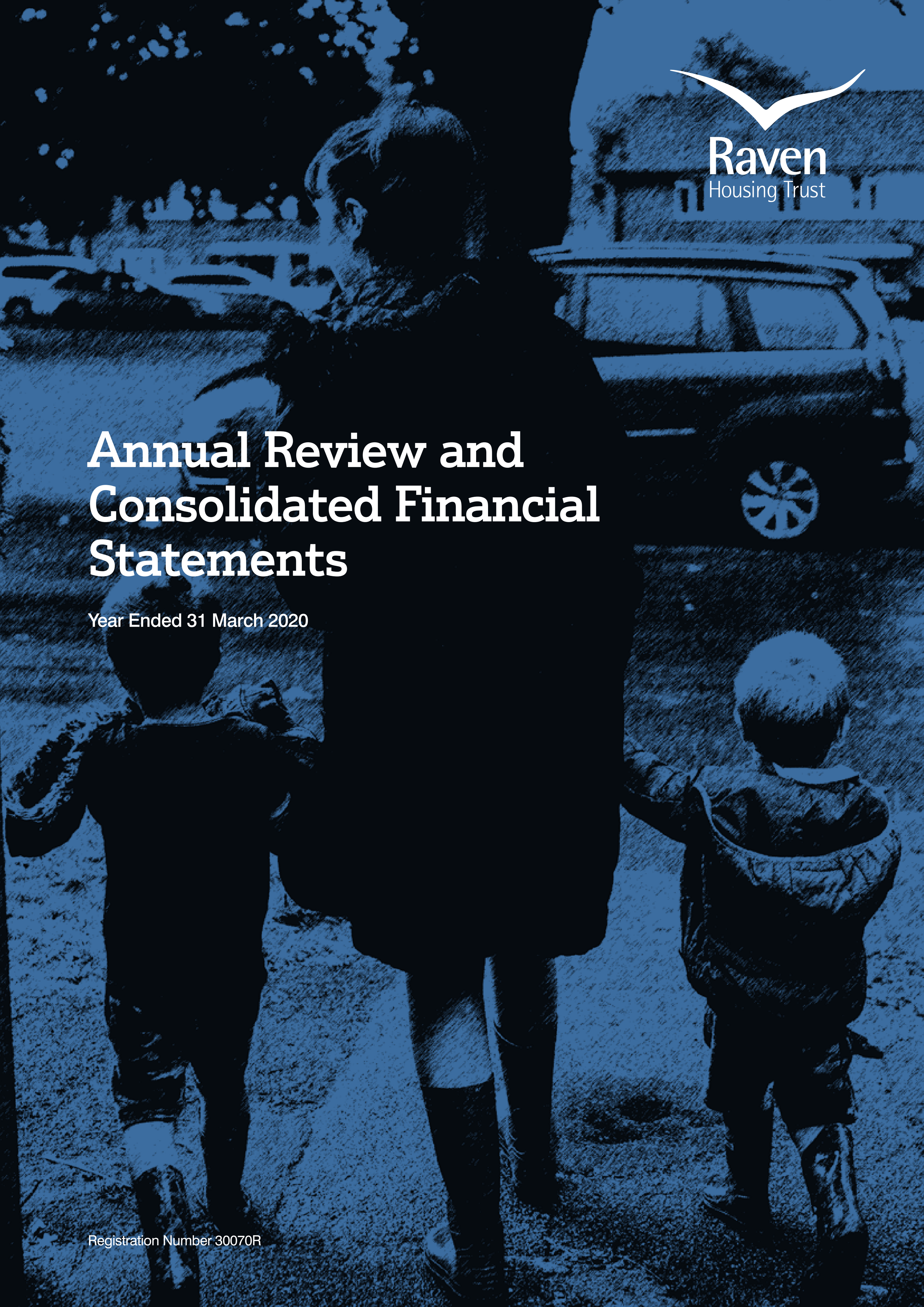

Raven Housing Trust

Annual Review and Consolidated Financial Statements

Year Ended 31 March 2020

Registration Number 30070R

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Board Members, Executives and Advisers

Board Members

Caroline Armitage (Chair)	
David Gannicott	
Dawn Kenson	
Greg Hyatt	
Henrietta Irving	
John Amans	
Jonathan Higgs	
Mark Baker	
Oshin Cassidy	*resigned 7 May 2019*
Paul Edwards	
Philip Andrew	
Victor O'Brien	*resigned 5 October 2019*
Nicholas Meinertzhagen	*appointed 6 April 2020*
Heather Bowman	*appointed 6 April 2020*

Executive Officers

Jonathan Higgs	*Chief Executive*
Mark Baker	*Director of Finance and Governance, Secretary*
Nigel Newman	*Director of Strategy and Growth*
Alison Bennett	*Director of Development*
Amy Cheswick	*Director of Customers and Partners*
Julia Mixter	*Director of People and Transformation*
Joanna Hills	*Director of Assets and Services*

Raven Housing Trust Limited is a Charitable Benefit Society, registration no. 30070R, and is registered as a social housing provider with the Homes & Communities Agency, registration no. L4334.

Registered Office

Raven Housing Trust
Raven House
29 Linkfield Lane
Redhill
Surrey
RH1 1SS

Principal Solicitors

Anthony Collins
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Birmingham
B3 2ES

Bankers

Barclays Bank Plc
Social Housing Team
Barclays Commercial Bank
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London E14 5HP

Property Valuers

Jones Lang LaSalle
30 Warwick Street
London
W1B 5NH

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex RH6 0PA

Funder

Barclays Bank Plc
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1 Churchill Place
London
E14 5HP

Funder

Lloyds Bank Plc
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London
EC2V 7HN

Funder

Legal and General
Assurance Society
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London EC2R 5AA

Tax Advisers

Mazars
Tower Bridge House
St Katharine's Way
London E1W 1DD

Whatever the future holds, the financial resilience of the organisation, and the personal and professional resilience of our talented team equips us fantastically well to continue to 'Build Homes and Change Lives'.

Chair and Chief Executive's Introduction

2019/20 seems to have been split between the first 51 weeks and the final week, when we went into Coronavirus lockdown and everything changed. Today we find ourselves in an unsettled world. With hugely impressive energy and agility our team has responded, and we are now turning our attention to what the short term, and long term future will look like.

Looking back, the year has brought some impressive results. We completed 235 much-needed homes and although Brexit uncertainty contributed to slower sales rates for our shared ownership homes, values have held up well. We were pleased to complete the acquisition of East Grinstead Tenants Limited which ended the year a wholly owned subsidiary. Financially, we exceeded our budget surplus by £2.8m despite a slight upward pressure on rent owed by current tenants which resulted from residents moving over to Universal Credit. This has given us what will be a much needed ability to respond to the new costs and pressures we will face in the future so that we can continue to invest and deliver on our vision.

We are a community housing association at heart and have worked hand in glove with our local partners in helping the most vulnerable in our communities – during the year we registered a £9m 'social return' from our investment of £1m in some of our core services, and in the weeks of the pandemic have supported local foodbanks and individual residents in distress.

We have been disappointed with a fall in the level of satisfaction with our services expressed by our residents. Although we finished the year with 84% of customers satisfied or very satisfied, this is not good enough for us, and building on our listening project, 'the Voice of the Customer', we are redoubling our efforts to put our residents at the centre of everything we do.

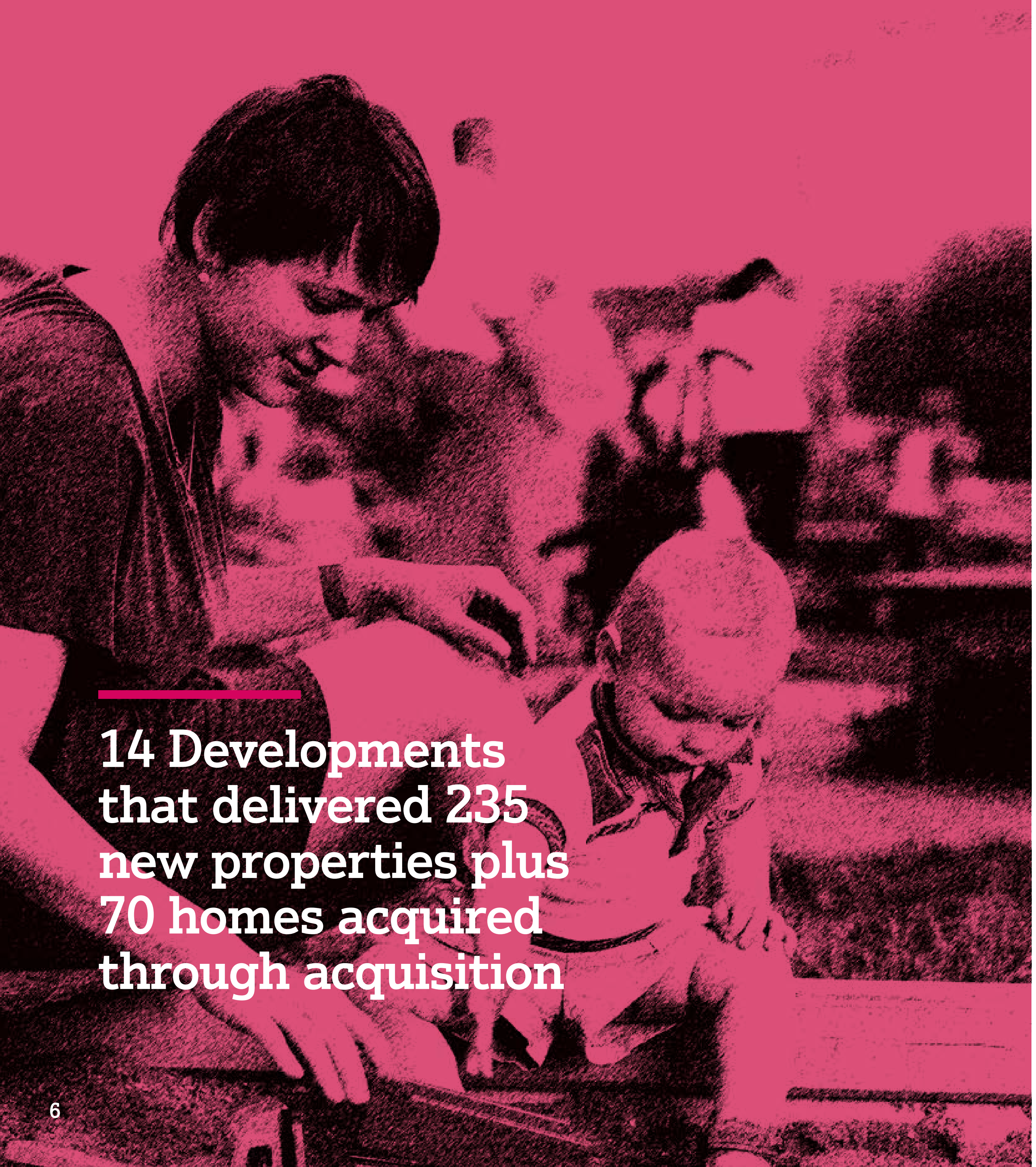
We are delighted to have retained Investors in People Gold which reflects the efforts of everyone at Raven to make our organisation a great place to work. Our 'Better Connected' programme is central to our improvement plans and we completed the migration of systems to the cloud and implementation of a suite of technology that has been vital in facilitating our response to the pandemic.

Whatever the future holds, the financial resilience of the organisation, and the personal and professional resilience of our talented team equips us fantastically well to continue to 'Build Homes and Change Lives'.

Jonathan Higgs
Chief Executive

Caroline Armitage
Chair of the Board

Strategic report



14 Developments that delivered 235 new properties plus 70 homes acquired through acquisition

1. Highlights

£15.9m Group operating surplus delivered with a 32.8% operating margin

£0.8m in subsidiary company profits donated to the group plus £0.3m subsidiary contribution to overheads

84% overall tenant satisfaction with Raven

£15m invested in property repairs

6,134 Social Homes owned and / or managed, 425 of which are shared ownership

14 Developments that delivered 235 new properties plus 70 homes acquired through acquisition

80% of staff thought Raven was a great place to work

IiP Gold Standard re-accreditation achieved in 2019

2. Who we are and what we do

Raven is here to ‘Build Homes and Change Lives’.

Raven Group Structure

Raven Housing Trust (‘the Association’) is the parent company of the Group.

The Association has charitable status and is regulated by the Regulator of Social Housing and complies with the Regulatory Framework for social housing in England, and Regulatory Standards of Governance.

The Group structure is set out below.

Raven Housing Trust - Housing Association (Parent) 30070R

- **Raven Devco Limited** 08948696
- **Raven Repairs Limited** 08948872
- **Raven Development Homes Limited** 10653135
- **East Grinstead Tenants Limited 07850148** (acquired 17 December 2019)

Business Objectives

Raven Housing Trust is a social business, investing in homes and lives across Surrey and Sussex to create flourishing communities.

Raven’s Values

Trust	We earn trust by being open and accountable.
Understanding	We seek to truly understand others’ needs before we act.
Collaborate to innovate	We collaborate with colleagues, customers and partners to develop innovative services.
Care	We come to work because we care about providing good quality, affordable homes and services to those that need them. We believe we can make tomorrow better than today.

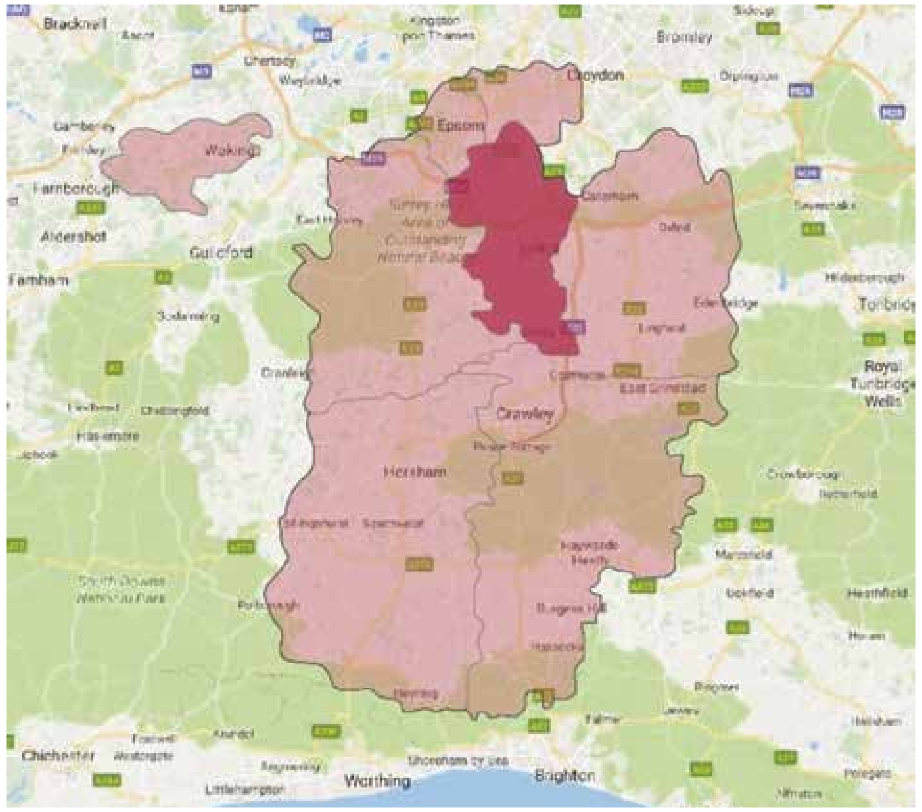
Strategic report (continued)
Raven Housing Trust Limited, 31 March 2020

Our Operating Area

We operate in South East England across the following Local Authority areas:

Local Authority	Number of Properties
Crawley Borough Council	225
Epsom and Ewell Borough Council	46
Horsham District Council	77
Lewes District Council	22
Mid Sussex District Council	401
Mole Valley District Council	41
Reigate and Banstead Borough Council	5,176
London Borough of Sutton	29
Tandridge District Council	96
Woking Borough Council	21
Total	**6,134**

Our operating area is outlined by the pink area in the map below:



There are nearly 1,600 registered social housing providers in the UK providing 2.4m homes, which represents 60% of total social housing stock.

Strategic report (continued) Raven Housing Trust Limited, 31 March 2020

3. Our World

The sector faced challenging economic and operating conditions prior to the current pandemic. These underlying challenges are expected to remain but with more uncertainty and a worsening economic outlook for the foreseeable future.

The UK housing market continues to face acute supply problems. Despite an overall increase in the rate of new homes being built over the last decade the total new builds in 2019 was still only 50% of the government annual target of 300,000 homes.

The property market experienced a stop start period for transactions, borrowing and property values during 2019, mainly due to Brexit. The outlook during and following the pandemic is very uncertain and will be determined by overall consumer confidence and behaviour, the health of the construction industry and Government interventions to support the sector.

In the South East the level of homelessness is increasing and estimated at 30,000 (0.3% of the population). Locally in Surrey and Sussex, both Reigate and Banstead and Crawley are in the top 70 of over 300 local authority areas for levels of homelessness. The local average wait for social housing is over two years.

Benefit changes and the roll-out of Universal Credit is impacting on our poorest and most vulnerable residents. This has worsened during the period of the pandemic with a 25% increase in the number of Raven residents claiming Universal Credit between March and June 2020. Affordability was the number one issue for residents in a large scale survey 'Voice of the Customer' undertaken in 2019.

Safety standards and the quality of homes remains a high priority for the sector. The Grenfell Tower Inquiry Phase One Report and subsequent Government advice sets out new recommendations for multi storey, multi occupancy residential buildings. Regulations for Home Standards are expected to be updated in 2020, including energy efficiency requirements from 2025.

The longer term requirement will be to meet the Government target for net zero carbon by 2050. This will involve extensive retrofit to existing homes and modern methods of construction for new buildings. It will require innovation and collaboration across the sector.

The national policy response following the pandemic is expected to maintain the focus on all the issues above plus a new regulatory framework for consumer protection and provider accountability. We expect an active approach to stimulate the housing sector in some form. This provides Housing Associations with a potential opportunity e.g. additional investment and support, and a potential threat to income e.g. changes to reduce rent settlement such as a rent freeze or reduction.

4. Our Strategy

Raven's Strategic Plan 2019-22

In the face of turbulent times, Raven's purpose remains clear. Raven doesn't just build houses it builds homes, and in doing so provides the services and support that help change lives.

Everyone at Raven is proud of our purpose 'Building Homes, Changing Lives'.

We believe that having a good quality, affordable home makes a huge difference to people's lives and that creating social value is an important part of our work.

Our strategy – 'Making the Difference' – will seek to do this. It will work to identify what we can do that makes the most significant difference to people's lives and will develop ways to make that happen.

This will make a difference to Raven too. We will be seen differently. We will start to measure different things, and value things we (but not our residents) have long taken for granted, and we will have to think and act differently too.

Our mission is urgent, so we are both relentless, and exceptionally good at:

- understanding what our residents really need and how best to equip our teams to meet those needs;
- making improvements at pace; and
- building a lot more homes.

We know our vision to give our residents a louder voice, to innovate and to make the best use of new technology, will inspire others and we want them to come and work with us as part of our team or as a partner, so we can do more together than we can alone.

We are Raven and we are proud to put our residents at the heart of everything we do.

Raven's route for the future

We come to work because we care about providing good quality, affordable homes and services to those that need them. We believe we can make tomorrow better than today.

We have three core strategic aims:

To make sure our residents are in good quality homes that are right for their needs

- in consultation with our residents, we will make sure our property standard is appropriate to their needs, and support residents where we need to find a better fit between resident needs, property price and property size; and
- we will deliver against our plan to get the maximum return from investment in our assets.

To make sure we are providing the right service in the right way to each of our residents

- we will listen to understand our resident needs and respond by collaborating to connect them to services that they value and trust so they can save time, make choices and take control; and
- we will measure the social return on our investments and within the framework of the strategic plan, will use this to drive our decision-making.

To build more homes

- we will establish our own development consortium with a tight geographical focus, making the most of offsite construction, proptech solutions, alternative procurement routes, and the development potential of our own estate;
- our new build programme will meet the range of housing needs in our area; and

Strategic report (continued)
Raven Housing Trust Limited, 31 March 2020

- we will make the most of our expertise in helping prevent and address homelessness and respond positively to partnership opportunities for inorganic growth.

And three supporting strategic aims:

To make sure our staff have the skills, the systems, and the organisation they need - so they can excel at what they do

- from a solid base, we will deliver ICT infrastructure that supports the effective management of data and the agile development of customer focused services in support of our aim to connect all residents to services they value and trust; and
- the design of our teams will enable collaborative working with a focus on customer needs. Our commitment to hearing 'the Voice of the Customer' will be at the heart of a new approach to resident engagement.

To make sure people know what we do and what's important to us – so we attract the best staff and partners

- we will deliver timely and engaging communications to demonstrate our commitment and contribution to building homes and changing lives;
- our communications will underpin our commitment to openness and accountability; and
- wherever we can, we will use our voice to help confront the perceived stigma of social housing.

To increase our financial capacity - so we can do more of what's important to us

- we will maintain our strong liquidity, free up our security and secure sufficient funding at competitive rates to support our development ambitions;
- we will grow our commercial income through build for sale and other commercial activity whilst embedding commercial best practice in core teams; and
- our strategy is our plan for delivering improved Value for Money (VfM), focusing on improved procurement in development and asset spend, and a resident focused, value driven rolling programme of service design aims to support a median plus cost per unit with high resident satisfaction.

How we measure our success

As a social enterprise our success is not measured through the bottom line alone, but by our impact on people's lives – not just that of our customers but their neighbours and the wider community. We will measure our impact and always seek to improve the value for money that we provide.

Raven has developed plans and implemented specific actions to deliver this strategy over the last year as set out in this Annual Report. The impact of the current pandemic may lead to some changes in how and when the strategy is delivered but the underlying purpose and approach remains the same. Our investment in technology and redesign of services to meet customer needs and continue to develop and invest in new build and existing homes is more important than ever.

How we manage risks to our business

The Group Audit Committee and Board regularly review strategic risks and uses an assurance framework to ensure that risks are adequately managed. The main risks identified during the year and on-going relate to:

- economic downturn including a no deal Brexit and more recently impact of the pandemic with a potential housing market downturn, increase in costs, reduction in rent and sales income;
- impact of welfare reform and recession on our residents, with the potential impact of a reduction in income and increase in arrears; and
- data protection, cyber security, and health and safety compliance, with potential impact on the protection and well-being of residents and customers.

The Board considers financial risks both individually and in the form of scenarios. The business plan was updated in May 2020 to take account of revised forecast for the effects of the pandemic. This included an assessment of the sensitivity to changes in rent levels, interest rates, inflation and house prices plus economic downturn scenarios. There is headroom to manage liquidity and borrowing in the event of an adverse economic impact. The Board agreed the range of measures Raven would take to mitigate a serious economic downturn and retain a strong financial position.

Raven is putting in place support to mitigate the risks to customers and Raven's income from the effects of the pandemic and welfare reforms. We work with our residents to ensure that we address their benefit issues from a very early stage, we have flexed our approach from March 2020 and put additional resources into our Moneywise service providing benefit advice and supporting financial inclusion. We have a dedicated resource supporting new Universal Credit claimants.

We have taken significant action over the last year to improve our IT infrastructure, enabling the organisation to work effectively during the pandemic. This has included measures to enhance our IT security and reduce cyber threats and manage our data more effectively and securely. We are continuing to take action to improve our general data protection in line with GDPR requirements.

5. Our Finances

Raven remains financially strong and retains a G1 V1 rating, following an In Depth Assessment (IDA) by the Regulator, during 2018. This is the top rating for Governance and Viability.

Group Financial Performance 2019/20

The Group operating surplus for the year was £15.9m with an operating margin of 32.8%, this was in line with plan. The Group net surplus was £9.4m, a reduction of £1.4m from the previous year due to a lower operating margin, higher interest payments and less favourable movements on asset values in the year.

	Raven Housing Trust £'m	Raven Development Homes Limited £'m	Raven Devco Limited £'m	Raven Repairs Limited £'m	East Grinstead Tenants Limited £'m	Total £'m
Operating surplus/ (loss)	**16.8**	**(0.1)**	**0.0**	**0.0**	**0.4**	**15.9**
Operating margin (%)	34.0%	N/A	1.6%	0.1%	51.1%	32.8%
Interest and other adjustments	6.0	0.1	0.0	0.0	0.0	6.6
Total Surplus	**10.8**	**(0.2)**	**0.0**	**0.0**	**0.4**	**9.4**

Raven Housing Trust Financial Performance 2019/20

The Association's operating surplus for the year was £16.8m, with an operating margin of 34%, it was £0.6m better than planned due to a favourable surplus on disposals less lower income from shared ownership sales. The Association's net surplus was £10.8m (£2.8m better than plan) due to higher operating surplus, lower interest payments plus higher movements on asset values in the year.

	2019/20			2018/19
	Actual £'m	Budget £'m	Variance £'m	Actual £'m
Turnover	49.3	55.3	(6.0)	47.8
Cost of sales	(4.1)	(8.1)	4.0	(5.4)
Operating costs	(30.4)	(31.6)	1.2	(27.6)
Surplus on disposal of assets	2.0	0.6	1.4	1.6
Operating surplus	**16.8**	**16.2**	**0.6**	**16.5**
Operating margin (%)	34%	29%	5%	35%
Interest and other adjustments	6.0	8.2	(2.2)	5.4
Total surplus	**10.8**	**8.0**	**2.8**	**11.1**

Development Expenditure and Income 2019/20

Expenditure on land and construction on new homes was £8.1m lower in cash terms than planned due to delays in acquiring and starting on new sites in the year. Sales for shared ownerships and market sales were lower than planned mainly due to site and completion delays plus some specific challenging localised housing market conditions.

	Raven Housing Trust £'m	Raven Development Homes Limited £'m	Raven Devco Limited £'m	Total £'m
Development expenditure (cash)	38.2	6.4	0.7	45.3
Shared ownership/market sales	5.4	0.0	0.0	5.4
Cost of sales	4.1	0.0	0.0	4.1
Surplus on sales	**1.3**	**0.0**	**0.0**	**1.3**
Budget surplus on sales	2.9	1.2	0.0	4.1
Variance	(1.6)	(1.2)	0.0	(2.8)

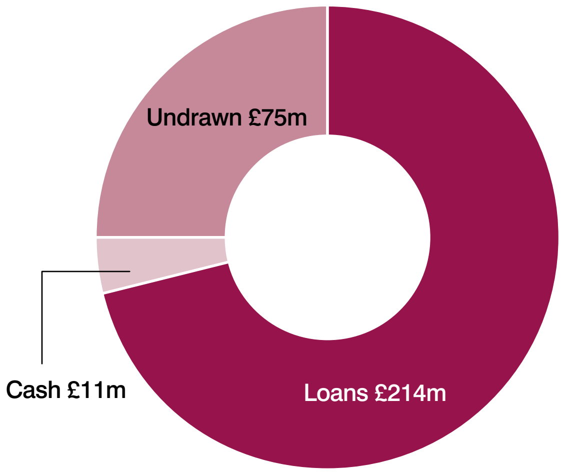
Liquidity and Borrowing

The Group's liquidity position remains strong with cash balances of £11m and total available facilities of £50m. This amount plus cash generated from operating activities is available to fund development and investment plans for 2020/21 and beyond.

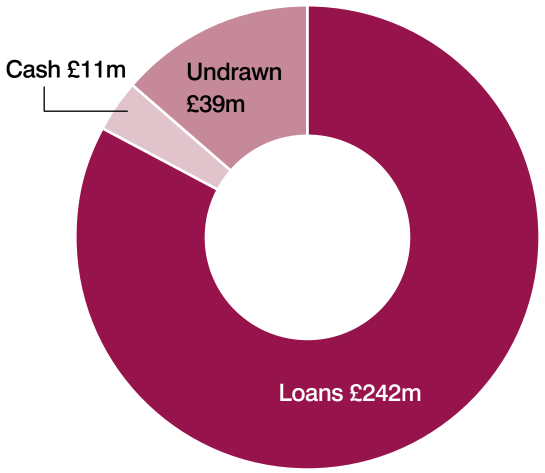
The Group drew down £36m of loans during 2019/20 and repaid £8m of borrowing.

The total value of loans as at 31 March 2020 was £242m with further revolving credit facilities available to value of £39m.

Cash & Borrowing at 31 March 2019
Total £300m



Cash & Borrowing at 31 March 2020
Total £292m



All of the key loan covenants with our lenders (income to cover debt interest, net borrowing per property and value of our assets compared to borrowings) were met during the year with significant headroom.

Financial Implications of the Pandemic

In response to the lockdown and restrictions imposed from March 2020 we took immediate steps to minimise the financial impact on the group. This included a temporary change to increase our holding of cash balances, preparation of a new budget for 2020/21 and business plan reflecting reduced income assumptions (collection of rent, sales and voids) and delaying or reducing planned expenditure (operating costs and new development schemes). These actions enable the Group to remain in a strong financial position and provide headroom against liquidity and operating surplus targets in the event of a more severe financial impact later in the year.

6. Our Customers

Our customer service priorities for the year were to increase the levels of on-line access to services, the number of positive homes moves, levels of customer satisfaction and new ways of engaging with our customers to really listen and understand what they want from Raven.

On-Line Services

We have continued to see a channel shift towards online transactions, particularly relating to rent payments. Over the last year, rent taken through the portal has increased from 30% to nearly 40%. Remaining payments are primarily received via direct debits or direct benefit payments. This demonstrates a real success in supporting customers to take control and manage their accounts.

Positive Home Moves

We successfully completed the Ranmore Close right sizing project, moving 23 existing Raven customers into smaller homes more suited to their needs. We have evaluated the success of the project to design a package to support more customers to make this move in future. We are establishing new measures and targets for positive home moves for our residents.

Customer Satisfaction

Customer satisfaction as measured by net promoter score, overall satisfaction and other measures was below our target for the year as set out below.

After a good start, we saw a reduction in customer satisfaction during the year, notably between November 2019 and February 2020. The movement over the year was:

- from 88% to 84% for overall satisfaction;
- from 35 to 31 for Net Promoter score; and
- from 88% to 82% for satisfaction with Value for Money.

The main reasons for these reductions were issues with quality and timeliness of repairs, with resourcing issues during the year and communication with customers. There was a close correlation with overall satisfaction and satisfaction with repairs which fell from 86% to 80% during the year. The main shift was with customers moving from 'satisfied' to 'neither satisfied or dissatisfied'. Customers saw the first rent increase for 4 years at the end of March 2020, impacting on satisfaction with value for money for rent, where the main driver for dissatisfaction was the rent increase.

An improvement plan for repairs delivery is being implemented as part of our recovery plan for resuming services following lockdown, additional resources are being dedicated to managing customer complaints and a Customer First action group has been established to deliver rapid improvements, ahead of implementing our transformation programme over the next eighteen months.

We are starting to see improvements, for example, satisfaction with customer service increasing from a low of 73% in December 2019, to 87% in March. Our levels of customer engagement during the lockdown period have been high.

Customer Engagement

We carried out an in depth qualitative research project 'the Voice of the Customer' and completed an innovation lab using the data to identify customer priorities. Affordability and quality of home are the biggest issues for our customers and we are tackling those by introducing a new settling in service to support customers from the start of their Raven journey and reviewing home standards.

Community Investment

Social return on investment has more than doubled, increasing from £4.9m to £9m, exceeding our target by 50%. The increase has been driven by measuring more existing services, as well as increasing activity in others such as employment support and homelessness prevention.

Raven continues to invest £0.5m per year to support customers and communities beyond 'standard' landlord services. Our priorities continue to be supporting financial resilience, preventing homelessness, employment support and enabling digital inclusion. With Groundworks, we successfully bid for lottery funding to deliver a new employment support service in Sussex.

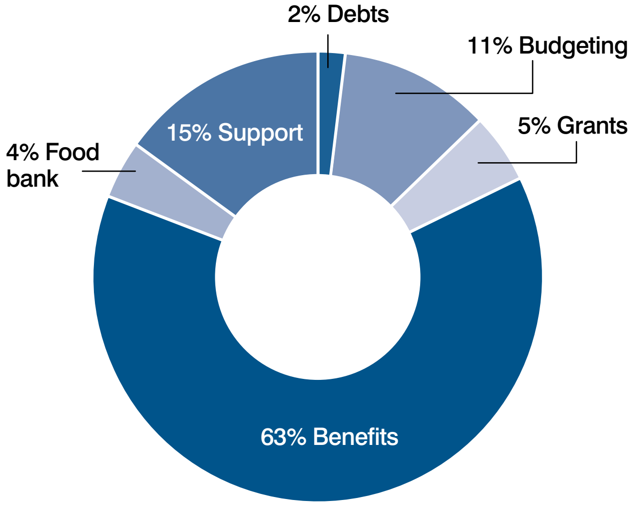
The continued rollout of Universal Credit (UC) has seen an increase in financial pressure on customers with least financial resilience. We have seen an increase in UC related rent arrears and increased need for support and advice provided by Moneywise and Parashoot.

Our Moneywise service continued a trend of year on year increases in referrals, supporting 1,000 customers in 2019, up from 823 last year. The team won all 17 benefit appeals we attended, ensuring customers received employment support allowance and personal independence payments they were entitled to.

We helped our customers claim over £2.3m, most notably in backdated benefits or on appeal where benefit applications had been rejected. This is nearly double the previous year and reflects the increase in support for Universal Credit claimants.

Moneywise referrals by category:

Referrals by category full year 2019/20



Parashoot homelessness prevention service supported over 190 customers. Most cases are open for between 6 and 12 months, delivering multiple outcomes for customers. In particular, maximising income and managing debt for 177 customers, avoiding eviction for 28 customers, obtaining new accommodation for 11 customers and supporting 82 customers to obtain adaptations to enable them to stay in their home.

Raven continues to invest in building new homes for social and affordable rent.

7. Our Homes

We own and manage over 6,000 homes to meet a range of local housing needs.

Stock Type	At 31 March 2019	Change of Type	Additions	Disposals	At 31 March 2020
General Needs rented homes	4,949	69	149	(15)	5,152
Shared Ownership homes	346	(1)	86	(6)	425
Homes managed for other landlords	70	(70)	-	-	-
Temporary Accommodation	197	-	-	-	197
Sheltered Accommodation	358	2	-	-	360
Total	**5,920**	**-**	**235**	**(21)**	**6,134**

We built 235 new properties and acquired a further 70 homes during 2019/20 of which 46 were for social rent, 173 were for affordable rent and 86 for shared ownership. There are a further 297 properties under construction at the end of March 2020.

Under Right to Buy and Right to Acquire, Raven sold 15 properties during the year and 6 shared ownership properties were fully staircased (where homeowners increase their ownership share to 100%).

Development Programme

Raven continues to invest in building new homes for social and affordable rent. The development programme is funded from a combination of borrowing and surplus from shared ownership and private sales. The Raven Group is on site with 58 homes for market sale which will complete in late 2020 and 2021.

The Development Strategy is based on housing need across Raven's operating area and priority areas for development based on housing need, proximity and working relationships in Mid Sussex, Crawley, Horsham and Reigate and Banstead. We are committed to helping our local authority partners meet their housing responsibilities so the strategy commits us to working with those partners to determine the mix of affordable property sizes to be provided.

Outright sale homes, where proximity to the office is less important, will be provided within the 'golden triangle' to the coast as set out in the Land Acquisition Plan.

The strategy recognises the growing need for older persons housing but does not set an explicit target for the provision of new housing for this group. The strategy also recognises local authority demand for Temporary Accommodation for homeless households. Whilst we will not actively pursue these sites we recognise our duty to work with local authorities to support them to meet their statutory requirements where it sits well with our geography, capability, capacity and will.

As part of this strategy the Board approved a target to deliver over 1,000 new homes by March 2023, this is now expected to be achieved by 2025 due to a longer lead in time for land led development relating to social rent and private sales. The level of shared ownership and market sales for 2019/20 were below target due to delays in build time and site completions rather than delivery on sales performance.

A new Investment and Disposal Strategy will be developed during 2020 that will consider the desirability and performance of Raven's existing stock and whether any of it can be better used to meet these local housing needs. Future plans will take into account the impact of the current pandemic on the property market and construction industry, opportunities for Modern Methods of Construction and requirements for energy efficiency and net zero carbon.

Our Existing Homes

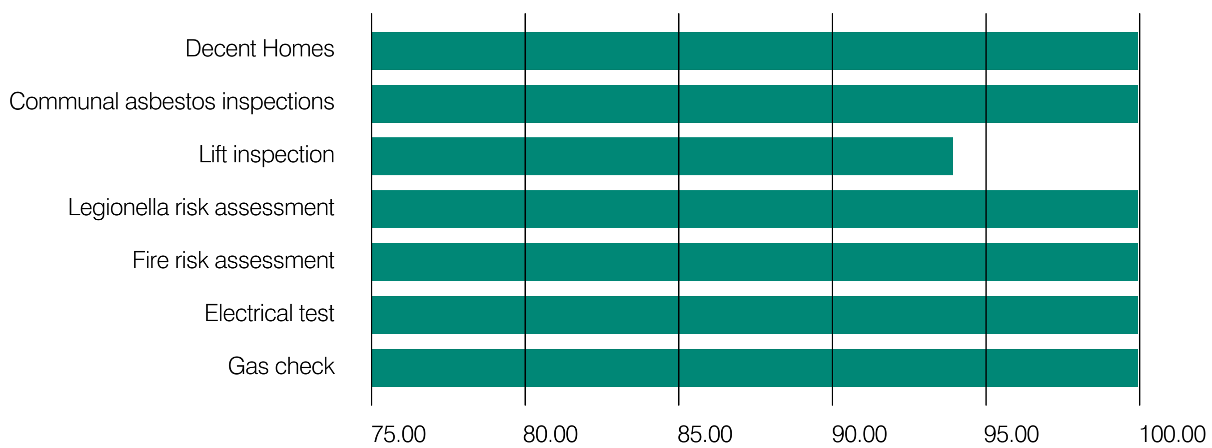
Over the past year Raven has continued to invest in long term maintenance across our existing properties (major repairs £15m). We have seen an increase in subsidence related to a hot summer. This year a key area of focus has been on a more preventative approach to condensation and damp, with additional work on this leading to a higher than normal expenditure in repairs. For that reason we have initiated a new project 'Healthy Homes' with significant investment over the next two years to address this problem.

We have begun working towards meeting the government's Net Zero Carbon commitment of 2050. Our carbon footprint was assessed this year. Although the average energy performance of our homes is better than the national average for social housing providers, we still have a large challenge to meet zero carbon across our operations and homes. Our existing homes make up 92% of our carbon footprint, so we are developing a plan to retrofit our homes to address this challenge.

In 2020 we plan to review our services to ensure that the standards to which we repair and maintain our homes remains appropriate for modern times. We are consulting customers to understand their priorities before planning any changes to services.

The standard of Health and Safety maintenance across our homes is measured by a range of indicators which we have maintained at close to 100% throughout 2019/20. Lift inspections dropped due to poor performance by an insurance contractor, and enforcement measures are being pursued. We have improved our health and safety management on site with fewer reportable accidents this year.

2019-20 Health & safety compliance performance for our homes at year end



We want to know our staff better than any other housing association, personalising our pay, benefits, development and reward in ways that motivate our teams

8. Our People

In line with our strategic priorities the next two years will be a time of change and growth for Raven, which will require new capabilities and a culture of innovation, growth, agility and empowerment. We want to know our staff better than any other housing association, personalising our pay, benefits, development and reward in ways that motivate our teams and developing our skills, knowledge and experience required to deliver our ambitious vision.

To achieve this, we are developing and implementing changes to our policies, processes, technology and culture to drive employee engagement and productivity. Our overall employee engagement score remains consistently high at nearly 80%. Our staff have told us they are proud to work for Raven and that their managers work with them to develop their skills and allow them to use their initiative.

We made significant progress during the year with our plans as set out below.

People Based Achievements

- we were re-accredited as an Investors in People Gold Employer;
- we achieved accreditation as a Bronze organisation on Mind's Mental Health Wellbeing Index and delivered awareness training for frontline staff and trained Mental Health First Aiders;
- all Human Resources policies were re-drafted following staff consultation;
- staff were involved in a comprehensive re-design of the pay and reward structure;
- recruitment was re-designed with a brand new careers website and improved use of technology to reduce reliance on expensive agencies;
- Teams and Facebook workplace were launched giving staff a platform for collaboration and social engagement;
- a new competency framework has been developed to ensure Raven staff have the capability to continue to deliver excellent customer service in a changing and increasingly agile environment; training has been delivered throughout 2019/20 in terms of leadership development, change training, safeguarding and lone worker training and performance management;
- delivered leadership development training (Inspire) to 25 managers and an extensive range of courses including project management, resilience, difficult conversations and customer care; and
- a number of directorates undertook restructures to ensure staff resources were appropriately aligned to deliver our strategy.

Technology and Systems Achievements

- significantly improved our cyber security against the NIST (National Institute of Standards and Technology) National standard and are now over the benchmark for Housing Associations;
- introduced robust change and project management control through a new Change and Project Management framework;
- the Business Case and Strategy for transformation was signed off to enable Raven to progress plans for digital transformation of its customer, housing, HR and finance systems which will deliver significant benefits for customers and reduced costs;
- cloud migration was completed across the business enabling Raven to respond immediately to the lockdown and ensuring all staff could work remotely; and
- a robust data and information strategy has been developed which will support Raven's ability to respond to customer queries and get it right first time.

In June 2020, Raven published the results of its gender pay gap which showed a -6.6% gap in favour of women (a movement of 0.4% from last year). This continues to demonstrate how Raven bucks the trend, not just in terms of housing associations but more widely against the national picture. Raven has a female Board and Audit Committee chair and four women out of seven positions on the Executive Team and overall 65% of Senior Managers are female. However, Raven recognises the importance of equal opportunities for all and 2020 will focus on making our pay framework transparent and ensuring we understand the career aspirations of all staff. In 2020 we will be assessing our performance and actions relating to diversity to support our desire to have a fully inclusive culture at Raven.

Strategic report (continued) Raven Housing Trust Limited, 31 March 2020

9. Delivering Value for Money

A new Value for Money (VfM) standard was introduced by the Regulator in April 2018. The standard sets out standard metrics that housing associations must measure themselves against, within a new code of practice. It also requires Associations to develop their own plans and measures to assess their delivery of VfM.

Value for Money Strategy

The Group Board approved a new VfM strategy in March 2019, updated during the year, to reflect the Corporate Strategy – 'Making the Difference'. The strategy reflects the complexity of delivering and measuring value against our strategic objectives.

The objectives that underpin the strategy are:

- we will be open and transparent regarding the value for money we provide;
- we aim to be sector median cost, across all our activities, except for community investment where we have chosen to maintain a higher on-going level of expenditure;
- we expect business as usual operating costs to remain at 2018/19 baseline levels but that total unit costs will be higher over the period of this strategy in relation to investment in customer satisfaction and process improvement;
- we aim to be a high performing organisation as measured by customer and staff satisfaction and engagement measures, maintaining all these measures above sector median and some in the top quartile;
- we will measure the cost of our carbon emissions and develop plans to reduce the level of emission generated by our activities; and
- where our cost or performance is worse than above, we will understand why, and if it is not reasonable, we will have a plan for improving it.

We can summarise our VfM priorities as follows:

- spending money on the things that are valued by our residents;
- improving customer satisfaction with activities valued by our residents;
- recognising the social value our investment returns;
- maximising the value of our assets;
- improving the efficiency of our processes;
- effective procurement;
- generating additional income; and
- reducing the level of carbon emissions generated by our activities.

Value for Money Metrics

We will monitor our VfM performance through the following metrics:

Financial Performance Measures	Organisational Performance Measures
• Sector Scorecard financial metrics, as set by the Regulator	• Sector Scorecard non-financial metrics, as set by the Regulator
• Our definition of EBITDA-MRI	• Social value of investment
• Return on Capital Employed, initially by tenure, but by the end of the strategy by property, which provides more granular approach to assessing return on assets	• Overall satisfaction with new home • Overall customer satisfaction • Net Promoter Score • Value for money for rent • 'Word cloud' from Explain, our customer satisfaction tool, telling us what people value most from the raw data comments
• Margin on commercial investment, ensuring our investment decisions perform in line with Development and Commercial appraisal criteria	• Employee engagement • IiP Accreditation

Value for Money Performance

The actual performance against the sector scorecard metrics is set out below.

Value for Money Metric	Raven Group Budget 2020/21	Raven Group Actual 2019/20	Raven Group Actual 2018/19	Sector Median 2018/19	Peer Group Median (Group) 2018/19
Reinvestment %	9.8%	8.4%	12.8%	5.4%	6.9%
New Supply Delivered % – Social Housing	2.0%	3.9%	1.9%	1%	2.0%
New Supply Delivered % – Non-Social Housing	1.0%	0.1%	0.1%	-	-
Gearing %	72.7%	68.9%	66.6%	33.8%	54.9%
Earnings before interest, tax, depreciation, and amortisation (EBITDA or Interest Cover) %	151%	164%	194%	198%	216%
Headline Social Housing Cost per Unit £	£4,705	£4,350	£3,932	£3,725	£3,641
Operating Margin % *	23.9%	28.7%	33.2%	25.5%	35.4%
Operating Margin – Social Housing Lettings %	32.3%	35.7%	40.5%	27.2%	32.2%
Return on Capital Employed %	3.4%	4.2%	4.9%	3.2%	4.4%

** operating margin excludes disposal of assets per Housemark guidelines and therefore varies to headline margin reported in the statement of accounts*

Value for Money – Our Finances

The overall financial performance for the year exceeded our target for the Trust with respect to operating surplus and margin and net surplus, as set out in section 5.

Operating Surplus	Actual 2019/20 £'m	Budget 2019/20 £'m	Actual 2018/19 £'m
Group	15.9	17.2	16.4
Trust	16.8	16.2	16.5

The Group continues to generate cash from operating activities to support future investment. The level of facilities at year end of £50m was in line with plan.

The headline measure of the Trust's financial performance is Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). The local EBITDA excludes Shared Ownership sales and surplus from other disposals; such that it is a measure of underlying annual performance. The EBITDA for 2019/20 was £14.5m, 12% above the target for the year.

Raven EBITDA	Actual 2019/20 £'m	Budget 2019/20 £'m	Actual 2018/19 £'m
Trust	14.5	12.9	15.6

Re-Investment and Supply

The level of re-investment fell compared to the previous year due to lower development spend than planned, with a number of planned completions being moved into 2020/21. New supply increased due to higher number of completions in the year of 235 new homes. Both indicators remain above sector and peer group benchmarks and reflect the priority to development growth and meeting local housing need.

Gearing

The gearing position has not changed significantly in the last year. Raven has a much higher gearing ratio compared to the sector but is more closely aligned to our peer group. This is due to the nature of the local authority transfer of assets and borrowing at the time of inception and will be the same for most of our peer group. Our business plan and corporate strategy set out how Raven can continue to raise finance for future development within current gearing position.

Financial Operating Performance

Planned investment in staffing and technology has led to a lower performance against the sector scorecard measures. Metrics for financial operating performance (unit costs, earnings) are above sector and peer group median. Operating margins (per sector defined metric) are above sector median and close to peer group median. These are in line with our plan for the year, being the first phase of planned investment in staffing, technology, assets and new services to deliver the Corporate Strategy – Making the Difference. This investment will continue in the next two financial years and realise benefits to deliver the VfM Strategy target of performance at sector median benchmark by 2022/23.

The main driver of this is unit cost performance as set out below.

	Raven Group Actual 2019/20 £ per unit	Raven Group Actual 2018/19 £ per unit	Sector Median 2018/19 £ per unit	Peer Group Median (Trust) 2018/19 £ per unit
Management costs	795	863	1,059	1,006
Service charge costs	447	395	365	316
Maintenance costs	1,235	1,114	951	1,065
Major repairs costs	1,248	974	703	992
Other social housing	625	586	218	98
Headline social housing costs	4,350	3,932	3,725	3,607

	Budget 2020/21 £ per unit	Actual 2019/20 £ per unit	Budget 2019/20 £ per unit	Actual 2018/19 £ per unit
Headline social housing costs	4,705	4,350	4,441	3,932

The actual headline unit cost for 2019/20 was below target but still represents a 11% increase on the previous year and is above sector and peer median positions. This is due to investment in the year, the biggest impact being additional expenditure on existing assets as set out in section 7.

The VfM strategy sets out the aim to maintain baseline costs at 2018/19 levels, excluding new investment, over the Corporate Strategy period. Baseline costs increased by 3% in 2019/20 and housing management unit costs have been reduced.

Other social housing costs increased by 7% over the previous year and are in the top quartile for sector and peer group benchmarks. This is in line with VfM strategy and reflects priority for social investment and other support provided to our residents and customers as set out in section 6.

Other financial operating performance with regards to income and lettings continues to be strong.

	Actual 2019/20	Budget 2019/20	Actual 2018/19
Current tenant arrears (%)	2.1%	1.6%	1.6%
Re-let times (days)	22.5	17.4	17.4
Void losses (%)	0.90%	0.49%	0.49%
Rent collection (%)	99.29%	100.4%	100.4%

Value for Money – Delivering Value to Our Customers and Communities

Our VfM Strategy sets out the importance of customer satisfaction and engagement. The level of satisfaction of our residents with the service we are providing and the positive impact we are having on our communities are important measures of the value we are delivering.

Customer satisfaction is a high priority and a number of different indicators are used to assess how our residents feel we are delivering housing and repair services to them. In line with the Corporate Strategy – 'Making the Difference' we are placing a greater emphasis on customer engagement and ensuring we really understand our customers and plan services on this basis. We are developing new measures to assess how well we are delivering for our customers.

As set out in section 6 the various measures of overall customer satisfaction show a worsening performance in 2019/20 and below target. In the short term an improvement plan is being implemented to address immediate issues. Over the next two years significant investment is planned in technology and process changes to deliver a transformation in how services are delivered to meet the future needs of all our customers.

KPI	Actual 2019/20	Target 2019/20	Actual 2018/19
Overall satisfaction (%)	84%	89%	88%
Value for Money with rent satisfaction (%)	77%	92%	88%
Repairs satisfaction (%)	80%	86%	86%
Net Promoter Score	31	40	35
Overall satisfaction with home (%)	77%	84%	78%
Satisfaction with neighbourhood (%)	81%	89%	86%

Raven has a strong commitment to supporting and making a difference to the communities that we work within. This is reflected in our VfM strategy and demonstrated by the ring-fencing of community investment and higher unit costs for other social housing.

The annual value of social return has increased over the last year as set out below.

Value for Money Measures	Actual 2019/20	Budget 2019/20	Actual 2018/19
Social Return on Investment	£9m	£6m	£4.9m

The area generating the greatest social return continues to be financial inclusion, which generated £2.5m of the total. An increase in cases linked to Universal Credit has contributed to this increase as well as measuring new activity such as lettings to homeless households. During the year we leveraged community contributions from our contracts, this is formally integrated into every contract over £100k.

Value for Money - Getting Better Value from our Assets

Raven is focused on understanding asset performance to enable informed investment decisions. Raven's position is that social return on assets is valued as well as the financial return in arriving at an overall return on assets.

Our properties are re-let when they become available, provided that the property remains fit for purpose and has positive asset financial performance and a social return which is within the tolerance levels agreed. We embrace the diversity and benefits brought about by maintaining mixed communities and therefore do not have a policy of selling properties in high value areas. We recognise that our housing assets are valuable and, in many cases, provide affordable homes in areas where many residents want to continue to live, but cannot afford to do so.

The return of capital employed (per sector defined metric) reduced in the last financial year but remains above sector median and in line with peer group benchmarks.

Asset performance for 2019/20 is summarised below:

Portfolio	Turnover £'000	Operating surplus £'000	Operating margin %	Net book value £'000	Operating return on assets %
Total social housing lettings	39,695	14,152	35.7%	339,045	4.2
General needs social housing lettings	33,431	13,258	39.7%	272,236	4.9
Sheltered housing	2,286	252	11.0%	n/a	n/a
Shared ownership	2,222	283	12.7%	66,809	0.4
Other	1,756	359	20.4%	n/a	n/a

Overall social housing lettings performance has been maintained at close to previous year level and in line with increases in our asset numbers and overall strategic direction. We have generated additional income from existing assets as follows:

- garage rents were uplifted in 2018, which delivered additional income of £0.1m in 2019/20; and
- using office space at Raven House for co-working for small business launched in February 2019 and delivered additional income of £0.14m in 2019/20.

Our Commercial and VfM strategies set out our targets to increase the level of income from non-social housing activities. No significant change in income was delivered in 2019/20 due to delays in property market sales but a number of new commercial contracts were agreed and should contribute to increasing turnover over the next three years.

In 2020 we are undertaking a significant exercise to understand the long term value and potential of all of our property assets and develop detailed measures of asset performance. This will include an assessment of investment required in order to meet net zero carbon requirements by 2050 and how we can measure and deliver against our VfM priority to reduce carbon emissions.

Value for Money – Performance against our Future Plans

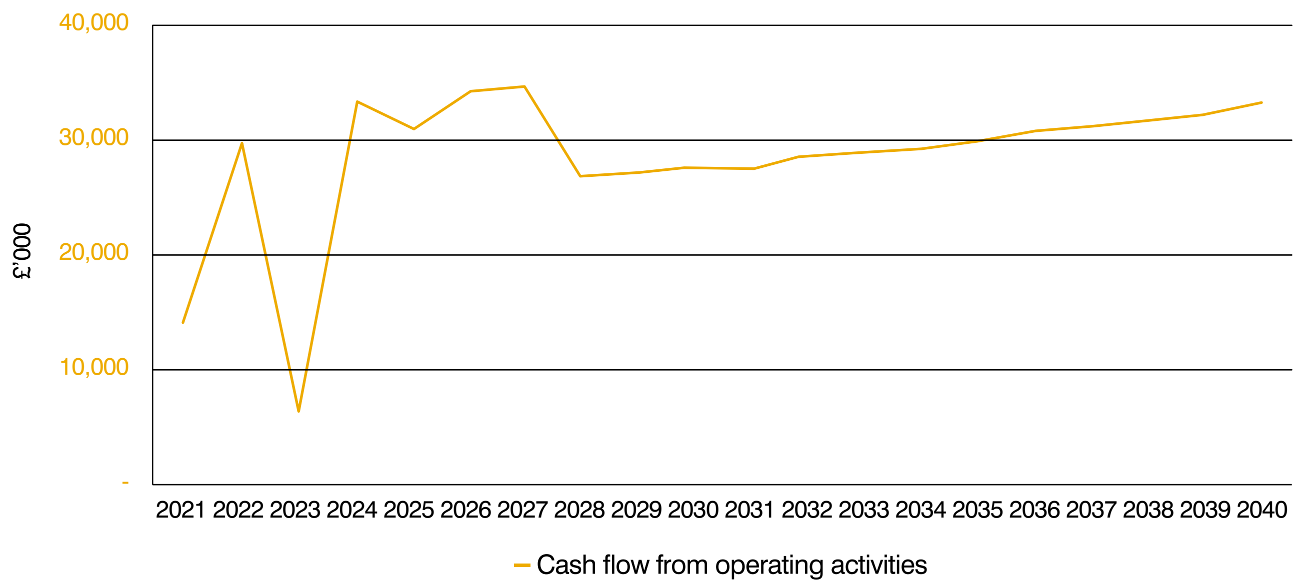
Raven's Business Plan has been revised in May 2020 to take into account the more uncertain economic and financial outlook. The Business Plan is based on a set of assumptions on economic factors and the housing market. It includes investment plans for the next five years to deliver the Corporate Strategy and VfM Strategy with regards to customer satisfaction and engagement, investment in existing assets and efficiency targets. Investment in further development and achieving net zero carbon are not included in the latest plan in full but there is headroom for capital investment, subject to other economic impacts. These will be modelled as part of preparation of new Development and Asset Strategies to be finalised and agreed in 2020.

The Business Plan is assessed against Raven's Golden Rules. The key tests are:

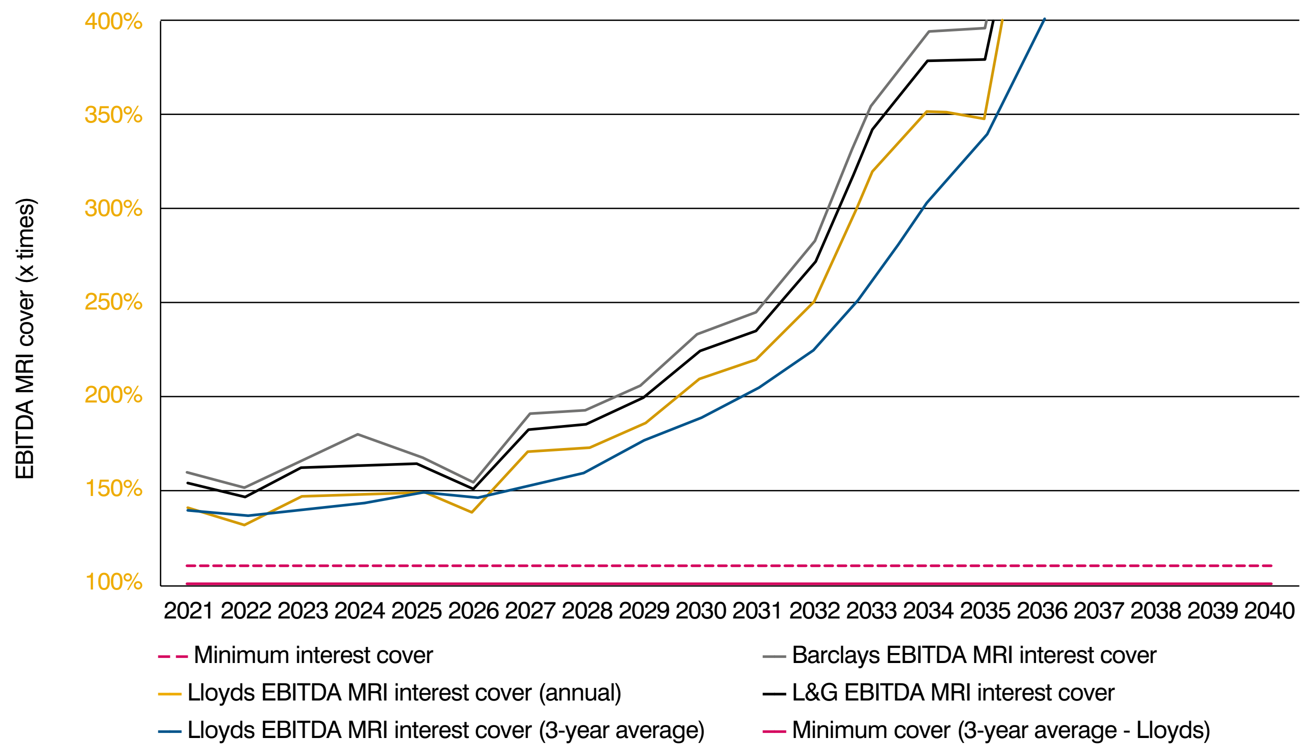
- liquidity and financing (cash generated and facilities available);
- the level of income to cover financing interest (EBITDA-MRI or Interest Cover); and
- level of debt relative to the value of our assets (net debt per unit or asset cover).

These indicators demonstrate Raven's ability to meet future commitments (operating costs and development activity), meet its interest payment requirements from the projected surpluses and maintain debt levels in line with agreements with our lenders. The graphs below demonstrate how Raven's plan performs, successfully, in reference to these metrics over time, at the same time as looking to maximise the funds that we can employ to deliver more homes.

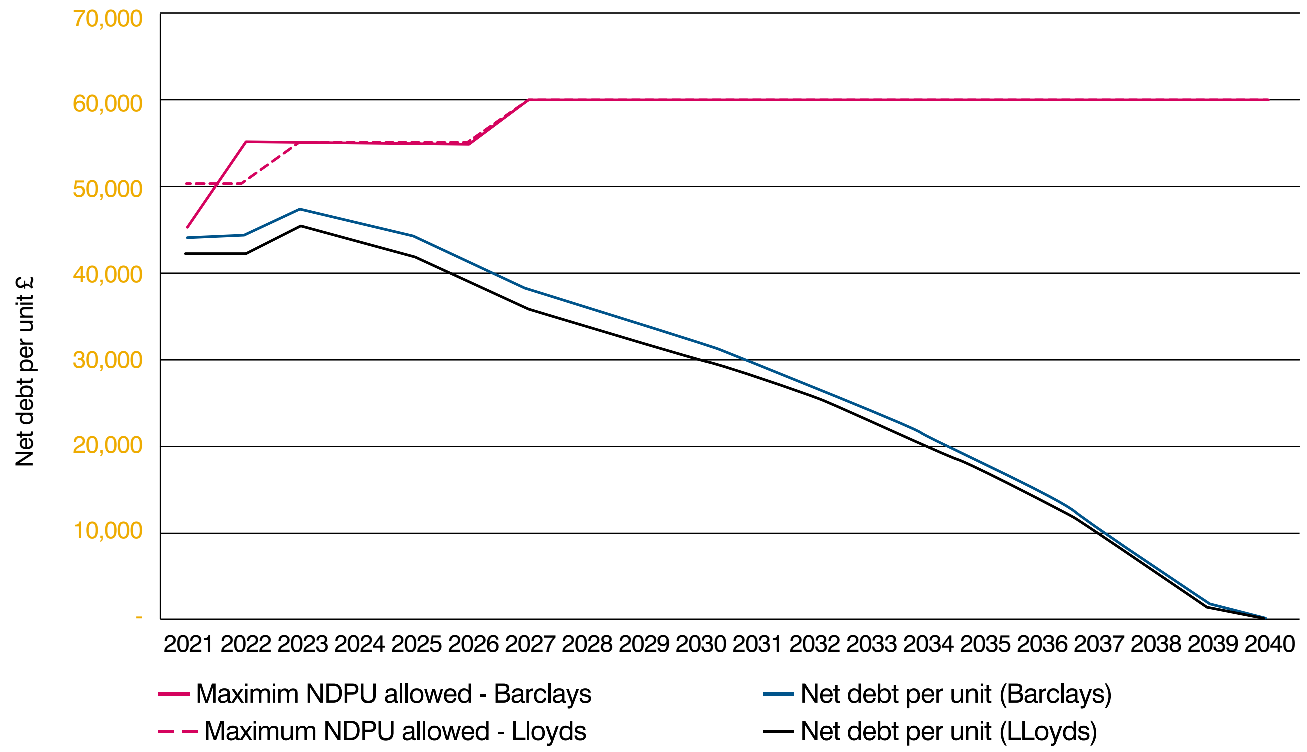
Cash flow from operating activities

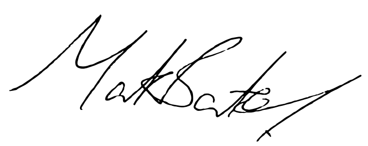


Interest cover



Net debt per unit





Mark Baker
Director of Finance and Governance

Report of the Board

1. Corporate governance

The Board exists to set out the strategic direction of Raven and to approve its plans and policies in order to achieve this. The details of the Board membership are set out in the section Board Members, Executives and Advisers. Meetings are held at least six times per year.

The Audit Committee consists of four members and meets at least four times per year. The committee provides scrutiny and assurance to the Board that the internal controls framework and risk management are appropriate and robust.

The Remuneration and Nomination Committee meets at least twice a year and considers pay and conditions of employment and recruitment for the Chief Executive and other Directors.

Raven has established a Group Investment Committee, which has oversight responsibility for development, sales and commercial activities. The Committee is now co-terminus with the three subsidiary boards. The Committee consists of four members plus the Directors of Raven Development Homes Limited, Raven Repairs Limited and Raven Devco Limited and meets at least four times a year.

The Association undertakes an annual assessment of compliance with the Governance and Financial Viability Standard. The Association considers it is fully compliant with the provisions of the standard.

Raven has adopted the National Housing Federation's Code of Governance (2015). The Board has undertaken a self-assessment against the Code and complies in all areas.

2. Executive management team

The executive officers of Raven listed in the section Board Members, Executives and Advisers, hold no equity interest and act as executives within the authority delegated by the Board. They scrutinise performance and the development of policy and procedures and meet regularly for these purposes.

The Chief Executive and Director of Finance and Governance are Group Board members and Directors of Raven Development Homes Limited, Raven Repairs Limited and Raven Devco Limited. Director of Finance and Governance is also a Board member and Director of East Grinstead Tenants Limited.

3. Employees

Raven is accredited with Investors in People gold status. The Association has established 'Connected' which consists of members of staff representatives from the various parts of the business. This group of 'Connectors' enable Raven to consult easily with all members of staff. This year we have focused on increasing the interactions between Connected and the Leadership Team.

4. Equality and diversity

Raven's Respecting Differences strategy was approved by the Board in July 2015. Individual policies and performance against strategy are regularly reviewed. The Leadership team approved updated Dignity at Work and Equality and Diversity Policies in August 2018.

5. Going concern

After making enquiries, the Group Board has a reasonable expectation that the Raven Housing Group has adequate resources to continue in operational existence for the foreseeable future. Since the introduction of restrictions on the population and economy of the UK in March 2020, Raven Group have re-forecast the 2020/21 budgets and business plans, have implemented low, medium and high impact budget mitigation options and have undertaken further scenario and sensitivity testing on the business plan.

The revised budget and business plan confirm that the Group is financially sound, with good liquidity, headroom across all covenants and all Golden Rules met. The scenario testing highlights where covenant and golden rule pinch points exist and low, medium and high value options have been developed as mitigation plans, if any of the scenarios look likely to materialise.

For this reason, the going concern basis continues to be adopted in the preparation of the Group's financial statements.

6. Disclosure of information to the auditors

BDO LLP were appointed as external auditors in November 2016 after undergoing a competitive tender process.

At the date of making this report each of the Association's Directors, as set out in the section Board Members, Executives and Advisers, confirm the following:

- so far as the Directors are aware there is no relevant audit information of which the Association's auditor is unaware; and
- each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

7. Statement on systems of internal control

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

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

The Board received and approved the Internal Controls Assurance report from the Chief Executive at the September 2019 meeting which included a review of:

- Board and Audit Committee overview;
- Management Assurance;
- Risk Management Framework;
- Internal and External Audit;
- The Regulatory Compliance; and
- Loan Covenant Compliance.

8. Fraud and impropriety

The Fraud and Impropriety policy sets out the Board's current strategy and policy on fraud covering prevention, detection and reporting of fraud, and the recovery of assets.

The Speaking Up policy sets out how Raven staff can speak out against any fraud or impropriety that they may encounter.

9. Conclusion

The Board has reviewed the effectiveness of the systems of internal controls, including a summary of the main policies, which the Board have established. These are designed to provide a summary of the process and key sources of evidence utilised by the Board in reviewing the effectiveness of the internal controls. They also provide confirmation that the Board have reviewed the fraud register, which has been reflected in the information contained within its review. Where problems have been identified, action has been taken to ensure the control environment meets this requirement.

No weaknesses were identified which would have resulted in material misstatement or loss and which would have required disclosure in the financial statements.

10. Statement of Board's financial responsibility

The board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

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

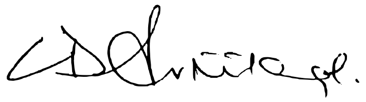
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

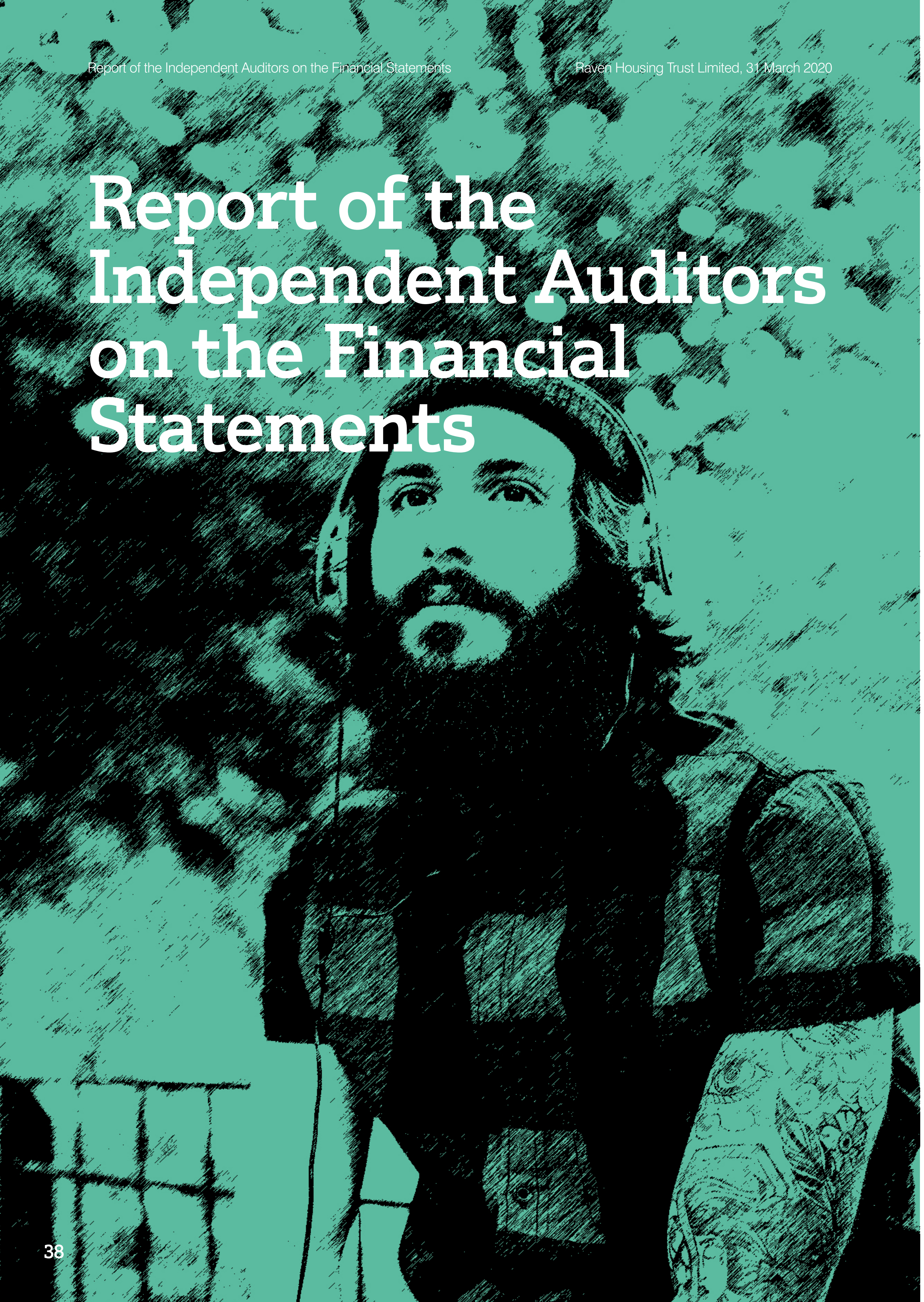
Financial statements are published on the Group and Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group and Association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board.



Caroline Armitage
Chair of the Board

Date 16/09/20



Report of the Independent Auditors on the Financial Statements

Independent auditor's report to the members of Raven Housing Trust

Opinion

We have audited the financial statements of Raven Housing Trust Limited ('the Trust') and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2020 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Emphasis of matter (Investment properties valuation)

We draw attention to Note 18, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Company's property valuer has advised that less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Report of the Board have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Report of the Board.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board member and or directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

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

In preparing the financial statements, the board are responsible for assessing the 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 the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

BDO LLP.

Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, West Sussex

Date 17/09/20

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

Financial Statements

Consolidated and Trust Statement of Comprehensive Income for the year ended 31 March 2020

	Note	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Turnover	5	48,484	44,478	49,259	47,842
Cost of Sales	5	(4,185)	(2,361)	(4,056)	(5,439)
Operating Costs	5	(30,407)	(27,340)	(30,456)	(27,578)
Surplus on disposal of fixed assets	5,13	2,020	1,629	2,020	1,629
Operating surplus	5,8	**15,912**	**16,406**	**16,767**	**16,454**
Interest receivable		48	58	703	342
Interest and financing costs	14	(7,895)	(7,023)	(7,895)	(7,023)
Movement in fair value of financial instruments		185	388	185	388
Change in fair value of investment properties	18	254	1,785	254	1,785
Surplus before taxation		8,504	11,614	10,014	11,946
Taxation	9	53	14	1	(10)
Surplus for the year	8	**8,557**	**11,628**	**10,015**	**11,936**
Initial recognition of multi-employer defined benefit scheme	30	-	(482)	-	(482)
Actuarial gain / (loss) in respect of pension schemes	30	802	(378)	802	(378)
Total comprehensive income for the year		**9,359**	**10,768**	**10,817**	**11,076**

All amounts derive from continuing activities.

The accompanying notes form part of these financial statements.

Consolidated and Trust Statement of Financial Position as at 31 March 2020

Organisation Number 30070R

	Note	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Fixed assets					
Social housing properties	16	339,045	307,514	330,602	308,093
Other tangible fixed assets	17	3,340	4,004	3,340	4,004
Investment property	18	16,316	15,434	16,316	15,434
Investments - homebuy loans	19	419	529	419	529
Investments in subsidiaries	35,36	-	-	9,914	-
Goodwill	15,35	1,264	-	-	-
		360,384	327,481	360,591	328,060
Current assets					
Properties for sale	20	20,734	14,724	6,672	6,702
Stock		109	103	109	101
Debtors - receivable within one year	21	2,605	2,450	17,998	11,221
Cash and cash equivalents		11,130	11,678	10,357	11,382
		34,578	28,955	35,136	29,406
Creditors: amounts falling due within one year	22	(16,117)	(20,909)	(14,255)	(20,770)
Net current assets		**18,461**	**8,046**	**20,881**	**8,636**
Total assets less current liabilities		378,845	335,527	381,472	336,696
Creditors: amounts falling due after one year	23	(284,015)	(249,144)	(284,015)	(249,144)
Pension liability	30	(624)	(1,536)	(624)	(1,536)
Provision for other liabilities	29	-	-	-	-
Net assets		**94,206**	**84,847**	**96,833**	**86,016**
Capital and reserves					
Called up share capital	31	-	-	-	-
Income and expenditure reserve		94,206	84,847	96,833	86,016
Total Capital and reserves		**94,206**	**84,847**	**96,833**	**86,016**

The financial statements were approved by the Board of Management and authorised for issue on 16/09/20 and signed on their behalf by:

Caroline Armitage
Chair
16/09/20

Mark Baker
Company Secretary
16/09/20

Dawn Kenson
Chair of Audit Committee
16/09/20

The notes on pages 47 to 87 form part of these financial statements.

Consolidated and Trust Statement of Changes in Reserves for the year ended 31 March 2020

	Note	Group Income and expenditure reserve £'000	Trust Income and expenditure reserve £'000
Balance at 1 April 2019		84,847	86,016
Surplus for the year		8,557	10,015
Actuarial gain in respect of pension schemes	30	802	802
Balance at 31 March 2020		**94,206**	**96,833**
Balance at 1 April 2018		**74,079**	**74,940**
Surplus for the year		11,628	11,936
Initial recognition of multi-employer defined benefit scheme	30	(482)	(482)
Actuarial loss in respect of pension schemes	30	(378)	(378)
Balance at 31 March 2019		**84,847**	**86,016**

Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Operating surplus for the financial year		**15,912**	**16,406**
Adjustments for:			
Depreciation of fixed assets - housing properties	16	4,190	3,784
Depreciation of fixed assets - other	17	252	249
Amortised grant	6,25	(461)	(393)
Adjustment for pension funding		(144)	(136)
Surplus on sale of fixed assets - housing	13	(2,020)	(1,629)
Movement in stock		(5,807)	(7,121)
Movement in trade and other debtors		25	10
Movement in trade creditors		(2,897)	5,511
Movement in provisions		-	(28)
Proceeds from sale of fixed assets		3,899	3,006
Cash from operations		**12,949**	**19,659**
Taxation paid		-	-
Net cash generated from operating activities		**12,949**	**19,659**
Cash flows from investing activities			
Acquisition of subsidiaries	35	(9,914)	-
Purchase of fixed assets - housing properties		(24,912)	(40,171)
Purchase of fixed assets - other		(219)	(231)
Receipt of grant		1,099	236
Interest received		48	58
Net cash used in investing activities		**(33,898)**	**(40,108)**
Cash flow from financing activities			
Cash obtained through acquisition	35	1,207	-
Bank loan drawn down		36,098	96,500
Repayment of borrowings		(8,042)	(59,925)
Interest paid		(8,784)	(7,657)
Loan arrangement fees paid		(78)	(986)
Net cash generated from financial activities		**20,401**	**27,932**
Net (decrease)/ increase in cash and cash equivalents		(548)	7,483
Cash and cash equivalents at beginning of period		11,678	4,195
Cash and cash equivalents at end of the period		**11,130**	**11,678**

Reconciliation of Net Debt for the year ended 31 March 2020

Group	Note	1 April 2019 £'000	Cash flows £'000	Non-cash changes £'000	31 March 2020 £'000
Cash and cash equivalents					
Cash at bank and in hand		11,678	(548)	-	11,130
		11,678	**(548)**	**-**	**11,130**
Borrowings					
Loans due within 1 year	27	7,644	(8,042)	1,715	1,317
Loans due after more than 1 year	27	208,951	36,100	(1,761)	243,290
		216,595	**28,058**	**(46)**	**244,607**

Trust	Note	1 April 2019 £'000	Cash flows £'000	Non-cash changes £'000	31 March 2020 £'000
Cash and cash equivalents					
Cash at bank and in hand		11,382	(1,025)	-	10,357
		11,382	**(1,025)**	**-**	**10,357**
Borrowings					
Loans due within 1 year	27	7,644	(8,042)	1,715	1,317
Loans due after more than 1 year	27	208,951	36,100	(1,761)	243,290
		216,595	**28,058**	**(46)**	**244,607**

Notes to the Financial Statements for the year ended 31 March 2020

1. Legal Status

The Association is registered in England with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 (No. 30070R) and the Regulator of Social Housing as a social housing provider (No. L4334). The Association is a public benefit entity.

The Association had four wholly owned subsidiaries at 31 March 2020, Raven Repairs Limited (registered number 08948872), Raven Devco Limited (registered number 08948696), Raven Development Homes Limited (registered number 10653135) and East Grinstead Tenants Limited (registered number 07850148). These are limited companies incorporated in England and Wales under the Companies Act 2006.

2. Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice), which for Raven Housing Trust includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

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

Parent /subsidiary disclosure exemptions

In preparing the separate financial statements of the parent, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent would be identical;
- no cash flow statement has been presented for the parent; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Raven Housing Trust and its subsidiaries as if they formed a single entity ("the Group"). Intercompany transactions and balances between group companies are therefore eliminated in full. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 March 2020.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term borrowing facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service debt facilities whilst continuing to comply with lenders' covenants.

Since the introduction of restrictions on the population and economy of the UK in March 2020, Raven Group have re-forecast the 2020/21 budgets and business plans, have implemented low, medium and high impact budget mitigation options and have undertaken further scenario and sensitivity testing on the business plan.

The revised budget and business plan confirm that the Group is financially sound, with good liquidity, headroom across all covenants and all Golden Rules met. The scenario testing highlights where covenant and golden rule pinch points exist and low, medium and high value options have been developed as mitigation plans, if any of the scenarios look likely to materialise.

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

Notes to the Financial Statements for the year ended 31 March 2020 (continued) Raven Housing Trust Limited, 31 March 2020

Turnover

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- **Rent:** rental income receivable (after deducting lost rent from void properties available for letting) is recognised from the point when properties under development reach practical completion and are formally let;
- **First tranche shared ownership sales:** income from first tranche sales are recognised at the point of legal completion based on the proportion of equity sold of the property;
- **Service charges:** the Group agrees service charges to its tenants and leaseholders on an annual basis. Expenditure is recorded when a service is provided and charged to the relevant service charge budget or to a sinking fund. Income is recorded based on the estimated amounts chargeable;
- **Revenue grants** (the policy on our treatment of grants is explored in more detail later on);
- **Sale of land and property:** income from land and property sales are recognised at the point of legal completion of the sale;
- **Management fees:** management fees are recognised on a receivable basis as management services are provided;
- **Dividend income:** Dividend income is recognised when the right to receive payment is established; and
- **Other income:** other income is recognised as receivable on the delivery of services provided.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Schemes managed by agents

Income is shown as rent receivable and management fees payable to agents are included in operating costs.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income. Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Group 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 Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

The Group also participates in the multi-employer defined benefit Social Housing Pension Scheme (SHPS). In accordance with the requirements of FRS 102, the costs are accounted for when committed, regardless of when the benefits are deliverable. The financial statements reflect, at fair value, the assets and liabilities arising from the Group's retirement obligations.

The related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise. The attributable assets of the schemes are measured, at their fair value, at the statement of financial position date, and are shown net of attributable scheme liabilities.

Actuarial gains and losses arising from any new valuation, and from updating the latest actuarial valuation to reflect conditions at the statement of financial position date, are recognised in the Statement of Total Other Comprehensive Income for the year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and is carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and accrued at the balance sheet date.

Qualifying charitable donations

Following the Triennial review of FRS 102 the Association recognise the gift aid as a distribution from the entity to its owners and as such is not accrued unless a legal obligation to make the payment exist at the reporting date.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed, and of equity instruments issued, plus the costs directly attributable to the business combination.

Goodwill is initially recognised and measured as the excess of the cost of a business combination over the fair value of the group's interest in the assets, liabilities and contingent liabilities acquired. Goodwill shall be considered to have a finite useful life and shall be amortised on a systematic basis over its life. The goodwill recognised by the Group will be released into profit and loss over a period of 50 years starting from the first full year after acquisition. The Group will review the goodwill annually for impairment. However, where the cost of the business combination is less than the fair value of the group's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. Negative goodwill is recognised on the Statement of Financial Position and is released to profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered. Where the amount of negative goodwill is less than the fair value of net assets acquired, any excess over the fair value of non-monetary assets is recognised in the income statement over the period expected to benefit.

Housing Properties

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment (where applicable).

The Group has taken the transition exemption to record certain property, plant and equipment at their fair value as deemed cost at the transition date. Management have based their estimate of fair value on an external market valuation as at 31 March 2014.

The cost of housing land and property includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Directly attributable administration costs includes capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments are held within housing properties and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in Property, Plant, Equipment (PPE) and held at cost less any impairment, and are transferred to completed properties when ready for letting. Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within gain/loss on disposal of fixed assets in the Statement of Comprehensive Income.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time with substantially different economic lives.

Land is not depreciated on account of its indefinite useful economic life.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight line basis as follows:

Description	Economic useful life
Structure and other	100
Kitchen	30
Bathroom	40
Roofs	50
External doors	40
Boiler	12-15
Electrics	30
External windows	40
Lifts	30
Central heating	30
Photo Voltaic Panels	30
Lighting	15
CCU	30
Electric charging points	30

Any difference between the historical annual depreciation charge and the annual depreciation charge on assets carried at deemed cost is transferred to the revaluation reserve for the asset concerned until that reserve is depleted.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last reporting date in the pattern by which the Group expects to consume an asset's future economic benefit.

Shared ownership properties and staircasing

Under shared ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Shared ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as PPE and included in completed housing property at cost and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sales account in arriving at the surplus or deficit.

For shared ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Other tangible fixed assets

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Group capitalise costs incurred as a result of staff spending time on capital projects, provided that time can be linked to bringing a specific, separately identifiable asset into working condition, or substantially enhancing the working life of an existing asset.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life
Freehold office buildings	100
Office furniture and equipment	4
Computer equipment and software	3

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. They are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income. Rental income from these properties is taken to revenue.

Investment properties held by Raven consist of:

- Raven House - a proportion of Raven House is let to commercial tenants and is shown as an investment property;
- shops;
- freeholds; and
- garages.

Impairment of fixed assets

The housing property portfolio for the Group is assessed for indications of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

Government grants

Government grants are held in creditors using the accrual model set out in FRS 102. Grant is recognised over the useful life of the asset and amortised to the income statement over a 60 year period for the shared ownership properties or 100 year period for the housing properties. Following the change to the Association depreciation policy for shared ownership properties, the grant continues to be depreciated over their previous useful life. The amount due to be amortised to the Statement of Comprehensive Income in the next year is held within creditors due within one year. The remaining balance is held within creditors due greater than one year.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once performance related conditions have been met. Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under 'creditors due after more than one year'. The remainder is disclosed under 'creditors due within one year'.

Disposal Proceeds Fund

Receipts from Right to Acquire (RTA) sales were required to be retained in a ring fenced fund that can only be used for providing replacement housing. Any sales receipts less eligible expenses held within disposal proceeds fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under 'creditors due after more than one year'. The remainder is disclosed under 'creditors due within one year'. Section 92 of the Housing and Planning Act has removed the obligation to account for proceeds from sale of a disposal which occurs after 6 April 2017.

Stock

Stock represents raw materials, work in progress and completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated 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 proceeds after allowing for all further costs to completion and selling costs.

An assessment of whether there is any impairment is made at each reporting date. Where an impairment loss is identified, it is immediately recognised in the Statement of Comprehensive Income.

On disposal, sales proceeds are included in turnover and the costs of sales, including costs incurred in the development of the properties, marketing and other incidental costs are included in operating expenses.

Homebuy

Raven received a grant representing 25% of the purchase price in order to provide a loan to the homebuyer. In the event of the sale of the property, the grant becomes repayable and Raven retains 25% of any surplus sale proceeds less sale costs. Grant received is shown in creditors. The loan by Raven represents a concessionary loan and is accounted for at transaction price and presented within investments in the Statement of Financial Position.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts.

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

All loans, investments and short term deposits held by the Group, are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits, bank overdrafts and short term investments with an original maturity of three months or less.

Leased assets: Lessee

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

Provision for liabilities

The Group would recognise provisions for liabilities of any uncertain timing or amounts.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made. A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

The revaluation reserve is created from surpluses on asset revaluation.

3. Judgements in applying accounting policies

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- Investment property impact of the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic'. As at the valuation date, we are faced with an unprecedented set of circumstances on which to base a judgement. The valuation is therefore reported on the basis of 'material valuation uncertainty'' as per VPS 3 and VPGA 10 of the RICS Red Book Global.
- A number of the Group's loan agreements contain clauses which entitle the borrower to compensation in the event that, on cancellation or redemption of a loan, the underlying derivative positions would return a benefit to the lender. In preparing these financial statements, management have judged that the requirements of FRS 102 are unclear as to whether these arrangements result in the affected loans being classified as 'basic' or 'other'. On the basis of this lack of clarity and because it is not the intention of the Group to redeem or actively trade in these borrowings for speculative purposes, management consider that the criteria for classification as basic instruments are met. These amounts are therefore carried at amortised cost. Should management determine that the alternative judgement becomes appropriate or additional clarity is offered by FRS 102 in future that indicates that the instruments are 'other' financial instruments, they would be required to be presented at their fair value in the financial statements with annual fair value movements reported through the Income and Expenditure account.
- The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, the Association then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- Where schemes are mixed tenure, costs are allocated based on area split. The allocation of under construction costs relating to shared ownership schemes between current and fixed assets is determined by looking at the predicted amount to be sold for development schemes within a year.
- Whether the surplus/(deficit) on disposal of housing properties is considered part of our operating activity and therefore the results should be presented within operating surplus. We consider the development and sale of both shared ownership properties, Right to Buy (RTB) and Right to Acquire (RTA) properties (including subsequent staircasing sales) to be part of our core operating activities and therefore appropriate to include within operating surplus.
- Property assets are classified between investment property and property, plant and equipment depending on the intended use of each property. In determining the intended use of each property the following are taken into consideration:

- whether the asset is held for social benefit;
- whether the property is operated at below a market rent for the wider benefit of the community;
- whether Raven is subsidising the property and operating at a loss in order to continue providing a service; and
- what the purpose for holding the asset is.

4. Key Sources of Estimation Uncertainty

In preparing these financial statements, the key sources of estimation uncertainty are:

Tangible fixed assets

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

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components. Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself (see note 16 and 17).

Housing property allocation

Where schemes are mixed tenure, cost are allocated based on area split. The allocation of under construction costs relating to shared ownership schemes between current and fixed assets is determined by looking at the predicted amount to be sold for development schemes within a year (see note 16).

Investment property

Investment properties are professionally valued annually.

Assumptions used:

Garages:	discount rate – 7.75%; the average cost per annum - £170;
Leaseholders:	the ground rent capitalisation - 7%;
Commercial properties:	blended yield across all of the commercial investments – c. 7.50%

Housing property and stock recognition of land

Allocation of land costs for mixed tenure developments. Management estimates the proportion of the land cost to allocate to different tenure types for mixed developments based upon actual data, where available, otherwise this is based upon management's estimate of the respective site values.

Rental and other trade receivables (debtors)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed based on age and where practical, on an individual debtor basis to consider whether each debt is recoverable (see note 21).

Measurements for financial instruments

Where FRS 102 requires a variable rate loan to be re-measured, for factors other than change in LIBOR, judgement is required as to the most appropriate method, either re-measurement by changing the effective interest rate or re-measuring the new cash flows at the old effective interest rate. In making their assessment management considers the nature of the changes made that led to the requirement to re-measure. Where these changes predominantly relate to changes in finance costs then the loan is re-measured using the new effective interest rate and the impact of re-measurement spread over the remaining life of the financial instrument. Where the changes predominantly related to the principal amounts the loan is re-measured using the old effective interest rate resulting in a change to the carrying value of the loan (see note 28).

Defined benefit and multi-employer pension schemes

Estimations in relation to financial and actuarial assumptions are based upon best estimates derived from the Group's policies and practices and confirmed with actuaries where these are beyond management expertise. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses. Estimation is also required in respect of the appropriate discount rate for the social housing pension scheme liability. This estimate is calculated by a professionally qualified valuer and primarily derived from externally published market data. The sensitivity analysis has been performed over the estimate (see note 30).

5. Particulars of turnover, cost of sales and operating surplus

Group	Turnover 2020 £'000	Cost of sale 2020 £'000	Operating costs 2020 £'000	Operating surplus/ (deficit) 2020 £'000	Turnover 2019 £'000	Cost of sale 2019 £'000	Operating costs 2019 £'000	Operating surplus/ (deficit) 2019 £'000
Social housing lettings (note 6)								
Social housing lettings	39,695	-	(25,543)	14,152	38,288	-	(22,767)	15,521
	39,695	**-**	**(25,543)**	**14,152**	**38,288**	**-**	**(22,767)**	**15,521**
Other social housing activities								
First tranche low cost home ownership sales	5,397	(4,020)	(2)	1,375	2,807	(2,235)	-	572
Development activities	2	-	(889)	(887)	16	-	(562)	(546)
Community investment	128	-	(1,128)	(1,000)	91	-	(1,019)	(928)
Floating support	174	-	(404)	(230)	204	-	(366)	(162)
Other	349	-	(229)	120	469	-	(153)	316
	6,050	**(4,020)**	**(2,652)**	**(622)**	**3,587**	**(2,235)**	**(2,100)**	**(748)**
Activities other than social housing								
Leasehold	750	-	(826)	(76)	1,086	-	(1,145)	(59)
Garages	1,329	-	(629)	700	1,268	-	(456)	812
Shops	71	-	(14)	57	39	-	(61)	(22)
Raven House lettings	298	-	(295)	3	166	-	(143)	23
Non-social housing property built for sale	-	-	(129)	(129)	-	-	-	-
Other-repairs	291	(165)	(319)	(193)	44	(126)	(668)	(750)
	2,739	**(165)**	**(2,212)**	**362**	**2,603**	**(126)**	**(2,473)**	**4**
Surplus on disposal of fixed assets	-	-	2,020	2,020	-	-	1,629	1,629
Total	**48,484**	**(4,185)**	**(28,387)**	**15,912**	**44,478**	**(2,361)**	**(25,711)**	**16,406**

Trust	Turnover 2020 £'000	Cost of sale 2020 £'000	Operating costs 2020 £'000	Operating surplus/ (deficit) 2020 £'000	Turnover 2019 £'000	Cost of sale 2019 £'000	Operating costs 2019 £'000	Operating surplus/ (deficit) 2019 £'000
Social housing lettings (note 6)								
Social housing lettings	39,526	-	(25,412)	14,114	38,288	-	(22,774)	15,514
	39,526	**-**	**(25,412)**	**14,114**	**38,288**	**-**	**(22,774)**	**15,514**
Other social housing activities								
First tranche low cost home ownership sales	5,397	(4,056)	(2)	1,339	2,807	(2,289)	-	518
Development activities	143	-	(1,021)	(878)	150	-	(654)	(504)
Community investment	128	-	(1,128)	(1,000)	91	-	(1,019)	(928)
Floating support	174	-	(404)	(230)	204	-	(366)	(162)
Other	1,220	-	(299)	921	360	-	(153)	207
	7,062	**(4,056)**	**(2,854)**	**152**	**3,612**	**(2,289)**	**(2,192)**	**(869)**
Activities other than social housing								
Leasehold	750	-	(826)	(76)	1,086	-	(1,145)	(59)
Garages	1,329	-	(629)	700	1,268	-	(456)	812
Shops	71	-	(14)	57	39	-	(61)	(22)
Raven House lettings	298	-	(295)	3	166	-	(143)	23
Non-social housing property built for sale	104	-	(104)	-	3,247	(3,150)	(97)	-
Other-repairs	119	-	(322)	(203)	136	-	(710)	(574)
	2,671	**-**	**(2,190)**	**481**	**5,942**	**(3,150)**	**(2,612)**	**180**
Surplus on disposal of fixed assets	-	-	2,020	2,020	-	-	1,629	1,629
Total	**49,259**	**(4,056)**	**(28,436)**	**16,767**	**47,842**	**(5,439)**	**(25,949)**	**16,454**

6. Income and Expenditure from social housing lettings - Group and Trust

Group	General Needs 2020 £'000	Supported Housing 2020 £'000	Shared Ownership 2020 £'000	Other[1] 2020 £'000	Total 2020 £'000	Total 2019 £'000
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	31,823	1,815	1,916	1,418	36,972	35,729
Service income	1,222	445	274	321	2,262	2,166
Amortised Government Grants	386	26	32	17	461	393
Turnover from social housing lettings	**33,431**	**2,286**	**2,222**	**1,756**	**39,695**	**38,288**
Expenditure on social housing lettings						
Management costs	3,882	331	332	331	4,876	5,108
Service charge costs	1,238	717	399	387	2,741	2,341
Routine maintenance	4,879	324	406	225	5,834	4,734
Planned maintenance	1,459	97	122	66	1,744	1,857
Major repairs expenditure	3,991	267	334	179	4,771	3,401
Bad debts	159	21	-	23	203	174
Amounts written off on replacement/demolition	146	10	12	7	175	169
Depreciation of housing properties	3,509	233	292	156	4,190	3,784
Other	910	34	42	23	1,009	1,199
Operating costs on social housing lettings	**20,173**	**2,034**	**1,939**	**1,397**	**25,543**	**22,767**
Operating surplus on social housing lettings	**13,258**	**252**	**283**	**359**	**14,152**	**15,521**
Void losses	**225**	**18**	**-**	**89**	**332**	**214**

Note 1 – Other includes keyworker and temporary accommodation.

Notes to the Financial Statements for the year ended 31 March 2020 (continued) Raven Housing Trust Limited, 31 March 2020

Trust	General Needs 2020 £'000	Supported Housing 2020 £'000	Shared Ownership 2020 £'000	Other[1] 2020 £'000	Total 2020 £'000	Total 2019 £'000
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	31,654	1,815	1,916	1,418	36,803	35,729
Service income	1,222	445	274	321	2,262	2,166
Amortised Government Grants	386	26	32	17	461	393
Turnover from social housing lettings	**33,262**	**2,286**	**2,222**	**1,756**	**39,526**	**38,288**
Expenditure on social housing lettings						
Management costs	3,845	337	339	334	4,855	5,108
Service charge costs	1,238	717	399	387	2,741	2,341
Routine maintenance	4,879	324	406	225	5,834	4,734
Planned maintenance	1,459	97	122	66	1,744	1,857
Major repairs expenditure	3,991	267	334	179	4,771	3,401
Bad debts	151	21	-	23	195	174
Amounts written off on replacement/demolition	146	10	12	7	175	169
Depreciation of housing properties	3,491	233	293	157	4,174	3,791
Other	802	42	52	27	923	1,199
Operating costs on social housing lettings	**20,002**	**2,048**	**1,957**	**1,405**	**25,412**	**22,774**
Operating surplus on social housing lettings	**13,260**	**238**	**265**	**351**	**14,114**	**15,514**
Void losses	**225**	**18**	**-**	**89**	**332**	**214**

Note 1 – Other includes keyworker and temporary accommodation.

7. Units of housing stock

Group	2020 At start of the period	2020 Developed or newly built units acquired	2020 Units sold / demolished	2020 Other movements	2020 Period end	2019 At start of the period	2019 Developed or newly built units acquired	2019 Units sold / demolished	2019 Other movements	2019 Period end
Social rent general needs	4,062	47	(12)	(3)	4,094	4,073	-	(12)	1	4,062
Affordable rent general needs	957	102	(3)	2	1,058	881	77	-	(1)	957
Social rent supported housing and housing for older people	340	-	-	2	342	343	-	-	(3)	340
Affordable rent supported housing and housing for older people	18	-	-	-	18	18	-	-	-	18
Shared ownership	346	86	(6)	(1)	425	315	35	(4)	-	346
Other social housing	197	-	-	-	197	194	-	-	3	197
Total social housing units owned and / or managed	**5,920**	**235**	**(21)**	**-**	**6,134**	**5,824**	**112**	**(16)**	**-**	**5,920**
Social housing units managed but not owned	70	-	-	(70)	-	70	-	-	-	70
Social housing units owned but not managed	54	-	-	-	54	54	-	-	-	54
Total owned and managed accommodation	**5,796**	**235**	**(21)**	**70**	**6,080**	**5,700**	**112**	**(16)**	**-**	**5,796**
Total leasehold units	**837**	**11**	**-**	**-**	**848**	**830**	**7**	**-**	**-**	**837**
Outright sale units	-	-	-	-	-	-	-	-	-	-
Total units owned and / or managed	**6,757**	**246**	**(21)**	**-**	**6,982**	**6,654**	**119**	**(16)**	**-**	**6,757**

During 2019/20 Raven Housing Trust has acquired a subsidiary, East Grinstead Tenants Limited. The company owns 70 social housing units.

Trust	2020 At start of the period	2020 Developed or newly built units acquired	2020 Units sold / demolished	2020 Other movements	2020 Period end	2019 At start of the period	2019 Developed or newly built units acquired	2019 Units sold / demolished	2019 Other movements	2019 Period end
Social rent general needs	4,062	47	(12)	(3)	4,094	4,073	-	(12)	1	4,062
Affordable rent general needs	957	102	(3)	2	1,058	881	77	-	(1)	957
Social rent supported housing and housing for older people	340	-	-	2	342	343	-	-	(3)	340
Affordable rent supported housing and housing for older people	18	-	-	-	18	18	-	-	-	18
Shared ownership	346	86	(6)	(1)	425	315	35	(4)	-	346
Other social housing	197	-	-	-	197	194	-	-	3	197
Total social housing units owned and / or managed	**5,920**	**235**	**(21)**	**-**	**6,134**	**5,824**	**112**	**(16)**	**-**	**5,920**
Social housing units managed but not owned	70	-	-	-	70	70	-	-	-	70
Social housing units owned but not managed	54	-	-	-	54	54	-	-	-	54
Total owned and managed accommodation	**5,796**	**235**	**(21)**	**-**	**6,010**	**5,700**	**112**	**(16)**	**-**	**5,796**
Total leasehold units	**837**	**11**	**-**	**-**	**848**	**830**	**7**	**-**	**-**	**837**
Outright sale units	-	-	-	-	-	-	-	-	-	-
Total units owned and / or managed	**6,757**	**246**	**(21)**	**-**	**6,982**	**6,654**	**119**	**(16)**	**-**	**6,757**

Prior year's figures have been restated following adoption of the Directive 2019.

8. Surplus for the year

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
This is arrived after charging:				
Depreciation of housing properties	4,190	3,784	4,174	3,791
Depreciation of other fixed assets	252	249	252	249
External auditors' remuneration (excluding VAT):				
- fees for audit of accounts	63	53	45	43
- fees for other assurance services	13	15	13	15
Operating lease rentals: other	1,181	1,101	1,181	1,101

9. Tax on surplus on ordinary activities

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Corporation tax				
UK Corporation tax on income for the year	(53)	(14)	-	-
Deferred tax provision	-	-	(1)	10
	(53)	(14)	(1)	10
Factors affecting the tax charge/(credit) for the current period				
Surplus on ordinary activities	8,504	11,614	10,014	11,946
Current tax at 19% (2019: 19%)	1,616	2,207	1,903	2,270
Effects of:				
Charitable surpluses not subject to tax	(1,587)	(2,218)	(1,903)	(2,258)
Qualifying charitable donations	(153)	(5)	-	-
Adjustment to tax charge in respect of previous periods	68	-	-	-
Tax losses not relieved	2	-	-	-
Fixed asset differences	5	-	-	-
Group relief surrendered / (claimed)	-	-	-	(1)
Adjust opening deferred tax to average rate of 19%	(4)	-	(1)	-
Adjust closing deferred tax to average of 17%	-	2	-	(1)
Total tax (credit) / charge	**(53)**	**(14)**	**(1)**	**10**

The charitable status of Raven Housing Trust means that no corporation tax is payable on their charitable activities.

Tax is payable on the profits from the activities of the Group's other non-charitable subsidiary companies.

10. Employees information

Group and Trust

The total remuneration (including Executive Management Team) paid was:	2020 £'000	2019 £'000
Wages and salaries	8,778	7,678
Social security costs	911	853
Cost of defined contribution scheme	650	609
	10,339	**9,140**

Group and Trust

The average number of full time equivalent employees was: *(calculated based on standard working week of 36 hours)*	2020 No.	2019 No.
Central services	50	38
Customer service	19	17
Development	12	12
Housing operations	151	142
Other	17	18
	249	**227**

The Group participates in the Social Housing Pension Scheme (SHPS).

Further information on each scheme is given in note 30.

11. Directors' and senior executives' remuneration

The key management personnel are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team. The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply.

Group and Trust	2020 £'000	2019 £'000
Emoluments (including pension contribution and benefit in kind) paid to directors	895	688
Emoluments (excluding pension contribution) paid to highest paid director	150	140

The remuneration paid to staff (including Executive Management Team) earning £60,000 or above:

Group and Trust	2020 No.	2019 No.
£60,000 - £69,999	8	6
£70,000 - £79,999	1	1
£80,000 - £89,999	-	1
£90,000 - £99,999	3	1
£100,000 - £109,999	-	1
£110,000 - £119,999	2	-
£120,000 - £129,999	1	-
£130,000 - £139,999	-	-
£140,000 - £149,999	1	1
	16	**11**

Notes to the Financial Statements for the year ended 31 March 2020 (continued) Raven Housing Trust Limited, 31 March 2020

12. Board members

During the year, Board members received emoluments totalling £72k (2019: £84k).

Group and Trust	2020 £'000	2019 £'000
John Amans	5	5
Philip Andrew	6	5
Caroline Armitage	17	17
Oshin Cassidy	-	4
Paul Edwards	5	5
David Gannicott	7	7
Ashley Horsey	-	3
Greg Hyatt	5	5
Henrietta Irving	7	7
Bryan Ingleby *	5	3
Edith Dawn Kenson	9	9
Arthur Merchant	-	1
Victor O'Brien	6	11
Annelise Tvergaard	-	2
	72	**84**

Chief Executive and Director of Finance do not receive remuneration in relation to Board members duties.

* Co-Optee

13. Surplus on disposal of fixed assets

Group and Trust	2020 £'000	2019 £'000
Proceeds from disposal of properties - Right to Buy	2,407	2,724
Cost of sales (including selling costs)	(2,325)	(2,406)
Transfer to recycled capital grant fund	-	-
Surplus on Right to Buy sales	**82**	**318**
Proceeds from disposal of properties - Right to Acquire	1,558	642
Cost of sales (including selling costs)	(254)	(80)
Transfer to recycled capital grant fund	(61)	-
Grant abated	2	-
Surplus on Right to Acquire sales	**1,245**	**562**
Income from staircasing	1,862	1,713
Cost of sales (including selling costs)	(1,185)	(948)
Transfer to recycled capital grant fund	(81)	-
Grant abated	27	19
Surplus on other sales	**623**	**784**
Income from other assets sales	142	70
Cost of sales (including selling costs)	(72)	(105)
Surplus / (loss) on other sales	**70**	**(35)**
Total gain on disposal of fixed assets	**2,020**	**1,629**

14. Interest payable and similar charges

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Bank loans and overdrafts	9,155	8,286	9,155	8,286
Recycled capital grant	5	-	5	-
Disposal Proceed Fund	1	-	1	-
Other interest payable	36	145	36	145
Net interest on pension defined benefit liability	34	31	34	31
	9,231	8,462	9,231	8,462
Interest capitalised on construction of housing properties	(1,336)	(1,439)	(1,336)	(1,439)
	7,895	**7,023**	**7,895**	**7,023**

Interest capitalised in housing properties during 2020 was £1,336k (2019: £1,318k), interest charged to Properties held for sale during 2020 was £209k (2019: £121k).

15. Goodwill on consolidation

	Group £'000	Trust £'000
As at 1 April 2019	-	-
Additions arising from new business combinations	1,264	-
Amounts released into profit or loss	-	-
As at 31 March 2020	**1,264**	**-**

16. Tangible fixed assets - Housing properties

Group	General needs completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total £'000
Cost					
At 1 April 2019	264,008	28,056	45,513	13,772	351,349
Additions					
- construction costs	263	16,114	(263)	9,567	25,681
- replaced components	2,885	-	-	-	2,885
Completed schemes	25,994	(25,994)	14,401	(14,401)	-
Property acquired	9,007	-		-	9,007
Disposals					
- property disposals	(528)	-	-	-	(528)
- replaced components	(623)	-	-	-	(623)
- demolition	-	11	-	-	11
- staircasing sales	-	-	(1,241)	-	(1,241)
At 31 March 2020	**301,006**	**18,187**	**58,410**	**8,938**	**386,541**
Depreciation					
At 1 April 2019	(43,093)	-	(551)	-	(43,644)
Charge for the year	(4,190)	-	-	-	(4,190)
Disposals					
- property disposals	126	-	-	-	126
- replaced components	391	-	-	-	391
- staircasing sales	-	-	12	-	12
At 31 March 2020	**(46,766)**	**-**	**(539)**	**-**	**(47,305)**
Impairment					
At 1 April 2019	(191)	-	-	-	(191)
Charge for the year	-	-	-	-	-
At 31 March 2020	**(191)**	**-**	**-**	**-**	**(191)**
Net book value:					
At 31 March 2020	254,049	18,187	57,871	8,938	339,045
At 31 March 2019	220,724	28,056	44,962	13,772	307,514

Trust	General needs completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total £'000
Cost					
At 1 April 2019	264,705	28,139	45,329	13,772	351,945
Additions					
- construction costs	263	16,045	(263)	9,605	25,650
- replaced components	2,885	-	-	-	2,885
Completed schemes	26,046	(26,046)	14,439	(14,439)	-
Disposals					
- property disposals	(528)	-	-	-	(528)
- replaced components	(623)	-	-	-	(623)
- demolition	-	11	-	-	11
- staircasing sales	-	-	(1,241)	-	(1,241)
At 31 March 2020	**292,748**	**18,149**	**58,264**	**8,938**	**378,099**
Depreciation					
At 1 April 2019	(43,110)	-	(551)	-	(43,661)
Charge for the year	(4,174)	-	-	-	(4,174)
Disposals					
- property disposals	126	-	-	-	126
- replaced components	391	-	-	-	391
- staircasing sales	-	-	12	-	12
At 31 March 2020	**(46,767)**	**-**	**(539)**	**-**	**(47,306)**
Impairment					
At 1 April 2019	(191)	-	-	-	(191)
Charge for the year	-	-	-	-	-
At 31 March 2020	**(191)**	**-**	**-**	**-**	**(191)**
Net book value:					
At 31 March 2020	245,790	18,149	57,725	8,938	330,602
At 31 March 2019	221,404	28,139	44,778	13,772	308,093

The net book value of housing properties can be further analysed as:	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Freehold	309,441	263,184	301,036	263,679
Long leasehold	2,479	2,502	2,479	2,502
	311,920	**265,686**	**303,515**	**266,181**

Group and Trust	2020 £'000	2019 £'000
Interest capitalisation in the year	1,127	1,318
Cumulative interest capitalised	6,154	5,027

Group and Trust	2020	2019
Average rate used for capitalisation	3.2%	3.8%

Works to properties	2020 £'000	2019 £'000
Improvements to existing properties capitalised	2,885	2,369
Major repairs expenditure to income and expenditure account	4,771	3,401
	7,656	**5,770**

Total social housing grant received and receivable as follows:	2020 £'000	2019 £'000
Capital grant - housing properties	40,300	39,795
Capital grant - homebuy investments	419	529
Recycled capital grant fund	942	780
Disposal proceeds fund	145	144
	41,806	**41,248**

Impairment

The group considers individual properties to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2018. During the current year, the Group and Association have not recognised any impairment loss (2019: £nil) in respect of general needs housing stock.

Properties held for security

The Association had property with a net book value of £115m pledged as security at 31 March 2020 (2019: £117m).

17. Other fixed assets

Group and Trust	Freehold office building £'000	Non residential properties £'000	Office & computer equipment £'000	Total £'000
Cost				
At 1 April 2019	3,697	13	2,142	5,852
Additions	-	-	181	181
Transfer	(590)	-	-	(590)
Disposals	-	-	(1,513)	(1,513)
At 31 March 2020	**3,107**	**13**	**810**	**3,930**
Depreciation				
At 1 April 2019	(176)	(1)	(1,671)	(1,848)
Charge for the year	(42)	-	(210)	(252)
Transfer	-	-	-	-
Disposals	-	-	1,510	1,510
At 31 March 2020	**(218)**	**(1)**	**(371)**	**(590)**
Net book value:				
At 31 March 2020	2,889	12	439	3,340
At 31 March 2019	3,521	12	471	4,004

Raven Housing Trust's office building has been partially reclassified from other fixed assets to investment property due to increase in the rental space during 2019/20. The Group classifies the rental part of the building as investment property. The office space is classified as other fixed assets.

18. Investment properties

Group and Trust	2020 £'000	2019 £'000
At 1 April	15,434	13,106
Additions	38	180
Disposals	-	(53)
Transfer	590	416
Revaluations	254	1,785
At 31 March	**16,316**	**15,434**

The Group's investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyor's Appraisal and Valuation Manual. Garage properties were valued at open market values and commercial properties at fair value.

The surplus on revaluation of investment property arising of £0.25m (2019: £1.8m) has been credited to the Statement of Comprehensive Income for the year.

As at the valuation date, we are faced with an unprecedented set of circumstances on which to base a judgement due to the impact of the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic'. The valuation is therefore reported on the basis of 'material valuation uncertainty'' as per VPS 3 and VPGA 10 of the RICS Red Book Global.

19. Investments - Homebuy loans

Group and Trust	2020 £'000	2019 £'000
At 1 April	529	590
New loans issued	-	-
Loans redeemed	(110)	(61)
Provision against loans	-	-
At 31 March	**419**	**529**

The investment in Homebuy loans represents an equity stake in third party properties purchased under the schemes.

There is no interest charged on Homebuy loans. Security for the loans is based on the assets to which the loans relate. Terms of repayment for all loans are over an undefined period.

20. Properties for sale

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Work in progress	3,739	5,875	3,739	5,875
Completed properties	2,933	827	2,933	827
Work in progress for outright market sale	13,688	8,022	-	-
Completed outright sale	374	-	-	-
	20,734	**14,724**	**6,672**	**6,702**

Interest charged to properties held for sale during the year 2020 were £209k (2019: £121k).

21. Debtors

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Due within one year				
Rent and service charges arrears	1,275	1,069	1,265	1,069
Less: Provision for bad and doubtful debts	(658)	(619)	(650)	(619)
	617	**450**	**615**	**450**
Amounts due from group undertakings	-	-	15,380	8,734
Leasehold debtors	230	76	230	76
Other debtors	552	578	309	435
Prepayments and accrued income	1,206	1,346	1,464	1,526
	2,605	**2,450**	**17,998**	**11,221**

22. Creditors: amount falling due within one year

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Loans and borrowings (Note 27)	1,317	7,644	1,317	7,644
Trade creditors	337	1,259	337	1,231
Rent received in advance	1,823	1,650	1,820	1,650
Taxes and social security costs	2,004	209	320	227
Sinking funds	478	408	478	408
Recycled capital grant (Note 26)	471	464	471	464
Disposal proceeds fund (Note 24)	144	144	144	144
Deferred capital grant Income (Note 25)	466	447	466	447
Recycled Homebuy grant	542	391	542	391
Other creditors, accruals and deferred income	8,535	8,293	8,360	8,164
	16,117	**20,909**	**14,255**	**20,770**

The tax and social security costs include a deferred tax liability of £1,688k (2019: £0) that has arisen as a result of business combination on acquisition of fully owned subsidiary, East Grinstead Tenants Limited. The deferred tax liability was measured using the tax rates that have been enacted or substantively enacted by the reporting date of 19% on a temporary difference of £8,800k (Note 35).

23. Creditors: amount falling due after one year

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Loans and borrowings (Note 27)	243,290	208,951	243,290	208,951
Deferred capital grant (Note 25)	39,834	39,348	39,834	39,348
Disposal proceeds fund (Note 24)	1	-	1	-
Recycled capital grant fund (Note 26)	471	316	471	316
Homebuy grant (Note 19)	419	529	419	529
	284,015	**249,144**	**284,015**	**249,144**

24. Disposal proceeds fund

Funds pertaining to activities within areas covered by Homes England:

Group and Trust	**2020 £'000**	**2019 £'000**
At 1 April	144	528
Net sales proceeds recycled	-	-
Interest accrued	1	-
Recycling of grant: new build	-	(384)
At 31 March	**145**	**144**
Amounts falling due within one year	144	144
Amounts falling due after one year	1	-
	145	**144**
Amounts 3 years or older where repayment may be required	144	-

The Group has applied for an extension from Homes England in relation to the three year old disposal proceeds grant. The Group has a plan to use the grant within given time scale.

25. Deferred capital grant income fund

Group and Trust	**2020 £'000**	**2019 £'000**
At 1 April	39,795	39,617
Grant received in the year	1,099	236
Grant recycled to recycled capital grant fund	(141)	(30)
Grant recycled from disposal proceeds fund	-	384
Other non-recyclable grant disposal	(29)	(19)
Eliminated on disposal	37	-
Released in the year	(461)	(393)
At 31 March	**40,300**	**39,795**
Amounts falling due within one year	466	447
Amounts falling due after one year	39,834	39,348
	40,300	**39,795**
Amounts 3 years or older where repayment may be required	-	-

26. Recycled capital grant

Funds pertaining to activities within areas covered by Homes England:

Group and Trust	**2020 £'000**	**2019 £'000**
At 1 April	780	755
Grant recycled from deferred capital grants	141	30
Less administrative fees	16	(5)
Interest accrued	5	-
At 31 March	**942**	**780**
Amounts falling due within one year	471	464
Amounts falling due after one year	471	316
	942	**780**
Amounts 3 years or older where repayment may be required	471	60

The Group has applied for an extension from Homes England in relation to the three year old recycled capital grant. The Group has a plan to use the grant within given time scale.

27. Loans and borrowings

Borrowings at amortised cost Group and Trust	2020 £'000	2019 £'000
Due within one year		
Bank loans & other borrowings	1,438	7,809
Less: issue cost	(121)	(165)
	1,317	**7,644**
Due after more than one year		
Bank loans & other borrowings	244,387	210,145
Less: issue cost	(1,097)	(1,194)
	243,290	**208,951**

Group and Trust	2020 £'000	2019 £'000
In one year or less	1,317	7,644
In more than one year but no more than two years	1,577	1,341
In more than two years but no more than five years	43,710	5,728
Later than 5 years	198,003	201,882
	244,607	**216,595**

Capital repayment Group and Trust	2020 £'000	2019 £'000
In one year or less	1,590	8,042
In more than one year but no more than two years	1,848	1,590
In more than two years but no more than five years	44,402	6,448
Later than 5 years	193,793	197,495
	241,633	**213,575**

The Group has drawn down £36m (2019: £96.5m) and repayments totalling £8m (2019: £59.9m) were made during the year. At the year end there were undrawn facilities for £39m (2019: £75m) available for draw down. All loans are secured by way of specific charges on housing properties.

The loans either bear interest at fixed rates ranging from 1.9% to 6.6% (inclusive of margin) or variable rates calculated at a margin averaging between 0.8% and 1.55% above LIBOR.

28. Financial instruments

The Group and Trust's financial instruments may be analysed as follows:

Financial assets	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Financial assets measured at transaction cost:				
Loan due from subsidiary	-	-	15,380	8,605
Financial assets measured at undiscounted amount receivable:				
Debtors	2,605	2,532	2,618	2,679
Cash and cash equivalents	11,130	11,678	10,357	11,382
	13,735	**14,210**	**28,355**	**22,666**

Financial liabilities	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Financial liabilities measured at amortised cost:				
Loans and borrowings	244,607	216,595	244,607	216,595
Financial liabilities measured at undiscounted amount payable:				
Trade and other creditors	13,177	11,901	11,315	11,743
	257,784	**228,496**	**255,922**	**228,338**

Borrowing facilities

The group has undrawn committed borrowing facilities. The facilities available at 31 March 2020 in respect of which all conditions precedent had been met were as follows:

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Expiring in one year or less	-	-	-	-
Expiring in more than one year but not more than two years	-	-	-	-
Expiring in more than two years	38,900	75,000	38,900	75,000
	38,900	**75,000**	**38,900**	**75,000**

29. Other provisions

Group and Trust	2020 £'000	2019 £'000
At 1 April	-	28
Utilised in year	-	(28)
At 31 March	-	-

30. Pension scheme

A number of pension schemes were operated by the Group during the year.

Defined benefit obligation breakdown:

Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017.

This valuation revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Present Values of defined benefit obligation

	2020 £'000	2019 £'000
Fair value of plan assets	4,595	4,368
Present value of defined benefit obligation	5,219	5,904
Deficit in plan	(624)	(1,536)
Defined benefit liability to be recognised	**(624)**	**(1,536)**

Reconciliation of opening and closing balances of the defined benefit obligation

	2020 £'000	2019 £'000
Defined benefit obligation at start of period	5,904	5,361
Expenses	4	4
Interest expense	137	138
Actuarial (gains)/ losses due to scheme experience	(4)	(4)
Actuarial (gains)/ losses due to changes in demographic assumptions	(50)	16
Actuarial (gains)/ losses due to changes in financial assumptions	(734)	426
Benefits paid and expenses	(38)	(37)
Defined benefit obligation at end of period	**5,219**	**5,904**

Reconciliation of opening and closing balances of the fair value of plan assets

	2020 £'000	2019 £'000
Fair value of plan assets at start of period	4,368	4,098
Interest income	103	107
Experience on plan assets (excluding amounts included in interest income) - gain	14	60
Contributions by the employer	148	140
Benefits paid and expenses	(38)	(37)
Fair value of plan assets at end of period	**4,595**	**4,368**

Defined benefit costs recognised in the Statement of Comprehensive Income

	2020 £'000	2019 £'000
Current service cost	-	-
Expenses	4	4
Net interest expense	34	31
Remeasurement - impact of any changes in assumptions	-	-
Defined benefit costs recognised in statement of comprehensive income	**38**	**35**

Defined Benefit Costs recognised in the Other Comprehensive Income

	2020 £'000	2019 £'000
Initial recognition of multi-employer defined benefit scheme		
Derecognition of deficit funding liability	-	781
Initial recognition of multi-employer defined benefit scheme	-	(1,263)
	-	**(482)**
Actuarial gain/ (loss) in respect of pension schemes		
Experience on plan assets (excluding amounts included in net interest cost) - gain	14	60
Experience gains and losses arising on the plan liabilities - gain	4	4
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain / (loss)	50	(16)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain / (loss)	734	(426)
	802	**(378)**
Total amount recognised in other comprehensive income - gain / (loss)	**802**	**(860)**

Assets	2020 £'000	2019 £'000
Absolute return	240	378
Alternative risk premia	321	252
Corporate bond fund	262	204
Credit relative value	126	80
Distressed opportunities	89	79
Emerging markets debt	139	151
Fund of hedge funds	3	20
Global equity	672	735
Infrastructure	342	229
Insurance-linked securities	141	125
Liability driven investment	1,525	1,598
Liquid Credit	2	-
Long lease property	79	64
Net current assets	20	8
Over 15 year gilts	-	-
Opportunistic Illiquid Credit	111	-
Private debt	93	59
Property	101	98
Risk sharing	155	132
Secured income	174	156
Total assets	**4,595**	**4,368**

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key Assumptions

	2020 % per annum	2019 % per annum
Discount rate	2.37%	2.33%
Inflation (RPI)	2.60%	3.28%
Inflation (CPI)	1.60%	2.28%
Salary growth	2.60%	3.28%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

The Association has performed a sensitivity analysis based on the changes to RPI rate and impact on the deficit position of the plan.

Sensitivity analysis of RPI changes	**RPI 2.6%**	**RPI 2.3%**	**RPI 2.9%**
Present value of defined benefit obligation	5,219	4,977	5,487
Deficit in plan	(624)	(382)	(892)

31. Share capital

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

	2020 £	**2019 £**
At 1 April	28	27
Shares issued in the year	-	1
Shares cancelled in the year	(6)	-
At 31 March	**22**	**28**

32. Operating leases

The Group and the Association had minimum lease payments under non-cancellable operating leases set out below:

Group and Trust Amounts payable as a lessee	**2020 £'000**	**2019 £'000**
No later than 1 year	267	258
Later than 1 year and not later than 5 years	914	843
Later than 5 years	-	-
	1,181	**1,101**

Raven Housing Trust leases vans and photocopiers. Contracts for vans have been renegotiated during the year 2019/20.

Amounts receivable as a lessor	**2020 £'000**	**2019 £'000**
No later than 1 year	190	164
Later than 1 year and not later than 5 years	305	373
Later than 5 years	289	228
	784	**765**

Raven Housing Trust leased assets include shops and offices.

33. Capital commitments

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Commitments contracted but not provided for	29,102	50,772	24,120	40,889
Commitments approved by the Board but not contracted for	12,770	10,670	12,770	8,172
	41,872	**61,442**	**36,890**	**49,061**

Capital commitments for the group and trust will be funded as follows:

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Social housing grant	2,494	1,099	2,494	1,099
New loans	13,745	6,047	9,537	5,928
Sales of properties	14,503	42,618	14,503	30,652
Existing reserves	11,130	11,678	10,356	11,382
	41,872	**61,442**	**36,890**	**49,061**

These are commitments towards fixed assets which have been contracted and predominantly relate to developments where known contracts have been appointed and which have started on site.

34. Related party transactions

The ultimate controlling party of the Group is Raven Housing Trust (RHT) - registered social housing provider, which itself has no ultimate controlling party. The four immediate active subsidiaries are Raven Devco Limited (RDL), Raven Repairs Limited (RRL), Raven Development Homes Limited (RDH) and East Grinstead Tenants Limited (EGTL). Raven Housing Trust retains constitutional control of all subsidiary undertakings.

The objective of Raven Devco Limited is the provision of development services to the parent.

The Association performs a number of functions of an administrative nature on behalf of its subsidiaries. The cost of services provided to RDL and RRL is calculated on a cost basis, with central overheads being apportioned on a headcount or hourly basis.

Raven Housing Trust had performed managed services for EGTL prior to acquiring the company and this charges basis has continued.

During the year overheads of £135k were charged to RDL (2019: £92k). The Association has received a total of £305k (2019: £3.839m) value of invoices from RDL related to design and build fees, which included a mark-up of cost.

RRL in the year received overhead charges which amounted to £45k (2019: £38k).

RRL has borrowed an additional £60k of available loan facility. As of 31 March 2020 £300k (2019: £240K) has been drawn down.

During the year overheads of £107k were charged to RDH (2019: £93k). As of 31 March 2020 RDH has drawn £15.08m (2019: £8,365k) of its loan facility.

The following transactions took place between the parent and its associated companies during the year:

Transactions with non-regulated entities

	RRL 2020 £'000	RDL 2020 £'000	RDH 2020 £'000	EGTL 2020 £'000	RRL 2019 £'000	RDL 2019 £'000	RDH 2019 £'000
Net loan movements	60	-	6,715	-	(30)	-	7,591
Net sales and purchases of goods and services	106	(169)	79	73	98	(3,660)	3,521
Net management fees received	12	(1)	24	12	12	(74)	16

The Association provides management services, other services and loans to its subsidiaries. The Association also receives charges from its subsidiaries. The quantum and the basis of those charges is set out below.

Payable to the Trust by the subsidiaries	Management charges		Interest charges		Gift Aid	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Raven Devco Limited	8	13	-	-	6	20
Raven Repairs Limited	12	3	12	11	-	-
Raven Development Homes Limited	24	16	643	274	-	-
East Grinstead Tenants Limited	12	-	-	-	800	-
	56	32	655	285	806	20

Payable by the Trust to the subsidiaries	Management charges	
	2020 £'000	2019 £'000
Raven Devco Limited	9	87

Intra-group management fees are receivable by the Association from subsidiaries to cover the running costs the Association incurs on behalf of managing its subsidiaries. The management fee is calculated on a department basis, with headcount as the method of allocation.

Other intra-group charges

Other intra-group charges that are payable to the Association from subsidiaries relate to staff recharges and gift aid payments. Gift aid was received from subsidiaries in 2020 of £806k (2019: £20k).

Intra-group interest charges

Intra-group interest is charged by the Association to its subsidiaries at a rate of 4.75% (RRL) and 5.5% (RDH).

Intra-group loans

	Opening Balance £'000	Movement £'000	Closing Balance £'000
Loan from Raven Housing Trust to:			
Raven Repairs Limited	240	60	300
Raven Development Homes Limited	8,365	6,715	15,080

The loans from Raven Housing Trust are repayable on demand.

35. Business combination

On 17 December 2019, the Association acquired 100% of the share capital of East Grinstead Tenants Limited (EGTL). The acquisition date position of EGTL, and the consideration transferred is set out below.

East Grinstead Tenants Limited (EGTL)

	Carrying value £'000	Fair value adjustments £'000	Fair value £'000
Fixed assets	127	8,880	9,007
Debtors	127	-	127
Cash at bank	1,207	-	1,207
Creditors: amounts falling due within one year	(3)	-	(3)
Creditors: amounts falling due after more than one year	-	-	-
Deferred tax	-	(1,688)	(1,688)
Total identifiable net assets	**1,458**	**7,192**	**8,650**
Purchase consideration in cash (including directly attributable costs)			9,914
Goodwill recognised			**1,264**

36. Subsidiary undertakings

On 17 December 2019, the Group acquired East Grinstead Tenants Limited (EGTL).

Investment in Subsidiaries

	£'000
As at 1 April 2019	-
Additions	9,914
Impairment	-
As at 31 March 2020	9,914

In addition the Association has three immediate active subsidiaries - Raven Devco Limited, Raven Repairs Limited and Raven Development Homes Limited. Raven Housing Trust Limited retains constitutional control of all subsidiary undertakings.

The objective of Raven Devco Limited is the provision of development services to the parent, while Raven Repairs Limited undertake to provide commercial repairs and maintenance services. The principal activity of Raven Development Homes Limited during the period was the development of homes for outright sale. The objective of East Grinstead Tenants Limited is to provide housing to the poor and needy of East Grinstead.

The legal form and the share capital of each subsidiary of Raven Housing Trust is as follows:

	Legal status	Issued share capital
Raven Repairs Limited	Company Limited by Shares	1 x £ 1 ordinary shares
Raven Devco Limited	Company Limited by Shares	1 x £ 1 ordinary shares
Raven Development Homes Limited	Company Limited by Shares	1 x £ 1 ordinary shares
East Grinstead Tenants Limited	Company Limited by Shares	400 x £ 1 ordinary shares

The Association exercise its functions as parent of the entities listed above through ownership of 100% of the share capital in all Companies Limited by Shares, through the ownership of a parent share with controlling rights as a Co-operative and Community Benefit Society and through a controlling interest as a member of the Companies Limited by Guarantee.

Raven
Housing Trust

www.ravenht.org.uk
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