrics (customer)
- Customer experience and insights.



## Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Board, after reviewing the Group and Association budgets for 2020-21 and the Group's medium-term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). Further information can be found in note 1 to these Financial Statements.

The Board believe the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Annual General Meeting

The Annual General Meeting will be held on 29 September 2020.

## Disclosure of information to auditors

At the date of making this report each of the Group's Directors, as set out on **page 5** confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Group's auditors in connection with preparing their report of which the Group's auditors are unaware
- each Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant information needed by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

## Auditors

A resolution to re-appoint KPMG LLP will be proposed at the forthcoming Annual General Meeting.

### Approval

The report of the Board of Directors was approved by the Board on 25 August and signed on its behalf by:

**Andrew Willis**  
Chair





# Independent Auditor's report

## Independent auditor's report to NSAH (Alliance Homes) Limited

### Opinion

We have audited the financial statements of NSAH (Alliance Homes) Limited ("the Association") for the year ended 31 March 2020 which comprise the Consolidated statement of comprehensive income, the Association statement of comprehensive income, the Statement of financial position, the Statement of changes in reserves, the Consolidated statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the group and the Association as at 31 March 2020 and of the income and expenditure of the group and the Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the Association or to cease their operations, and as they have concluded that the group and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and Association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the Association will continue in operation.



## Other information

The Association's Board is responsible for the other information, which comprises the Strategic Report and the Director's Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

## Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

## Board's responsibilities

As more fully explained in their statement set out on **page 40**, the Association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the Association or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).





## The purpose of our audit work and to whom we owe our responsibilities

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

Victoria Sewell  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE

Date: 10 September 2020







## Consolidated statement of comprehensive income for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
			<b>Restated</b>
<b>Turnover</b>	2	44,364	43,960
Operating expenditure	2	(33,521)	(31,070)
Cost of sales	2	(1,312)	(1,784)
Movement in fair value of investment properties		31	-
Gain on disposal of property, plant and equipment	5	964	294
<b>Operating surplus</b>		<b>10,526</b>	<b>11,400</b>
Interest receivable	6	182	71
Interest payable and financing charges	6	(3,517)	(1,874)
Loan breakage costs	6	-	(6,941)
<b>Surplus before tax</b>		<b>7,191</b>	<b>2,656</b>
Taxation	8	-	-
<b>Surplus for the year after tax</b>		<b>7,191</b>	<b>2,656</b>
Movement in fair value of contract asset		(88)	59
Actuarial gain / (loss) in respect of pension schemes	11	1,184	(1,424)
<b>Total comprehensive income for the year</b>		<b>8,287</b>	<b>1,291</b>

The notes on pages 55 to 97 form part of these financial statements.  
The prior year figures have been restated as set out in note 32.

**The financial statements on pages 49 to 97 were approved by the Board and authorised for issue on 25 August 2020 and signed on its behalf by:**

**Andrew Willis**  
Chair

**Richard Gaunt**  
Board Member

**Philippa Armstrong-Owen**  
Company Secretary



## Association statement of comprehensive income for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
			<b>Restated</b>
<b>Turnover</b>	2	39,539	39,943
Operating expenditure	2	(28,757)	(27,522)
Cost of sales	2	(1,312)	(1,784)
Movement in fair value of investment properties		31	-
Gain on disposal of property, plant and equipment	5	975	294
<b>Operating surplus</b>		10,476	10,931
Interest receivable	6	260	191
Interest payable and financing costs	6	(3,508)	(1,864)
Loan breakage costs	6	-	(6,941)
<b>Surplus for the year</b>		<b>7,228</b>	<b>2,317</b>
Actuarial gain / (loss) in respect of pension schemes	11	1,072	(1,386)
<b>Total comprehensive income for the year</b>		<b>8,300</b>	<b>931</b>

The notes on pages 55 to 97 form part of these financial statements. The prior year figures have been restated as set out in note 32.

The financial statements on pages 49 to 97 were approved by the Board and authorised for issue on 25 August 2020 and signed on its behalf by:

**Andrew Willis**  
Chair

**Richard Gaunt**  
Board Member

**Philippa Armstrong-Owen**  
Company Secretary

## Statement of financial position as at 31 March 2020

	Note	Group		Association	
		2020 £000	2019 £000 Restated	2020 £000	2019 £000 Restated
<b>Fixed assets</b>					
Tangible fixed assets – housing	12	141,933	124,209	141,933	124,209
Tangible fixed assets – other	12	22,857	21,731	14,393	12,625
Investment properties	13	2,690	2,665	2,690	2,665
Investments in subsidiaries	14	-	-	5,070	5,070
		<b>167,480</b>	<b>148,605</b>	<b>164,086</b>	<b>144,569</b>
<b>Current assets</b>					
Stock and work in progress	15	870	935	626	723
Debtors due within one year	16	3,862	3,667	3,842	3,819
Debtors due after more than one year	16	313	2,335	5,000	6,934
Cash and cash equivalents	17	29,798	38,952	24,572	33,780
		<b>34,843</b>	<b>45,889</b>	<b>34,040</b>	<b>45,256</b>
<b>less Creditors: amounts falling due within one year</b>	18	<b>(7,161)</b>	<b>(7,485)</b>	<b>(6,857)</b>	<b>(6,805)</b>
Net current assets		27,682	38,404	27,183	38,451
<b>Total assets less current liabilities</b>		<b>195,162</b>	<b>187,009</b>	<b>191,269</b>	<b>183,020</b>
<b>Creditors: amounts falling due after more than one year</b>	19	<b>(99,552)</b>	<b>(97,411)</b>	<b>(99,618)</b>	<b>(97,482)</b>
<b>Provisions for liabilities:</b>					
Pension provision	11	(12,343)	(12,684)	(12,030)	(12,283)
VAT shelter		-	(1,934)	-	(1,934)
<b>Total net assets</b>		<b>83,267</b>	<b>74,980</b>	<b>79,621</b>	<b>71,321</b>
<b>Reserves</b>					
Income and expenditure reserve		83,267	74,980	79,621	71,321
<b>Total reserves</b>		<b>83,267</b>	<b>74,980</b>	<b>79,621</b>	<b>71,321</b>

The notes on pages 55 to 97 form part of these financial statements. The prior year figures have been restated as set out in note 32.

The financial statements on pages 49 to 97 were approved by the Board and authorised for issue on 25 August 2020 and signed on its behalf by:

  
Andrew Willis  
Chair

  
Richard Gaunt  
Board Member

  
Philippa Armstrong-Owen  
Company Secretary



## Consolidated statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure reserve £'000
At 1 April 2018	70,713
<b>Prior year adjustments (note 32)</b>	
Restatement of opening balances (accruals)	(493)
Restatement of opening balances (sinking fund)	1,372
Recognition of investment properties (market rent properties and commercial properties)	2,097
Pension liability	(342)
Recognition of contract asset	342
At 1 April 2018 as restated	73,689
<b>Total comprehensive income for the year</b>	
Surplus for the year	2,656
Other comprehensive income	(1,365)
<b>Balance as at 31 March 2019</b>	<b>74,980</b>
Surplus for the year	7,191
Other comprehensive income	1,096
<b>Balance as at 31 March 2020</b>	<b>83,267</b>

## Association statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure reserve £'000
At 1 April 2018	67,414
<b>Prior year adjustments (note 32)</b>	
Restatement of opening balances (accruals)	(493)
Restatement of opening balances (sinking fund)	1,372
Recognition of investment properties (market rent properties and commercial properties)	2,097
Balance at 1 April 2018 as restated	70,390
<b>Total comprehensive income for the year</b>	
Surplus for the year before pension movement	2,317
Actuarial loss on pension scheme	(1,386)
<b>Balance as at 31 March 2019</b>	<b>71,321</b>
Surplus for the year before pension movement	7,228
Actuarial gain on pension scheme	1,072
<b>Balance as at 31 March 2020</b>	<b>79,621</b>



## Consolidated statement of cash flows for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
<b>Net cash generated from operating activities</b>	29	16,074	16,622
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(23,877)	(18,959)
Proceeds from the sale of tangible fixed assets		964	634
Grants received		1,464	1,214
Interest received		182	71
		(21,267)	(17,040)
<b>Cash flow from financing activities</b>			
Interest and finance costs paid		(3,190)	(9,290)
Interest element of finance lease rental payments		(10)	-
New secured loans		-	100,000
Repayment of borrowings		-	(62,500)
Capital element of finance lease repayments		(331)	(110)
Loan issue fees		(430)	-
		(3,961)	28,100
<b>Net change in cash and cash equivalents</b>		(9,154)	27,683
Cash and cash equivalents at beginning of year		38,952	11,269
<b>Cash and cash equivalents at end of year</b>	17	<b>29,798</b>	<b>38,952</b>







# Notes to the financial statements for the year ended 31 March 2020

## Legal Status

NSAH (Alliance Homes) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a provider of social housing. The registered office is 40 Martingale Way, Portishead, BS20 7AW. The Association is a public benefit entity whose primary purpose is to provide services for the general public, community or social benefit and where any equity is provided with a view to supporting this objective rather than with a view to providing financial return.

## 1. Principal accounting policies

### Basis of Preparation

These financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.

The prior year comparatives have been restated as set out in note 32.

## Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property, non-basic financial instruments and the pension provision.

## Basis of consolidation

The Association is required to produce group accounts. These financial statements are group statements and have been prepared by consolidating the results of Alliance Homes with its active subsidiaries:

- Alliance Homes (Ventures) Limited
- Alliance Living Care Limited
- Alliance Homes Partnerships Limited

The Group's financial statements have been prepared in compliance with FRS102.

In preparing the separate financial statements of the parent company, advantage has been taken of the exemption available in FRS102 not to prepare a statement of cash flows.

## Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2020 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also prepared a COVID-19 base financial plan and undertaken a stress testing framework against



that base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group has updated the business plan and forecasts including a series of further scenario testing including severe but plausible downsides in the worst-case assessment.

The board, after reviewing the group and Association budgets for 2020-21 and the Group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In order to reach this conclusion, the Board has considered the following factors:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of shared ownership property sales, reductions in sales values and removal of open market sales;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being delayed;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget. Rental income assumptions have been reviewed and reduced;
- Liquidity – current available cash and unutilised loan facilities of £45m which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;

- The group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The board believe the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Critical accounting judgements and key sources of estimation uncertainty

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

#### • Development expenditure

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

#### • Pension provision

The Group participates in a Local Government pension scheme. The financial statements include a liability in respect of a deficit funding arrangement. The latter is based upon calculations made by actuaries using assumptions in respect of mortality rates, discount rates, inflation rates, future salary costs and future pension costs. These assumptions may vary from actual outcomes.

#### • Revaluation of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The group engaged independent valuation specialists to determine the fair value at the reporting date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the commercial investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The discounted cashflow of market rent investment properties is most sensitive to, discount rate, annual inflation rate and long-term rent increases. The key assumptions used to determine the fair value of investment property are further explained in note 13.

#### Impairment

Housing properties are subject to impairment reviews when a trigger has occurred in accordance with the SORP. A review of impairment indicators is undertaken each year covering all fixed assets in line with FRS 102. Where there is evidence of impairment, fixed assets are written down to the recoverable amount, being the higher of the net realisable value or the value of the use to the group. Any such write down is recognised by a charge to the Statement of Comprehensive Income.



### Pension and other post-employment benefits

The Group participates as an admitted body in the Local Government Pension Scheme administered by Avon Pension Fund, a defined benefit final salary scheme. Pension costs are assessed in accordance with the advice of an independent qualified actuary. The operating costs of providing retirement benefits to participating employees are recognised in cost of sales in the accounting periods in which the benefits are earned. The related finance costs and expected return on assets are recognised net in interest payable in the accounting period to which they relate. Any movements in the fair value of the assets and liabilities, are recognised in other comprehensive income in the accounting period in which they arise.

The Avon Pension Fund scheme is closed to new members. The company operates a defined contribution scheme to provide retirement benefits for all employees joining Alliance Living Care. Contributions to the scheme are calculated as a percentage of pensionable salary and are charged to the income and expenditure account in the period to which they relate. Monthly contributions from each member are invested in the scheme in accordance with the wishes of each member.

### Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other income including goods and services supplied in the year and revenue grants receivable in the year.

Rental and service charge income is stated net of losses from voids.

Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become

available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Other income is recognised as and when services are delivered.

A Gift Aid receipt of £748k (2017/18: £420k) was received during the year from Alliance Homes (Ventures) Ltd relating to profits in 2018-19.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

### Support income and costs including Supporting People income and costs

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

### Service charges

Alliance Homes operates both fixed and variable service charges on a property by property basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years. This increases or decreases the charges in the year.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents and when it is required under the terms of the lease. Until these costs are incurred, this liability is held in the Statement of Financial Position within creditors.

### Loan interest costs

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:



- a. Interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b. Interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Interest on any borrowings associated with business improvement initiatives is also capitalised.

Other interest payable is charged to the income and expenditure account in the year.

#### Loan finance issue costs

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the statement of comprehensive income over the life of the loan via the effective interest rate method.

The amortisation rate of the loan facility fee is 4%.

Loan breakage costs of £6.941m were charged in 2018-19. This related to the early repayment of the previous loan with Barclays Bank.

#### Taxation

The Association has charitable status as it is registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act, No: 29804R. Alliance Homes (Ventures) Ltd, Alliance Living Care Ltd and Alliance Homes Partnerships Limited are not charitable.

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for defer]

ed taxation is made under the liability method to the extent it is liable to crystallise within the foreseeable

future. In accordance with FRS 102, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

#### Value Added Tax

The Association charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

The VAT Shelter Sharing Agreement with North Somerset Council which was part of the Development Agreement expired during 2019-20. Prior to this, VAT incurred on the social housing properties stock improvement programme was recoverable. In 2018-19, the balance of the VAT recoverable at the year-end was included as a part of the overall net VAT current liability or current asset in the Statement of Financial Position.

Alliance Homes Partnerships Limited has been approved by HMRC as a Cost Sharing Group. This means that the company is able to charge partners for work carried out without the addition of VAT.

#### Housing properties

Housing properties are principally dwellings available for rent and are stated at cost less depreciation, whether deemed cost or valuation. Cost includes the cost of acquiring land and buildings (including legal fees) and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation

purposes, along with those works which result in an increase in the net rental income stream over the life of the property, thereby enhancing the economic benefits of the assets, are capitalised as improvements. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension to the life of the property. Only the direct overhead costs associated with new developments or improvements are capitalised.

#### Tangible fixed assets and depreciation

##### Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties at the following annual rates:

Structure	1.0%
Roofs	2.0%
Kitchens	5.0%
Bathrooms and external wall insulation	3.3%
Central heating systems	6.7%
Boilers	8.3%
Electrical re-wiring	4.0%
Windows and doors	3.3%

Freehold land is not depreciated.

Properties held on finance leases are depreciated over the life of the lease or their estimated useful economic lives in the business, if shorter.

**Other tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The cost of all such items, exceeding £1,000, is capitalised and the principal annual rates used are:

Freehold land	Nil
Freehold offices	a range of 2% to 4%
Office refurbishment	over a period of 7 years
Furniture, fixtures and fittings	33%
Computers and office equipment	33%
Mobile surgery	20%
Operatives' vans*	33%
Photo-voltaic panels	4%
Photo-voltaic panel convertors	10%

\* In line with the lease term. If the term is extended, depreciation is charged in line with extended term.

Business World On! (Alliance's financial management system) was capitalised on "Go Live" in April 2018 in line with the contract life of five years expiring on September 2022.

**Capitalised Salaries**

Direct salaries will be capitalised over the useful life of the asset. Indirect salaries will not be capitalised unless additional costs are incurred by backfilling roles. The additional costs will be capitalised over the useful life of the asset. All capitalised salaries will be based on an assessment of time spent on the project.

**Intangible assets**

The amortisation of intangible assets is calculated to write-off the costs over the estimated useful economic life of the asset. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.

**Leasing and hire purchase**

Assets held under finance leases are included in the Statement of Financial Position and depreciated over the life of the lease or their estimated useful economic lives in the business, if shorter. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the income and expenditure account as incurred.

**Stock and properties held for sale**

Stock is stated at the lower of cost and net realisable value less estimated cost of sale.

Shared ownership first tranche sales and completed properties for outright sale are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

**Donated land**

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation. Where the land is not related to



a specific development and is donated by a public body an amount equivalent to the increase in value between market value and cost is added to other grants. Where the donation is from a non-public source, the value of the donation is included as income.

### Grants

Other grants are receivable from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

### Social Housing Grant

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

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

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

### Bad debt provision

The bad debt provision is based on principles provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in line with our underlying understanding of these balances. The policy has been in place since transfer. It provides for debt as follows:

	Provision Made
<b>Former rent debt</b>	95%
<b>Current rent debt</b>	
Amounts between	
£100 – £250	10%
£250 – £500	25%
£500 – £750	50%
£750 – £1000	75%
Above £1000	95%

### Categorisation of debt

The Group's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate). The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non basic". On the grounds that the Group believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Group's financial position and that each loan still satisfies the requirements of

paragraphs 11.8 and 11.9 of FRS 102, the Group has retained its "basic" treatment of its debt following the FRC announcement.

### Financial instruments

Financial assets and liabilities are all stated at amortised cost with the exception of the contract asset which is measured at fair value.

### Contract asset

The Group recognises a non-basic financial asset in relation to the contract with North Somerset Council, under which the Group is able to recover pension costs incurred within the Alliance Living Care LGPS Pension Scheme with Avon Pension fund.

The contract entitles the company to receive cash from the North Somerset Council if contributions increase over a set amount (17%-23% cap and collar) or at the expiry of the contract. Management are comfortable that because of the cap and collar arrangement, the value of the contract asset will not be materially different from that of the pension liability.

The contract asset is included in the Statement of Financial Position at fair value. Any movements on the contract asset are recognised in Other Comprehensive Income in the period to which they relate.

### Investments and business combinations

Fixed asset investments reflect the purchase of ordinary share capital in subsidiary undertakings and are recognised at cost. The amount is recognised at cost net of impairments recognised. The balance is reviewed for indicators of impairment annually.



## 2. Particulars of turnover, cost of sales, operating expenditure and operating surplus

### Group – continuing activities

	2020					
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on disposal £'000	Valuation £'000	Operating Surplus £'000
<b>Social Housing Lettings (note 3)</b>	<b>33,164</b>	-	<b>(25,969)</b>	-	-	<b>7,195</b>
	<b>33,164</b>	-	<b>(25,969)</b>	-	-	<b>7,195</b>
<b>Other social housing Activities</b>						
First tranche low-cost home ownership sales	1,755	(1,312)	-	-	-	<b>443</b>
Charges for support services	1,216	-	(1,114)	-	-	<b>102</b>
Gain on valuation	-	-	-	-	31	<b>31</b>
Gain on disposal of property, plant and equipment	-	-	-	964	-	<b>964</b>
	<b>2,971</b>	<b>(1,312)</b>	<b>(1,114)</b>	<b>964</b>	<b>31</b>	<b>1,540</b>
<b>Other</b>						
Development services	-	-	(944)	-	-	<b>(944)</b>
Management services	55	-	(47)	-	-	<b>8</b>
<b>Non-social housing activities</b>						
Commercial lettings	839	-	(307)	-	-	<b>532</b>
Community regeneration	882	-	(450)	-	-	<b>432</b>
Electricity generation	1,737	-	(911)	-	-	<b>826</b>
Domiciliary care provision	2,630	-	(2,648)	-	-	<b>(18)</b>
Home Repairs Service	1,206	-	(1,131)	-	-	<b>75</b>
Gift aid	-	-	-	-	-	-
Other	880	-	-	-	-	<b>880</b>
	<b>44,364</b>	<b>(1,312)</b>	<b>(33,521)</b>	<b>964</b>	<b>31</b>	<b>10,526</b>



## 2. Particulars of turnover, cost of sales, operating expenditure and operating surplus

### Group – continuing activities (continued)

	Restated 2019					
	Turnover	Cost of sales	Operating expenditure	Surplus on disposal	Valuation	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Housing Lettings (note 3)</b>	<b>32,883</b>	-	<b>(24,393)</b>	-	-	<b>8,490</b>
	<b>32,383</b>	-	<b>(24,393)</b>	-	-	<b>8,490</b>
<b>Other social housing Activities</b>						
First tranche low-cost home ownership sales	3,121	(1,784)	-	-	-	<b>1,337</b>
Charges for support services	1,770	-	(1,412)	-	-	<b>358</b>
Gain on valuation	-	-	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	-	294	-	<b>294</b>
	<b>4,891</b>	<b>(1,784)</b>	<b>(1,412)</b>	<b>294</b>	-	<b>1,989</b>
<b>Other</b>						
Development services	-	-	(796)	-	-	<b>(796)</b>
Management services	60	-	(51)	-	-	<b>9</b>
<b>Non-social housing activities</b>						
Commercial lettings	854	-	(376)	-	-	<b>478</b>
Community regeneration	98	-	(424)	-	-	<b>(326)</b>
Electricity generation	1,852	-	(912)	-	-	<b>940</b>
Domiciliary care provision	2,812	-	(2,706)	-	-	<b>106</b>
Home Repairs Service	-	-	-	-	-	-
Gift aid	-	-	-	-	-	-
Other	<b>510</b>	-	-	-	-	<b>510</b>
	<b>43,960</b>	<b>(1,784)</b>	<b>(31,070)</b>	<b>294</b>	-	<b>11,400</b>

\*We hold £12k (2018-19 - £337k) restricted grant awarded by the Big Local Trust for the Worle Big Local Plan. Against this we have expenditure of £176k (2018-19 - £210k) which is included here.



## 2. Particulars of turnover, cost of sales, operating expenditure and operating surplus

### Group – continuing activities (continued)

	2020					
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on disposal £'000	Valuation £'000	Operating Surplus £'000
<b>Social Housing Lettings (note 3)</b>	<b>33,164</b>	-	<b>(25,894)</b>	-	-	<b>7,270</b>
	<b>33,164</b>	-	<b>(25,894)</b>	-	-	<b>7,270</b>
<b>Other social housing Activities</b>						
First tranche low-cost home ownership sales	1,755	(1,312)	-	-	-	<b>443</b>
Charges for support services	1,216	-	(1,114)	-	-	<b>102</b>
Gain on valuation	-	-	-	-	31	<b>31</b>
Gain on disposal of property, plant and equipment	-	-	-	975	-	<b>975</b>
	<b>2,971</b>	<b>(1,312)</b>	<b>(1,114)</b>	<b>975</b>	<b>31</b>	<b>1,551</b>
<b>Other</b>						
Development services	-	-	(944)	-	-	<b>(944)</b>
Management services	55	-	(47)	-	-	<b>8</b>
<b>Non-social housing activities</b>						
Commercial lettings	839	-	(307)	-	-	<b>532</b>
Community regeneration	882	-	(451)	-	-	<b>431</b>
Gift aid	748	-	-	-	-	<b>748</b>
Other	880	-	-	-	-	<b>880</b>
	<b>39,539</b>	<b>(1,312)</b>	<b>(28,757)</b>	<b>975</b>	<b>31</b>	<b>10,476</b>



## 2. Particulars of turnover, cost of sales, operating expenditure and operating surplus Association – continuing activities (continuing)

	Restated 2019					
	Turnover	Cost of sales	Operating expenditure	Surplus on disposal	Valuation	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Housing Lettings (note 3)</b>	<b>32,883</b>	-	<b>(24,326)</b>	-	-	<b>8,557</b>
	<b>32,883</b>	-	<b>(24,326)</b>	-	-	<b>8,557</b>
<b>Other social housing Activities</b>						
First tranche low-cost home ownership sales	3,121	(1,784)	-	-	-	<b>1,337</b>
Charges for support services	1,770	-	(1,412)	-	-	<b>358</b>
Gain on valuation	-	-	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	-	294	-	<b>294</b>
	<b>4,891</b>	<b>(1,784)</b>	<b>(1,412)</b>	<b>294</b>	-	<b>1,989</b>
<b>Other</b>						
Development services	-	-	(796)	-	-	<b>(796)</b>
Management services	60	-	(51)	-	-	<b>9</b>
<b>Non-social housing activities</b>						
Commercial lettings	854	-	(377)	-	-	<b>477</b>
Community regeneration	325	-	(560)	-	-	<b>(235)</b>
Gift aid	420	-	-	-	-	<b>420</b>
Other	<b>510</b>	-	-	-	-	<b>510</b>
	<b>39,943</b>	<b>(1,784)</b>	<b>(27,522)</b>	<b>294</b>	-	<b>10,931</b>

\*We hold £12k (2018-19 - £337k) restricted grant awarded by the Big Local Trust for the Worle Big Local Plan. Against this we have expenditure of £176k (2018-19 - £210k) which is included here.



### 3. Particulars of turnover and operating expenditure from social housing lettings Group

	General housing* £'000	Supported housing £'000	Total 2020 £'000	Total 2019 £'000
				<b>Restated</b>
Rent receivable net of identifiable service charges and net of voids	30,395	483	30,878	30,609
Service charge income	2,085	132	2,217	2,212
Amortised government grants	69	-	69	62
<b>Turnover from social housing lettings</b>	<b>32,549</b>	<b>615</b>	<b>33,164</b>	<b>32,883</b>
<b>Expenditure on social housing lettings</b>				
Management	(7,093)	(238)	(7,331)	(7,909)
Service charge costs	(2,429)	(94)	(2,522)	(1,955)
Routine maintenance	(6,060)	(83)	(6,143)	(5,048)
Planned maintenance	(3,565)	(36)	(3,601)	(3,069)
Major repairs expenditure	(2,456)	(29)	(2,485)	(2,825)
Bad debts	(267)	(3)	(270)	(259)
Depreciation of housing properties	(3,573)	(44)	(3,617)	(3,328)
<b>Total operating expenditure on social housing lettings</b>	<b>(25,443)</b>	<b>(526)</b>	<b>(25,969)</b>	<b>(24,393)</b>
<b>Operating surplus on social housing lettings</b>	<b>7,106</b>	<b>89</b>	<b>7,195</b>	<b>8,490</b>
Voids	<b>(354)</b>	<b>(152)</b>	<b>(506)</b>	<b>(400)</b>

\* Included in General Housing is an immaterial level of income and expenditure attributable to shared ownership properties.



## 4. Accommodation owned, managed and in development

At the end of the year accommodation in management was as follows:

	Group		Association	
	2020 No.	2019 No.	2020 No.	2019 No.
<b>Social housing</b>				
General housing				
- Social rent	5,691	5,689	5,691	5,689
- Affordable rent	562	524	562	524
Supported housing and housing for older people	78	78	78	78
Shared ownership	134	122	134	122
Market rented	3	3	3	3
<b>Total owned</b>	<b>6,468</b>	<b>6,416</b>	<b>6,468</b>	<b>6,416</b>
<b>Accommodation managed for others</b>				
Low cost home ownership	194	194	194	194
<b>Total owned and managed</b>	<b>6,662</b>	<b>6,610</b>	<b>6,662</b>	<b>6,610</b>

The Group also owns 1,686 (2018-19: 1,686) garages and manages 508 (2018-19: 508) right to buy leasehold flats where the freehold is retained.

The Group owns 53 (2018-19: 54) shops, of which 19 (2018-19: 20) are held as Housing properties and 34 (2018-19: 34) are held as Investment Properties.

## 5. Gain on disposal of property, plant and equipment (fixed assets)

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Disposal proceeds (net of sums payable to North Somerset District Council)	1,292	637	1,292	633
Carrying value of fixed assets	(328)	(343)	(317)	(339)
	<b>964</b>	<b>294</b>	<b>975</b>	<b>294</b>



## 6. Net Interest

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Interest receivable and similar income</b>				
Interest receivable	182	71	169	71
Income from other investments	-	-	91	120
	<b>182</b>	<b>71</b>	<b>260</b>	<b>191</b>
		<b>Restated</b>		<b>Restated</b>
<b>Interest payable and financing costs</b>				
Finance leases	10	-	10	-
Loans*	3,368	9,020	3,368	9,010
Interest on defined benefit pension	317	272	308	272
	<b>3,695</b>	<b>9,292</b>	<b>3,686</b>	<b>9,282</b>
<b>On financial liabilities measured at fair value</b>				
Interest capitalised on housing properties under construction	(178)	(477)	(178)	(477)
	<b>3,517</b>	<b>8,815</b>	<b>3,508</b>	<b>8,805</b>

\*The loan interest cost above is inclusive of break costs of £nil (2018-19: £6.941m) incurred on refinancing during the year.

Finance leases are secured on the assets to which they relate.

## 7. Surplus on ordinary activities

The operating surplus is stated after charging:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Auditor's remuneration (excluding VAT)</b>				
Audit of the group financial statements	31	15	31	15
Audit of subsidiaries	23	4	-	-
<b>Operating lease rentals</b>				
Land and buildings	8	8	8	8
Depreciation of other fixed assets	2,023	1,671	1,390	3,330
Depreciation of housing properties	3,616	2,928	3,616	1,080
Amortisation of loan issue costs	84	4	-	-



## 8. Tax on surplus on ordinary activities

As a charity the Association is exempt from UK Corporation tax under s505ICTA 1988.

### Group

#### Factors affecting the tax charge for the period

The charge for the year can be reconciled to the Statement of Comprehensive Income as follows:

	2020 £'000	2019 £'000
Surplus on ordinary activities – continuing operations	7,191	2,656
Tax on surplus at UK standard tax rate of 19% (2017/18: 19%)	1,366	505
<b>Effect of:</b>		
Surplus of charitable entity not subject to corporation tax	(1,226)	(437)
Gift aid payment to parent	(185)	(142)
Movement in unrecognised deferred tax	45	74
Adjustment in respect of prior period	-	-
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>





## 9. Key management personnel remuneration

Key Management Personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Alliance Homes Group Key Management Personnel consist of the Board and the Executive Team.

The aggregate emoluments paid to the executive officers, including the Chief Executive, during the year were £639k (2018-19 £791k). The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £142k (2018-19 £158k). The aggregate amount of compensation paid to executive officers or former executive officers during the year was £21k (2018-19 £88k).

The aggregate emoluments paid to Board members were £64k (2018-19: £42k). Expenses paid during the year to Board and Committee members amounted to £5k (2018-19: £6k).

The total payments made to Board members were as follows:

		2020	2019
		£	£
Chair (appointed September 2019)	Andrew Willis	8,142	-
Chair (resigned September 2019)	S Sweetingburgh	5,923	10,217
Vice Chair (resigned September 2018)	J Bird	-	2,584
Audit Chair	R Gaunt	6,105	1,447
Audit Chair (resigned September 2019)	A Martyn-Johns	3,451	5,100
Remuneration - Chair	J Field	6,816	5,100
Alliance Living Care - Chair	C. Feehily	6,850	5,100
Board Member	C. Haines	-	1,733
Board Member	M. McIsaac-Dunne	5,870	3,300
Board Member	D. Poole	1,898	3,300
Board Member	A. Lane	5,718	1,447
Board Member	S. frost	5,950	1,447
Board Member	H. James	2,483	-
Co-optee	I. Watkins	4,556	1,531
		<b>63,862</b>	<b>42,306</b>

The executive officers including the Chief Executive Officer participate in the defined contribution pension scheme at the same contribution levels as all eligible staff. They do not participate in the Avon Pension Scheme. The employer's pension contribution paid on behalf of the Chief Executive amounted to £12k (2018-19: £6k).

The number of full-time equivalent colleagues whose remuneration payable fell within the following bands were:

	2020	2019
£60,001 - £70,000	-	-
£70,001 - £80,000	-	2
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	-	1
£120,001 - £130,000	2	1
£130,001 - £140,000	-	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-



## 10. Employee information

	Group		Association	
	2020 No.	2019 No.	2020 No.	2019 No.
<b>Average monthly number of employees (full time equivalents based on 37 hours a week):</b>				
Administration	76	62	76	45
Development	9	8	9	8
Housing, support and care	296	257	148	151
Maintenance operatives	79	71	79	71
	<b>460</b>	<b>398</b>	<b>312</b>	<b>275</b>

	Group		Association	
	2020 £'000	2019 £'000 Restated	2020 £'000	2019 £'000 Restated
<b>Employee costs:</b>				
Wages and salaries	12,034	11,409	9,844	9,147
Social security costs	1,118	1,107	990	970
Other pension costs	1,644	1,181	1,561	1,110
	<b>14,796</b>	<b>13,697</b>	<b>12,395</b>	<b>11,227</b>

The Association's employees are members of the Avon Pension Scheme (a defined benefit scheme) or the Scottish Life Pension Fund (a defined contribution scheme). The employees of other Group members are members of the Avon Pension Scheme or NEST (a defined contribution scheme). Further information on the Avon Pension Scheme is below.



## 11. Pension obligations

The group operates has two admitted bodies in the Avon Pension Scheme ("the scheme") is a multi-employer scheme which is administered by the Avon Pension Fund under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2019.

### NSAH (Alliance Homes) Limited

Total contributions to the scheme by the Association for the year ended 31 March 2020 were £591k (2018-19 £791k) of which Employers Contributions totalled £478k (2018-19: £618k) at a contribution rate of 20.3% (2018-19: 19.0%) of pensionable salaries. This increases to 20.0% in 2020-21.

Estimated employer's contributions to the scheme during the accounting period commencing on 1 April 2020 are £656k including £122k deficit recovery.

### Alliance Living Care

Total contributions to the scheme by the Company for the year ended 31 March 2020 were £23k (2018-19 £21k) of which Employers Contributions totalled £18k (2018-19: £17k).

### Principal actuarial assumptions

The major assumptions used by the actuary in assessing scheme liabilities on an FRS102 basis were:

	NSAH (Alliance Homes)		Alliance Living Care	
	2020 % per annum	2019 % per annum	2020 % per annum	Restated 2019 % per annum
Rate of increase in salaries	3.6	3.7	3.6	3.7
Rate of increase in pensions in payment	2.2	2.3	2.2	2.3
Discount rate	2.4	2.5	2.4	2.4
Inflation assumption - CPI	2.1	2.2	2.1	2.2



## 11. Pension obligations (continued)

### Post retirement mortality assumptions:

#### NSAH (Alliance Homes)

	2020	2019
Non-retired members (retiring in the future in normal health)	94% S2PA CMI_2015 (1.75%) (males)	94% S2PA CMI_2015 (1.75%) (males)
	81% S2PA CMI_2015 (1.5%) (females)	81% S2PA CMI_2015 (1.5%) (females)
Current members (retired in normal health)	93% S2PA CMI_2015 (1.75%) (males)	93% S2PA CMI_2015 (1.75%) (males)
	85% S2PA CMI_2015 (1.5%) (females)	85% S2PA CMI_2015 (1.5%) (females)

### Life expectancy:

	2020	2019
Of a male (female) future pensioner aged 65 in 20 years' time	24.7 (27.3)	26.2 (28.8)
Of a male (female) current pensioner aged 65	23.2 (25.3)	23.6 (26.1)
Commutation of pension for lump sum at retirement:	50% take maximum cash, 50% take 3/80ths cash	

### Alliance Living Care

	2020	2019
Non-retired members (retiring in the future in normal health)	94% S2PA CMI_2015 (1.75%) (males)	94% S2PA CMI_2015 (1.75%) (males)
	81% S2PA CMI_2015 (1.5%) (females)	81% S2PA CMI_2015 (1.5%) (females)
Current members (retired in normal health)	93% S2PA CMI_2015 (1.75%) (males)	93% S2PA CMI_2015 (1.75%) (males)
	85% S2PA CMI_2015 (1.5%) (females)	85% S2PA CMI_2015 (1.5%) (females)

### Life expectancy:

	2020	2019
Of a male (female) future pensioner aged 65 in 20 years' time	24.7 (27.3)	26.3 (29.0)
Of a male (female) current pensioner aged 65	23.2 (25.3)	23.7 (26.2)
Commutation of pension for lump sum at retirement:	50% take maximum cash, 50% take 3/80ths cash	



## 11. Pension obligations (continued)

	Group		Association	
	2020 £'000	2019 £'000 Restated	2020 £'000	2019 £'000
<b>Analysis of the amount charged to operating costs in the Statement of Comprehensive Income</b>				
Current Service Costs	606	685	577	657
Past service costs	375	-	371	-
Effect of curtailments or settlements	31	169	31	169
<b>Total Operating Charge</b>	<b>1,012</b>	<b>854</b>	<b>979</b>	<b>826</b>
<b>Analysis of pension finance income / (costs)</b>				
Expected return on pension scheme assets	684	691	664	671
Interest on pension liabilities	(1,001)	(973)	(972)	(943)
<b>Interest payable and financing charge</b>	<b>(317)</b>	<b>(282)</b>	<b>(308)</b>	<b>(272)</b>
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>				
Actuarial (losses) / gains on pension scheme assets	(2,848)	930	(2,511)	900
Actuarial gains / (losses) on scheme liabilities	4,032	(2,354)	3,583	(2,286)
<b>Actuarial gain / (loss) recognised</b>	<b>1,184</b>	<b>(1,424)</b>	<b>1,072</b>	<b>(1,386)</b>



## 11. Pension obligations (continued)

	Group		Association	
	31 Mar 20 £000	31 Mar 19 £000	31 Mar 20 £000	31 Mar 19 £000
	Fair value	Fair value Restated	Fair value	Fair value
<b>Fair value of assets</b>				
Equities	10,965	11,053	10,746	10,718
Government bonds	1,411	3,310	1,383	3,210
Other bonds	2,294	3,201	2,248	3,104
Property	2,496	2,654	2,446	2,573
Cash/liquidity	554	465	543	451
Other	7,486	6,676	7,337	6,473
	<b>25,206</b>	<b>27,359</b>	<b>24,703</b>	<b>26,529</b>
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
		Restated		
<b>Changes in present value of defined benefit obligations</b>				
Opening defined benefit obligation	(40,043)	(36,253)	(38,812)	(35,124)
Service cost	(606)	(685)	(577)	(657)
Interest cost	(1,001)	(973)	(972)	(943)
Member contributions	(118)	(177)	(113)	(173)
Past service gain	(375)	-	(371)	-
Remeasurements	4,032	(2,354)	3,583	(2,286)
Benefits paid/transfers paid	593	568	560	540
Curtailments	(31)	(169)	(31)	(169)
<b>Closing defined benefit obligation</b>	<b>(37,549)</b>	<b>(40,043)</b>	<b>(36,733)</b>	<b>(38,812)</b>



## 11. Pension obligations (continued)

	Group		Association	
	2020 £'000	2019 £'000 Restated	2020 £'000	2019 £'000
<b>Change in plan assets</b>				
Opening fair value of plan assets	27,359	25,504	26,529	24,717
Interest on plan assets	684	691	664	671
Remeasurements (assets)	(2,848)	930	(2,511)	900
Administration expenses	(10)	(10)	(10)	(10)
Employer contributions	496	635	478	618
Member contributions	118	177	113	173
Benefits / transfers paid	(593)	(568)	(560)	(540)
<b>Closing fair value of plan assets</b>	<b>25,206</b>	<b>27,539</b>	<b>24,703</b>	<b>26,529</b>

	NSAH (Alliance Homes)		Alliance Living Care	
	2020	2019	2020	2019 Restated
<b>Major categories of plan assets as a percentage of total plan assets</b>				
Equities	43%	40%	44%	40%
Bonds	6%	12%	6%	12%
Other bonds	9%	12%	9%	12%
Property	10%	10%	10%	10%
Cash / Liquidity	2%	2%	2%	2%
Other	30%	24%	30%	24%



## 11. Pension obligations (continued)

	Group		Association	
	2020 £'000	2019 £'000 Restated	2020 £'000	2019 £'000
<b>Actual return on plan assets</b>				
Actual (loss) / return on plan assets	(1,739)	1,621	(1,687)	1,571
<b>Actual (loss) / return on plan assets</b>	<b>(1,739)</b>	<b>1,621</b>	<b>(1,687)</b>	<b>1,571</b>

### Amounts for the current and previous three periods are as follows:

	2020 £'000	2019 £'000 Restated	2018 £'000 Restated	2017 £'000 Restated
<b>Group</b>				
Present value of defined benefit obligation	(37,549)	(40,043)	(36,253)	(36,482)
Fair value of scheme assets	25,206	27,359	25,504	24,837
<b>Deficit on scheme</b>	<b>(12,343)</b>	<b>(12,684)</b>	<b>(10,749)</b>	<b>(11,645)</b>
<b>Alliance Homes</b>				
Present value of defined benefit obligation	(36,733)	(38,812)	(35,124)	(35,337)
Fair value of scheme assets	24,703	26,529	24,717	24,057
<b>Deficit on scheme</b>	<b>(12,030)</b>	<b>(12,283)</b>	<b>(10,407)</b>	<b>(11,280)</b>

## 12. Tangible fixed assets – housing properties

	Social housing properties held for letting £'000	Shared ownership properties held for letting £'000	Housing properties under construction £'000	Total £'000
<b>Group and Association</b>				
<b>Cost</b>				
At 1 April 2019 - restated	135,331	6,802	4,811	146,944
Additions to properties	-	-	18,919	18,919
Works to existing properties	3,948	-	-	3,948
Transfers	13,874	3,078	(16,952)	-
Transfer to assets held for sale	-	(1,216)	-	(1,216)
Disposals	(485)	(87)	-	(572)
<b>At 31 March 2020</b>	<b>152,668</b>	<b>8,577</b>	<b>6,778</b>	<b>168,023</b>
<b>Depreciation</b>				
At 1 April 2019	(21,782)	(953)	-	(22,735)
Charge for the year	(3,562)	(54)	-	(3,616)
Transfer to investment properties	6	-	-	6
Disposals	255	-	-	255
<b>At 31 March 2020</b>	<b>(25,083)</b>	<b>(1,007)</b>	<b>-</b>	<b>(26,090)</b>
<b>Net book value as at 31 March 2020</b>	<b>127,585</b>	<b>7,570</b>	<b>6,778</b>	<b>141,933</b>
At 31 March 2019	113,549	5,849	4,811	124,209

Included within housing properties is £174k (2018-19: £174k) for a community hall.

Additions to housing properties during the year include capitalised interest of £178k (2018-19: £477k).

### Housing properties comprise:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Housing property net book value in respect of freeholds	141,374	123,639	141,374	123,639
Housing property net book value in respect of long leaseholds	559	570	559	570
	<b>141,933</b>	<b>124,209</b>	<b>141,933</b>	<b>124,209</b>

### Expenditure on works to existing properties:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Improvement works capitalised	-	925	-	925
Components capitalised	3,948	3,438	3,948	3,438
Amounts charged to income and expenditure	2,485	2,825	2,485	2,825
	<b>6,433</b>	<b>7,188</b>	<b>6,433</b>	<b>7,188</b>



## 12. Tangible fixed assets – other

	Freehold offices £'000	Office and other equipment £'000	Motor vehicles £'000	IT £'000	Photovoltaic panels £'000	Total £'000
<b>Group</b>						
<b>Cost</b>						
At 1 April 2019	13,267	139	376	5,706	12,993	32,481
Additions	69	126	2,203	762	-	3,160
Disposals	-	-	-	(71)	-	(71)
<b>At 31 March 2020</b>	<b>13,336</b>	<b>265</b>	<b>2,579</b>	<b>6,397</b>	<b>12,993</b>	<b>35,570</b>
<b>Depreciation and Impairment</b>						
At 1 April 2019	(2,658)	(138)	(327)	(3,718)	(3,909)	(10,750)
Charge for the year	(435)	(16)	(321)	(631)	(620)	(2,023)
Released on disposal	-	-	-	60	-	60
<b>At 31 March 2020</b>	<b>(3,093)</b>	<b>(154)</b>	<b>(648)</b>	<b>(4,289)</b>	<b>(4,529)</b>	<b>(12,713)</b>
<b>Net book value at 31 March 2020</b>	<b>10,243</b>	<b>111</b>	<b>1,931</b>	<b>2,108</b>	<b>8,464</b>	<b>22,857</b>
At 31 March 2019	10,609	1	49	1,988	9,084	21,731

The net book value of assets held under finance leases amounted to £1,930k (2018-19 - £49k).



## 12. Tangible fixed assets – other

	Freehold offices £'000	Office and other equipment £'000	Motor vehicles £'000	IT £'000	Total £'000
<b>Association</b>					
<b>Cost</b>					
At 1 April 2019	13,267	139	376	5,637	19,419
Additions	69	126	2,203	762	3,160
<b>At 31 March 2020</b>	<b>13,336</b>	<b>265</b>	<b>2,579</b>	<b>6,399</b>	<b>22,579</b>
<b>Depreciation</b>					
At 1 April 2019	(2,659)	(138)	(329)	(3,668)	(6,794)
Charged in year	(435)	(16)	(321)	(620)	(1,392)
<b>At 31 March 2020</b>	<b>(3,094)</b>	<b>(154)</b>	<b>(650)</b>	<b>(4,288)</b>	<b>(8,186)</b>
<b>Net book value 31 March 2020</b>	<b>10,242</b>	<b>111</b>	<b>1,929</b>	<b>2,111</b>	<b>14,393</b>
At 31 March 2019	10,608	1	47	1,969	12,625

The net book value of assets held under finance leases amounted to £1,930k (2018-19 – £49k).



### 13. Investment properties

	Group	
	2020 £'000	2019 £'000 Restated
At 1 April 2018	2,665	2,665
At 1 April 2019	2,665	2,665
Gain / (loss) from investment value	31	-
Transfer in from housing properties (note 12)	(6)	-
At 31 March	2,690	2,665

Investment properties (commercial and market rent) were valued at 31 March 2020 by professional qualified external valuers. These valuations were undertaken by Jones Langs LaSalle and were carried out in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

### 14. Fixed asset investments

#### Group companies

The Group comprises the following entities, all registered in England.

Name	Incorporation and ownership	Regulated/ non-regulated	Nature of business
NSAH (Alliance Homes) Limited (AHL)	Company 100%	Regulated by the Regulator of Social Housing	Registered provider
Alliance Living Care Ltd (ALC)	Company 100%	Regulated by Care Quality Commission	Domiciliary care
Alliance Homes (Ventures) Ltd (AHV)	Company 100%	Non-regulated	Electricity generation
Alliance Homes Partnerships Limited (AHP)	Company 98%	Non-regulated	Repairs and maintenance
Alliance Homes Design & Build Company Limited (AHD&B)	Company 100%	Non-regulated	Design and build
Alliance Homes Sales Limited (AHS)	Company 100%	Non-regulated	Non-regulated property sales



## 14. Fixed asset investments (continued)

	AHL £'000	ALC £'000	AHV £'000	AHP £'000	AHD&B £'000	AHS £'000
<b>Cost</b>						
At start of year	-	70	5,000	-	-	-
Additions	-	-	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>70</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Share of retained profits</b>						
As at start of year	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>						
At 31 March 2020	-	70	5,000	-	-	-
At 31 March 2019	-	70	5,000	-	-	-

At 31 March 2020 the Group has the following interests in joint ventures and associates:

	2020 £'000	2019 £'000
Share of current assets	-	-
Share of liabilities - due within one year	-	15
Share of liabilities - due after more than one year	-	-
	<b>-</b>	<b>15</b>

## 15. Stocks and work in progress

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Properties held for sale	626	723	626	723
Work in progress	17	17	-	-
Materials stock	227	195	-	-
	<b>870</b>	<b>935</b>	<b>626</b>	<b>723</b>



## 16. Trade and other debtors

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Due within one year</b>				
Rent and service charges receivable	2,270	2,389	2,198	2,319
Less: Provision for bad and doubtful debts	(1,173)	(1,585)	(1,146)	(1,558)
	1,097	804	1,052	761
Amount due from North Somerset District Council	113	318	-	167
Amount due from subsidiary undertakings	-	-	1,301	1,525
Other debtors	646	745	410	455
Prepayments and accrued income	2,006	1,800	1,079	911
	<b>3,862</b>	<b>3,667</b>	<b>3,842</b>	<b>3,819</b>
<b>Due after more than one year</b>				
Alliance Homes (Ventures) Ltd	-	-	5,000	5,000
Contract Asset	313	401	-	-
VAT Shelter Agreement	-	1,934	-	1,934
	<b>313</b>	<b>2,335</b>	<b>5,000</b>	<b>6,934</b>
<b>Total debtors</b>	<b>4,175</b>	<b>6,002</b>	<b>8,842</b>	<b>10,753</b>

## 17. Cash and cash equivalents

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Money market investments	1,869	7,346	1,869	7,346
Cash at bank and in hand	27,929	31,606	22,703	26,434
	<b>29,798</b>	<b>38,952</b>	<b>24,572</b>	<b>33,780</b>



## 18. Creditors: amounts falling due within one year

	Group		Association	
	2020 £'000	Restated 2019 £'000	2020 £'000	Restated 2019 £'000
Trade creditors	1,140	1,009	1,103	880
Rent and service charges paid in advance	595	697	595	697
Other taxation and social security	38	353	-	298
Amounts owed to North Somerset District Council	1,626	1,551	1,626	1,551
Accruals and deferred income	3,090	3,727	2,861	3,231
Other creditors	11	27	11	27
Government grants (note 21)	70	72	70	72
Obligations under finance leases (note 24)	591	49	591	49
	<b>7,161</b>	<b>7,485</b>	<b>6,857</b>	<b>6,805</b>

## 19. Creditors: amounts falling due after more than one year

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank and other loans (note 28)	90,000	90,000	90,000	90,000
Less: issue costs	(937)	(590)	(871)	(519)
Government Grants (note 20)	9,202	7,832	9,202	7,832
Recycled Capital Grant Fund (note 21)	-	16	-	16
Disposals Proceeds Fund (note 22)	1	153	1	153
Obligations under finance leases (note 23)	1,286	-	1,286	-
	<b>99,552</b>	<b>97,411</b>	<b>99,618</b>	<b>97,482</b>



## 20. Deferred capital grants

	2020 £'000	2019 £'000
<b>At 1 April 2019</b>	7,904	6,752
Grants received during the year	1,464	1,214
Grants repaid during the year	(27)	-
Released to income in the year	(69)	(62)
<b>At 31 March 2020</b>	<b>9,272</b>	<b>7,904</b>
	<b>70</b>	<b>72</b>
Due within one year	<b>9,202</b>	<b>7,832</b>
Due in more than one year	<b>9,272</b>	<b>7,904</b>
	10,075	8,611
Total grants received	(323)	(296)
Total grants repaid	(16)	(16)
Total grants transferred to Recycled Capital Grant Fund	(464)	(395)
Total grants amortised	<b>9,272</b>	<b>7,904</b>

## 21. Recycled capital grant fund

	2020 £'000	2019 £'000
At 1 April	16	16
Allocation of funds	(16)	-
<b>At 31 March</b>	<b>-</b>	<b>16</b>

## 22. Disposal proceeds fund

	2020 £'000	2019 £'000
At 1 April	153	153
Allocation of funds	(152)	-
<b>At 31 March</b>	<b>1</b>	<b>153</b>



## 23. Obligations under finance leases

	2020 £'000	2019 £'000
<b>Association and Group minimum finance lease payments</b>		
Within one year	591	49
Between one and five years	<b>1,286</b>	-

## 24. Non-equity share capital

	2020 No	2019 No
<b>Group and Association</b>		
<b>Number of members</b>		
At 1 April 2018	32	29
Joining during the year	-	4
Leaving during the year	(1)	(1)
<b>At 31 March 2019</b>	<b>31</b>	<b>32</b>

The shares provide members with the right to vote at general meetings of the Association, but do not provide any rights to dividends or distributions on a winding up.

## 25. Capital commitments

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Capital expenditure commitments were as follows:</b>				
Capital expenditure contracted for but not provided in the financial statements	15,541	9,508	15,541	9,508
Capital expenditure authorised by the Board but not contracted	13,421	94,745	13,421	94,745

The above commitments will be financed primarily through borrowings which are available for draw-down under existing loan arrangements.



## 26. Obligations under operating leases

	2020 £'000	2019 £'000
<b>Association and Group minimum operating lease payments</b>		
Within one year	8	8
Between one and five years	32	32
After more than 5 years	56	56

## 27. Related parties

As required by statute, the financial statements consolidate the results of Alliance Homes (Ventures) Ltd, Alliance Living Care Ltd and Alliance Homes Partnerships Limited which were subsidiaries at the end of the year. The Association has the right to appoint members to the boards of the three subsidiaries and thereby exercises control over them. Alliance Living Care Ltd is registered by the Care Quality Commission and Alliance Homes (Ventures) Ltd and Alliance Homes Partnerships Limited are non-regulated companies.

NSAH (Alliance Homes) Limited is the ultimate parent company.

During the year the Association had the following intra-group transactions:

		2020 £'000	2019 £'000
<b>Alliance Homes (Ventures) Ltd</b>	<b>Allocation Basis</b>		
Management services	Time spent	12	12
Payment for electricity generated by Alliance Homes (Ventures) Ltd for NSAH (Alliance Homes) Limited's tenants	Export tariff received	-	136
Gift Aid		748	420
Roof lease payments	Legal agreement	226	226
Loan interest	Legal agreement	91	91
		<b>1,077</b>	<b>885</b>
<b>Alliance Living Care Limited</b>			
Overhead recharge	Agreed management fee	<b>250</b>	<b>55</b>

The net assets of Alliance Living Care Ltd at 31 March 2019 were £129k.

Avon Pension Fund is considered a related party as a provider of defined benefit pensions. For details of the transactions, please see pensions note 12.



## 28. Financial instruments and risk management

	2020 £'000	2019 £'000
<b>Financial assets</b>		
Financial assets measured at historical cost		
Trade receivables	2,270	2,389
NSC receivables	113	2,252
Other receivables	646	745
Cash and cash equivalents	29,798	38,952
	<b>32,827</b>	<b>44,338</b>
	2020 £'000	2019 £'000
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost		
Loans payable	90,000	90,000
Financial liabilities measured at historical cost		
Trade creditors	1,140	1,009
NSC creditors	1,626	1,551
Other creditors	1,305	1,126
	<b>94,071</b>	<b>93,686</b>

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Debt analysis</b>				
<b>Due after more than one year</b>				
Bank loans	90,000	90,000	90,000	90,000
Less issue costs	(937)	(590)	(871)	(519)
Total loans	<b>89,063</b>	<b>89,410</b>	<b>89,129</b>	<b>89,481</b>
<b>Based on lenders earliest repayment date, borrowings are repayable as follows:</b>				
Five years or more	<b>89,063</b>	<b>89,410</b>	<b>89,129</b>	<b>89,481</b>
<b>Undrawn facilities</b>	<b>45,000</b>	-	<b>45,000</b>	-

£70m of the loan outstanding is at a fixed rate of 3.745% for the full duration of the loan term. £20m of the loan outstanding is at variable rate interest.

£45m of undrawn debt that competed on 5th July 2019, is a Revolving Credit Facility at variable rate interest. There is a final repayment date of 5 July 2024.

Loans are secured on the assets of the Association.



## 29. Cash flow from operating activities

	2020 £'000	Restated 2019 £'000
<b>Net surplus</b>	7,191	1,270
<b>Adjustment for non-cash items</b>		
Depreciation of tangible fixed assets	5,639	5,047
Amortisation of grants and fees	(69)	(58)
Decrease / (increase) in stock	65	(535)
Decrease in trade and other debtors	1,743	2,454
(Decrease) / increase in trade and other creditors	(935)	1,273
Decrease in provisions	(1,934)	(1,507)
Pension costs less contributions payable	526	228
Carrying amount of tangible fixed asset disposals	328	340
<b>Adjustments for investing or financing activities:</b>		
Increase in fair value of investment properties	(25)	-
Proceeds from the sale of tangible fixed assets	(964)	(634)
Grants repaid	(27)	-
Transfers to / (from) housing properties	1,118	-
Interest and financing costs	3,517	8,815
Interest received	(182)	(71)
Amortisation of loan arrangement fees	83	-
<b>Net cash generated from operating activities</b>	<b>16,074</b>	<b>16,622</b>

The prior year has been restated as set out in Note 32.



### 30. Analysis of changes in net debt

	At 1 April 2019 £'000	Cash flows £'000	Movement in creditors due within one year £'000	New finance leases £'000	Amortisation of loan fees £'000	At March 2020 £'000
Cash at bank and equivalents	38,952	(9,154)	-	-	-	29,798
	<b>38,952</b>	<b>(9,154)</b>	-	-	-	<b>29,798</b>
<b>Borrowings</b>						
Loans	(89,410)	430	-	-	(83)	(89,063)
	<b>(89,410)</b>	<b>430</b>	-	-	<b>(83)</b>	<b>(89,063)</b>
<b>Finance leases</b>						
Due in less than one year	(49)	-	(542)	-	-	(591)
Due in more than one year	-	341	542	(2,169)	-	(1,286)
	<b>(49)</b>	<b>341</b>	-	<b>(2,169)</b>	-	<b>(1,877)</b>
<b>Changes in net debt</b>	<b>(50,507)</b>	<b>(8,383)</b>	-	<b>(2,169)</b>	<b>(83)</b>	<b>(61,142)</b>



## 31. Post balance sheet events

On 11 March 2020, the World Health Organisation declared Coronavirus COVID-19 a pandemic due to its rapid spread throughout the world. Most governments are taking restrictive measures to contain the spread and the situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease in long-term interest rates.

As the implications of COVID-19 are indicative of conditions that arose after the end of the reporting period end, it is a subsequent event that does not require any adjustments to the annual accounts for the financial year 2019-20. Whilst it is not possible, at this stage, to accurately estimate the financial impact of this crisis, the Directors note, as at the date of approval of these financial statements, states that there have been operational disruptions to the business. As at the date of approval of these financial statements, it is not currently considered that there are any significant doubts over the Group and Association's ability to continue as a going concern for at least a year from the date of approval of these financial statements. We continue to monitor our business for potential impacts and to manage the associated risks.

## 32. Restatement of the prior year

The comparative information contained in these financial statements differs to that presented in the prior year in respect of the following items. The impact on the Group and Association Statements of Comprehensive Income and the Group and Association Statements of Financial Position is provided in the tables below.

### Investment Properties – Commercial premises

Alliance Homes owns 34 shop premises which are let at market rates. These have been reclassified as investment properties and the fair value recorded in the financial statements. These had previously been recorded at nil cost where they should have been recognised at fair value as set out in section 8.2 of the SORP for Social Housing Providers 2014 and section 8.7 of the SORP for Registered Social Housing Providers 2018 which require treatment in line with Section 16 of FRS102. This requires investment properties to be revalued to fair value at each reporting date.

This has no tax impact as movement in the fair value of investment properties are not subject to tax.

### Investment Properties – market rented properties

Alliance Homes owns 3 market rent housing properties. These have been reclassified as investment properties and the fair value recorded in the financial statements. These had previously been recorded at depreciated cost where they should have been recognised at fair value as set out in section 8.2 of the SORP for Social Housing Providers 2014 and section 8.7 of the SORP for Registered Social Housing Providers 2018 which require treatment in line with Section 16 of FRS102. This requires investment properties to be revalued to fair value at each reporting date.

This has no tax impact as movement in the fair value of investment properties are not subject to tax.

### Avon Pension Fund

Alliance Living Care is an employer under the Avon Pension scheme a Local Government Pension Scheme ('LGPS') defined benefit scheme. The company had not previously recognised this liability. The prior year is restated to reflect defined benefit plan accounting for this company. This includes additional amounts in operating expenditure to reflect the current service cost in excess of the contributions paid, additional amounts in interest payable and the movement in fair value of plan assets and actuarial movements in the pension liability in other comprehensive income.

This has no tax impact as the movement in liability is offset by the movement in asset below, neither of which are subject to tax.

### NSC Contract Asset

The prior year is restated to recognise a non-basic financial asset in relation to the contract Alliance Living Care has in place with North Somerset Council. This is an agreement with the council to indemnify against an increase in contribution and to transfer the deficit back at the end of the contract and it is a separate reimbursement right. The movements in this contract asset have been recognised in other comprehensive income. The Company has not previously recognised this contract asset.

This has no tax impact as the movement in asset is offset by the movement in liability above, neither of which are subject to tax.

**Accruals**

The prior year has been restated by £493k following a detailed review of accruals which identified historic debit balances which should have been reversed in previous years.

This has no impact on tax as it relates to charitable activities.

**Sinking Fund**

The prior year has been restated by £1.6m following a review of leases and contracts which identified that revenue was being deferred on properties where no future obligations existed.

This has no impact on tax as it relates to charitable activities.

**Statement of cash flows**

The above prior period adjustments have resulted in the following movements in cashflows in operating activities in note 29.

The prior year net surplus has been restated from £1.045m to £1.270m.

Within net cash generated from operating activities, pension costs less contributions payable have been restated from £218k to £228k and prior year interest payable from £8.805m to £8.815m.

Within net cash generated from operating activities, the increase in trade and other creditors has been restated from £1.518m to £1.273m.



## 32. Restatement of the prior year (continued)

### Group Statement of financial position

	Previously reported 2019 £'000	Commercial Properties £'000	Market rent Properties £'000	Avon Pension Fund £'000	NSC Contract Asset £'000	Accruals £'000	Sinking fund Accrual £'000	Restated 2019 £'000
<b>Fixed assets</b>								
Housing properties	124,777	-	(568)	-	-	-	-	124,209
Other fixed assets	21,731	-	-	-	-	-	-	21,731
Investment properties	-	1,990	675	-	-	-	-	2,665
Investment in subsidiaries	-	-	-	-	-	-	-	-
	<b>146,508</b>	<b>1,990</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,605</b>
<b>Current assets</b>								
Stock	935	-	-	-	-	-	-	935
Debtors	3,667	-	-	-	-	-	-	3,667
Debtors due in more than one year	1,934	-	-	-	401	-	-	2,335
Cash at bank and in hand	38,952	-	-	-	-	-	-	38,952
	<b>45,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>45,889</b>
<b>Creditors: amounts falling due within one year</b>	(8,609)	-	-	-	-	(493)	1,617	(7,485)
<b>Net current assets</b>	<b>36,879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401</b>	<b>(493)</b>	<b>1,617</b>	<b>38,404</b>
<b>Total assets less current liabilities</b>	<b>183,387</b>	<b>1,990</b>	<b>107</b>	<b>-</b>	<b>401</b>	<b>(493)</b>	<b>1,617</b>	<b>187,009</b>
<b>Creditors: amounts falling due after more than one year</b>	(97,411)	-	-	-	-	-	-	(97,411)
Pension liability	(12,283)	-	-	(401)	-	-	-	(12,684)
VAT shelter	(1,934)	-	-	-	-	-	-	(1,934)
<b>Net Assets</b>	<b>71,759</b>	<b>1,990</b>	<b>107</b>	<b>(401)</b>	<b>401</b>	<b>(493)</b>	<b>1,617</b>	<b>74,980</b>



## 32. Restatement of the prior year (continued)

### Association Statement of financial position

	Previously reported 2019 £'000	Commercial Properties £'000	Market rent Properties £'000	Accruals £'000	Sinking fund Accrual £'000	Restated 2019 £'000
<b>Fixed assets</b>						
Housing properties	124,777	-	(568)	-	-	124,209
Other fixed assets	12,625	-	-	-	-	12,625
Investment properties	-	1,990	675	-	-	2,665
Investment in subsidiaries	5,070	-	-	-	-	5,070
	<b>142,472</b>	<b>1,990</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>144,569</b>
<b>Current assets</b>						
Stock	723	-	-	-	-	723
Debtors	3,819	-	-	-	-	3,819
Debtors due in more than one year	6,934	-	-	-	-	6,934
Cash at bank and in hand	33,780	-	-	-	-	33,780
	<b>45,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,256</b>
<b>Creditors: amounts falling due within one year</b>	<b>(7,929)</b>	<b>-</b>	<b>-</b>	<b>(493)</b>	<b>1,617</b>	<b>(6,805)</b>
<b>Net current assets</b>	<b>37,327</b>	<b>-</b>	<b>-</b>	<b>(493)</b>	<b>1,617</b>	<b>38,451</b>
<b>Total assets less current liabilities</b>	<b>179,799</b>	<b>1,990</b>	<b>107</b>	<b>(493)</b>	<b>1,617</b>	<b>183,020</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>(97,482)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(97,482)</b>
Pension liability	(12,283)	-	-	-	-	(12,283)
VAT shelter	(1,934)	-	-	-	-	(1,934)
<b>Net Assets</b>	<b>68,100</b>	<b>1,990</b>	<b>107</b>	<b>(493)</b>	<b>1,617</b>	<b>71,321</b>

## 32. Restatement of the prior year (continued)

### Group Statement of Comprehensive Income

	Previously reported 2019 £'000	Commercial Properties £'000	Market rent Properties £'000	Avon Pension Fund £'000	NSC Contract Asset £'000	Sinking fund Accrual £'000	Restated 2019 £'000
Turnover	43,715	-	-	-	-	245	43,960
Operating expenditure	(31,060)	-	-	(10)	-	-	(31,070)
Cost of sales	(1,784)	-	-	-	-	-	(1,784)
Gain on disposal	294	-	-	-	-	-	294
Revaluation of market rent properties	-	-	-	-	-	-	-
<b>Operating surplus</b>	<b>11,165</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>11,400</b>
Interest receivable	71	-	-	-	-	-	71
Interest payable	(1,864)	-	-	(10)	-	-	(1,874)
Loan breakage costs	(6,941)	-	-	-	-	-	(6,941)
<b>Surplus before tax</b>	<b>2,431</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>-</b>	<b>245</b>	<b>2,656</b>
Tax	-	-	-	-	-	-	-
<b>Surplus after tax</b>	<b>2,431</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>-</b>	<b>245</b>	<b>2,656</b>
Investment properties	-	-	-	-	-	-	-
LGPS pension liability	-	-	-	-	-	-	-
Recognition of contract asset	-	-	-	-	-	-	-
Actuarial gain/(loss)	(1,386)	-	-	(38)	59	-	(1,365)
<b>Total comprehensive income for the year</b>	<b>1,045</b>	<b>-</b>	<b>-</b>	<b>(58)</b>	<b>59</b>	<b>245</b>	<b>1,291</b>



## 32. Restatement of the prior year (continued)

### Association Statement of Comprehensive Income

	Previously reported 2019 £'000	Commercial Properties £'000	Market rent Properties £'000	Sinking fund Accrual £'000	Restated 2019 £'000
<b>Turnover</b>	39,698	-	-	245	39,943
Operating expenditure	(27,522)	-	-	-	(27,522)
Cost of sales	(1,784)	-	-	-	(1,784)
Gain on disposal	294	-	-	-	294
Revaluation of market rent properties	-	-	-	-	-
<b>Operating surplus</b>	<b>10,686</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>10,931</b>
Interest receivable	191	-	-	-	191
Loan breakage costs	(6,941)	-	-	-	(6,941)
Loan breakage costs	(1,864)	-	-	-	6,941
<b>Surplus before tax</b>	<b>2,072</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>2,317</b>
Tax	-	-	-	-	-
<b>Surplus after tax</b>	<b>2,072</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>2,317</b>
Investment properties	-	-	-	-	-
Actuarial gain/(loss)	(1,386)	-	-	-	(1,386)
<b>Total comprehensive income for the year</b>	<b>686</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>931</b>



## 32. Restatement of the prior year (continued)

### Group Statement of Changes in Reserves

	Income and expenditure reserve £'000
At 1 April 2018	70,713
<b>Prior year adjustment</b>	
Restatement of opening balances (Accruals)	(493)
Restatement of opening balances (Sinking Fund)	1,372
Recognition of investment properties (Commercial Properties and Market Rent Properties)	2,097
Pension liability	(342)
Recognition of contract asset	342
	.....
At 1 April 2018 as restated	73,689
<b>Total comprehensive income for the year</b>	
Surplus for the year	2,656
Other comprehensive income	(1,365)
	.....
<b>Balance as at 31 March 2019</b>	<b>74,980</b>
	.....

	Income and expenditure reserve £'000
At 1 April 2018	67,414
<b>Prior year adjustment</b>	
Restatement of opening balances (accruals)	(493)
Restatement of opening balances (sinking fund)	1,372
Recognition of investment properties (market rent properties and commercial properties)	2,097
	.....
Balance at 1 April 2018 as restated	70,390
<b>Total comprehensive income for the year</b>	
Surplus for the year before pension movement	2,317
Actuarial loss on pension scheme	(1,386)
	.....
<b>Balance as at 31 March 2019</b>	<b>71,321</b>
	.....



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