Raven
Housing Trust

ANNUAL REVIEW AND CONSOLIDATED FINANCIAL STATEMENTS

Raven Housing Trust, Year Ended 31 March 2019

Registration Number 30070R

CONTENTS

BOARD MEMBERS, EXECUTIVES AND ADVISERS

BOARD MEMBERS

Caroline Armitage (Chair)	
Annelise Tvergaard	*resigned 5th September 2018*
Ashley Horsey	*resigned 5th September 2018*
David Gannicott	
Dawn Kenson	
Greg Hyatt	
Henrietta Irving	
John Amans	
Oshin Cassidy	*appointed 5th September 2018 and resigned 7th May 2019*
Paul Edwards	
Philip Andrew	
Victor O'Brien	
Jonathan Higgs	
Mark Thrasher	*resigned 1st August 2018*
Stephen Aleppo	*appointed 1st August 2018 and resigned 18th January 2019*
Mark Baker	*appointed 18th January 2019*

EXECUTIVE OFFICERS

Jonathan Higgs	*Chief Executive*
Mark Thrasher	*Director of Finance (resigned 10th August 2018), Secretary (resigned 1st August 2018)*
Stephen Aleppo	*Interim Director of Finance (appointed 2nd July and resigned 18th January 2019), Secretary (appointed 1st August 2018, and resigned 18th January 2019)*
Mark Baker	*Group Director of Finance and Governance (appointed 31st December 2018), Secretary (appointed 18th January 2019)*
Nigel Newman	*Director of Strategy and Growth*
Alison Bennett	*Director of Development*
Amy Cheswick	*Director of Customers and Partners (appointed 1st June 2018)*
Julia Mixter	*Director of People and Transformation (appointed 28th September 2018)*
Joanna Hills	*Director of Assets and Services (appointed 8th October 2018)*

Raven is registered under the Co-operative and Community Benefit Societies Act 2014 No. 30070R

Registered Office
Raven House
29 Linkfield Lane
Redhill
Surrey
RH1 1SS

Principal Solicitors
Anthony Collins
134 Edmund Street
Birmingham
B3 2ES

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

Property Valuers
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London
W1B 5NH

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

Funder
Barclays Bank Plc
Level 12
1 Churchill Place
London
E14 5HP

Funder
Lloyds Bank Plc
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London
EC2V 7HN

Funder
Legal and General
Assurance Society
One Coleman Street
London EC2R 5AA

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

CHAIR AND CHIEF EXECUTIVE'S INTRODUCTION

At the start of the year we could see the opportunity to improve some of our core services to residents, in particular our responsive repairs service and our management of anti-social behaviour, two areas that our residents feel strongly about.

We are pleased to be able to report that following some intensive collaborative work between staff and residents, we have achieved considerable improvement in both areas, raising satisfaction with the most recent repair from 82% in April 2018 to an average performance for the year of 93% and raising satisfaction with the management of serious anti-social behaviour to 95%.

Working with our residents to improve services is second nature to Raven, and we had no hesitation during the year in signing up, as an early adopter, to the National Housing Federation's 'Together with Tenants' initiative. This complements perfectly Raven's new three year plan, 'Making The Difference', which will ensure all our residents are connected to services they value and trust; services that work alongside them, saving them time, giving them options and helping them enjoy their homes.

As well as delivering significant service improvements and setting out our ambitious plans for the future, we completed 112 new affordable homes, and started work on a further 504.

To fund these homes and the further 1,000 additional homes we are planning over the next 4 years, we completed the refinancing of our £289m of debt. This included our first direct investment of £50m from Legal and General Assurance Society. We were very pleased to see a range of potential investors keen to support Raven's growth.

In a busy year we started work on our first homes for sale, secured Customer Service Excellence for the 8th consecutive year, maintained a current rent arrears level of 1.6% in the face of Universal Credit roll out in our area, and delivered £4.9m of social return on investment.

The long-term security of our residents' homes is foremost in all the decisions the Board takes. With the uncertainty that has accompanied the country's exit from the European Union, we have diligently stress tested our business plan during the year to ensure it remains strong into the future, even in the face of some of the most pessimistic economic forecasts.

Our financial statements set out the details of a financially strong, high performing organisation but we never forget we are a housing association. We measure our achievements in a currency greater than our end of year operating margin. We build homes and we change lives.

Jonathan Higgs
Chief Executive

Caroline Armitage
Chair of the Board

STRATEGIC REPORT
1. HIGHLIGHTS

5,920
HOMES OWNED AND MANAGED

346
OF WHICH ARE SHARED OWNERSHIP

£20k
IN SUBSIDIARY PROFITS DONATED TO THE GROUP AND

£223k
IN SUBSIDIARY CONTRIBUTION TO OVERHEADS

£10m
INVESTED IN PROPERTY REPAIRS

STRATEGIC REPORT (CONTINUED)

£16.4m
OPERATING SURPLUS DELIVERED WITH A
36.9%
OPERATING MARGIN

88%
OVERALL TENANT SATISFACTION WITH RAVEN

11
DEVELOPMENTS THAT DELIVERED
112
NEW PROPERTIES

84%
OF STAFF THOUGHT RAVEN WAS A GREAT PLACE TO WORK

7%
MEDIAN GENDER PAY GAP BETWEEN MEN AND WOMEN IS MORE BALANCED IN FAVOUR OF WOMEN

STRATEGIC REPORT (CONTINUED)

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, which includes Raven Devco Limited, Raven Development Homes Limited and Raven Repairs Limited. Raven Housing Trust has charitable status.

The parent is regulated by the Regulator of Social Housing and complies with the Regulator's Regulatory Framework for social housing in England, and Regulatory Standards of Governance.

Raven Housing Trust
Housing Association
(Parent) 30070R

Raven Devco Limited
08948696

Raven Repairs Limited
08948872

Raven Development Homes Limited
10653135

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

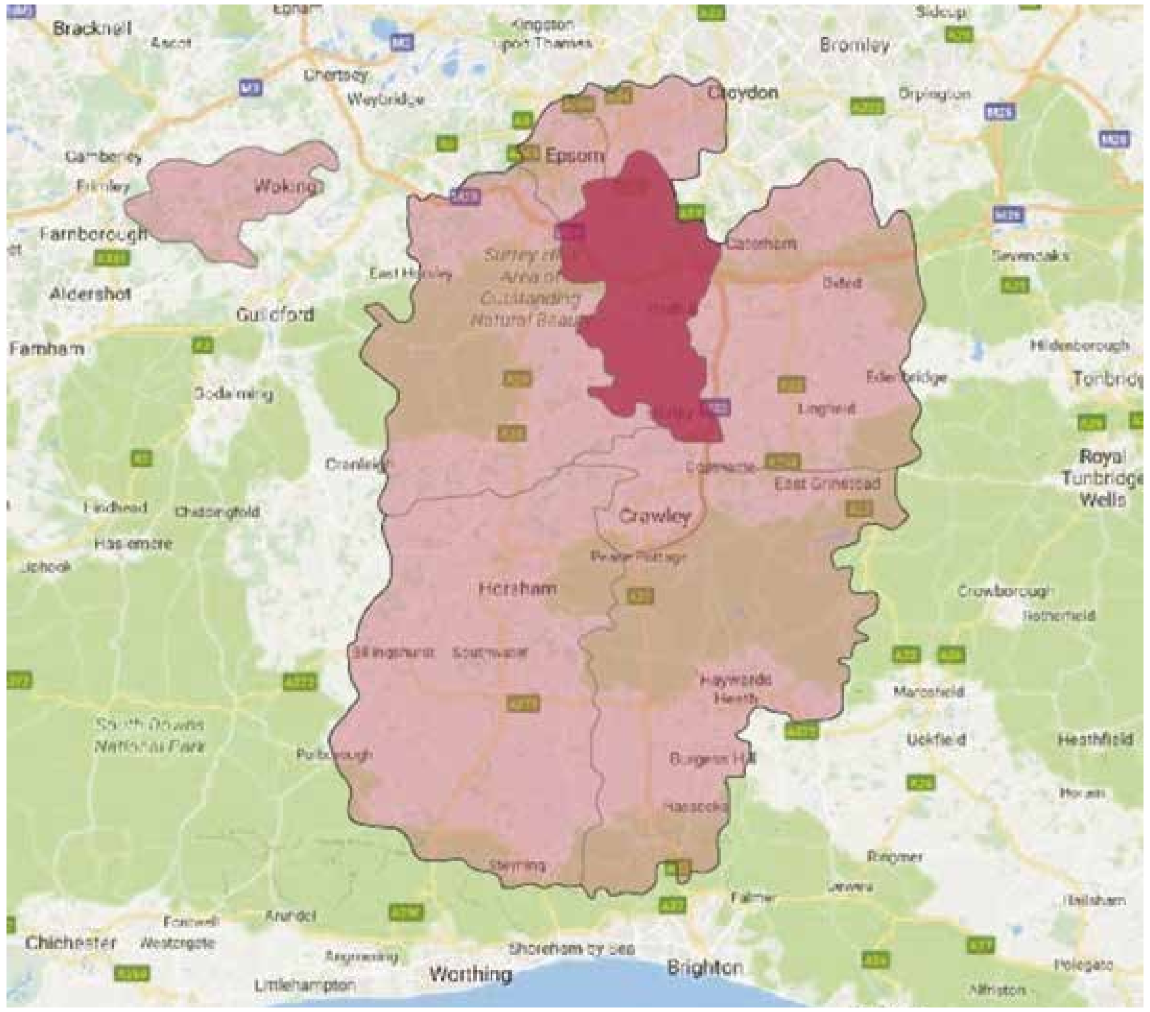
TRUST	We earn trust by being open and accountable.
UNDERSTANDING	We seek to truly understand others' needs before we act.
COLLABORATE TO INNOVATE	We collaborate with colleagues, customers and partners to develop innovative services.
CARE	We come to work because we care about providing good quality, affordable homes and services to those that need them. We believe we can make tomorrow better than today.

OUR OPERATING AREA

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

LOCAL AUTHORITY	NUMBER OF PROPERTIES
Crawley Borough Council	210
Epsom and Ewell Borough Council	46
Horsham District Council	42
Mid Sussex District Council	296
Mole Valley District Council	41
Reigate and Banstead Borough Council	5,138
London Borough of Sutton	30
Tandridge District Council	97
Woking Borough Council	20
Total	**5,920**

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



3. OUR WORLD

THERE ARE OVER 1,700 REGISTERED PROVIDERS IN THE UK, VARYING IN SIZE FROM UNDER 10 HOMES TO MORE THAN 50,000.

IN 2019, TOTAL UK HOUSING ASSOCIATION STOCK ACCOUNTS FOR OVER HALF OF ALL SOCIAL HOUSING STOCK.

The social housing sector is currently experiencing funding pressures due to continuing financial constraints on local authorities and the wider public sector and four years of social rent cuts of 1% per year. This has led to reduced discretionary spending across the sector.

The UK social housing market continues to face acute supply problems, with new build levels significantly below requirements. Nationally the shortfall is estimated at over 100,000 homes per annum. In the South East there are 23 households on the waiting list for every new affordable home.

Whilst public sector funding remains constrained for the foreseeable future the outlook for housing association providers is improving. The Ministry of Housing, Communities and Local Government confirmed a five year rent settlement for the period 2020 to 2025 set at up to Consumer Prices Index (CPI) plus 1%. Across government, a number of policy and funding announcements have been made to support public investment in house building and increase the supply of social and affordable homes.

Overall the sector still faces challenging economic and operating conditions.

Brexit continues to be a major factor creating uncertainty across the UK and economic growth remains weak. The property market has been particularly affected with close to zero monthly house price rises in the first quarter of 2019 and a growing expectation of house price falls over the next year. In London and the South East the number of property enquiries and transactions are falling with first time buyers now the single largest buyer type boosted by the government's 'Help to Buy' scheme.

Benefit changes and the roll-out of universal credit is impacting on our poorest and most vulnerable residents and affordability is an issue for current and prospective tenants. There has been a continued growth in homelessness with a 19% increase in three years whilst rough sleeping has increased by 169% since 2010.

The implications of the tragedy at Grenfell Tower continue to impact on housing policy and regulation. Building and fire regulations are being updated and there is a renewed focus on Health and Safety legislation and regulation in the sector; as well as a step change in the focus on listening to customers and acting on their concerns.

Beyond increasing the supply of housing, national policy is focused on the following issues: the impact of stigma in society, decent homes standards, the regulatory framework with regards to consumer protection and greater accountability on providers. In addition the profile and importance of environmental factors and response to climate change is increasing.

Raven has continued to develop plans over the last year to meet these challenges.

We have agreed a new three year corporate strategy 'Making The Difference', which reflects the environment we are working in and our ambitions to continue to build more new homes and meet our customer and resident expectations.

We have refreshed our business plan, to reflect the political and economic factors highlighted above, and the Board's desire to increase the number of new homes. We have negotiated new loan agreements with our two existing funders, Barclays Bank Plc and Lloyds Bank Plc and secured new private funding with Legal and General Assurance Society during 2018 providing a net £75m of new financing to support the business plan.

We continue to use sensitivity analysis to assess and respond to the levels of uncertainty in the economy and housing market. This sensitivity testing of our business plans and cash flows is supported by robust risk management and mitigation plans. We have tested our plans against, and made preparations for, the potential consequences of a no deal Brexit. We develop contingency plans and scenarios for our major development schemes and other investments.

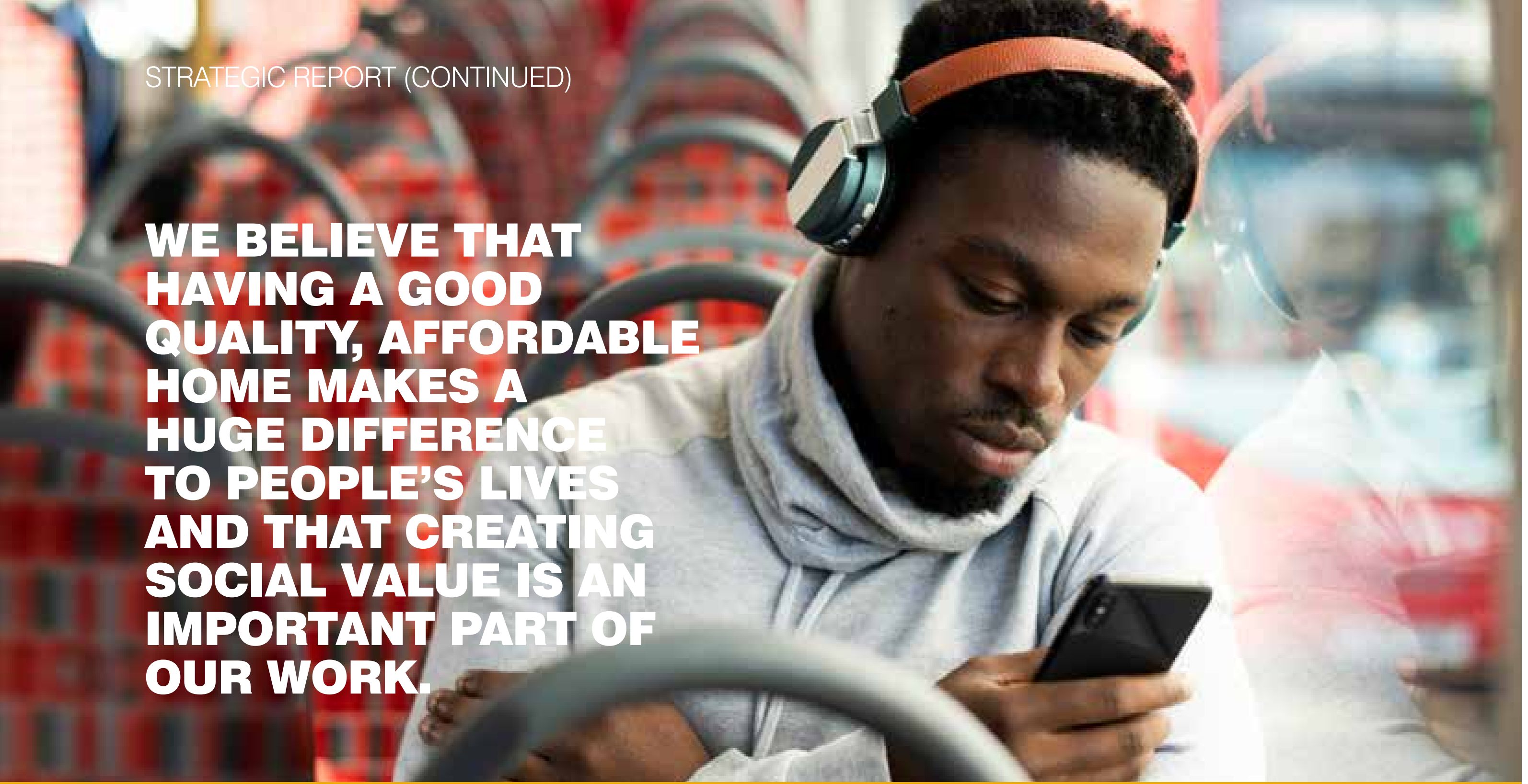
We are developing our role in community sustainability as public services and welfare support reduce. Our focus is being clear about where, why and how we target our interventions. As well as evaluating outcomes for customers from our community investment offer, we are measuring social return on investment against a range of services and to help us decide where to invest resources in future. We restructured the Parashoot homelessness prevention service in 2018 following local authority funding cuts. In this challenging environment, we continue to reduce evictions and keep people in their homes across East Surrey.

Raven continues to prioritise Health and Safety. This year's key focus has been on asbestos with a significant deep dive audit and procurement of a new consultant. We undertake quarterly Compliance Reviews to ensure that strong management of other areas of landlord health and safety are sustained, including the validation of two Health and Safety performance indicators in each visit.

We renewed our commitment to the environment with the approval of a new Sustainability Policy with ambitious targets on energy efficiency and fuel poverty in our existing homes. We will pilot new technologies to assist our customers in reducing energy use, e.g. external wall insulation, which proved to halve residents' heating bills and will be rolled out more widely in 2019/20.

4. OUR STRATEGY

BUILDING HOMES, CHANGING LIVES: IT'S MORE THAN JUST A SLOGAN; IT'S WHAT WE'VE ALWAYS DONE.



RAVEN'S STRATEGIC PLAN 2019

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 new 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.

STRATEGIC REPORT (CONTINUED)

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. We will deliver against our plan to get the maximum return from the investment we make 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 with our residents to connect them to services that they value and trust so they can save time, make choices and take control. 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. 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. 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. 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. Our strategy is our plan for delivering driving 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.

5. OUR CUSTOMERS

OVER THE LAST YEAR WE HAVE CONTINUED TO FOCUS ON ENSURING OUR CUSTOMERS ARE AT THE HEART OF WHAT WE DO.

SINCE LAUNCHING THE MYRAVEN ONLINE PORTAL IN 2017 IT HAS GONE FROM STRENGTH TO STRENGTH WITH OVER 2,400 CUSTOMERS REGISTERED AND 30% OF RENT (EXCLUDING DIRECT DEBITS) TAKEN THROUGH THE PORTAL EACH MONTH BY THE END OF MARCH 2019.

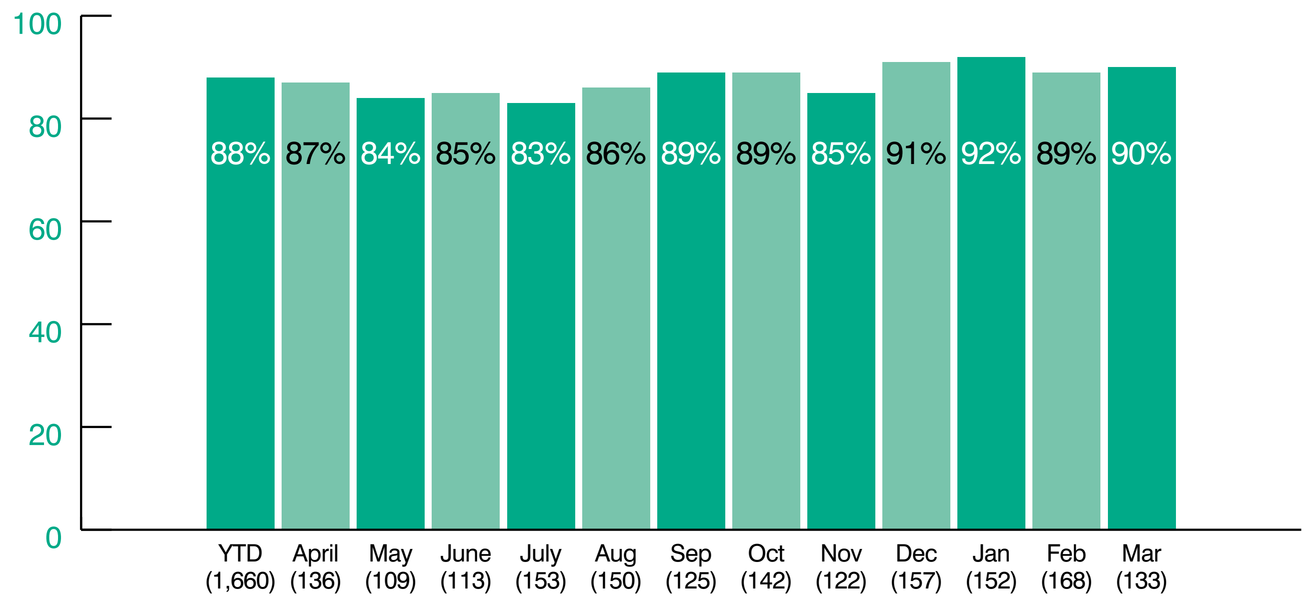
We continue to see a month on month rise in the number of customers using the portal. Rent payment and reviewing account information are the main reasons for visiting the site.

We are continuing to roll out repair reporting and tracking as well as new modules that will enable reporting and tracking of anti-social behaviour cases. Offering flexibility for residents to manage their Raven account at any time supports our aim to connect residents to the right services at the right time.

We have increased the value of social return on investment, focussing on the support services such as Moneywise, digital inclusion, support into work and relieving homelessness.

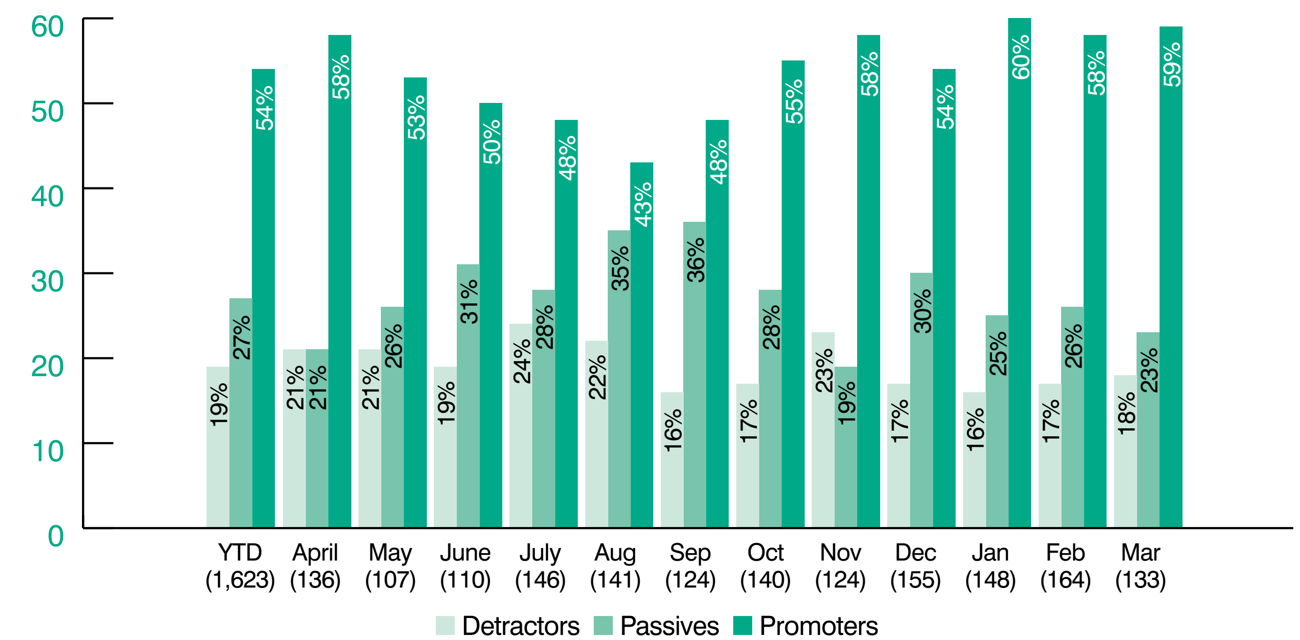
Customer satisfaction remains high with some notable improvements during 2018/19. Overall customer satisfaction remains high and ended the year at 88%, an improvement from the last two years. Satisfaction in December 2018, January 2019 and March 2019 reached or exceeded 90%.

Overall Customer satisfaction:



(*number in brackets = number of respondents)

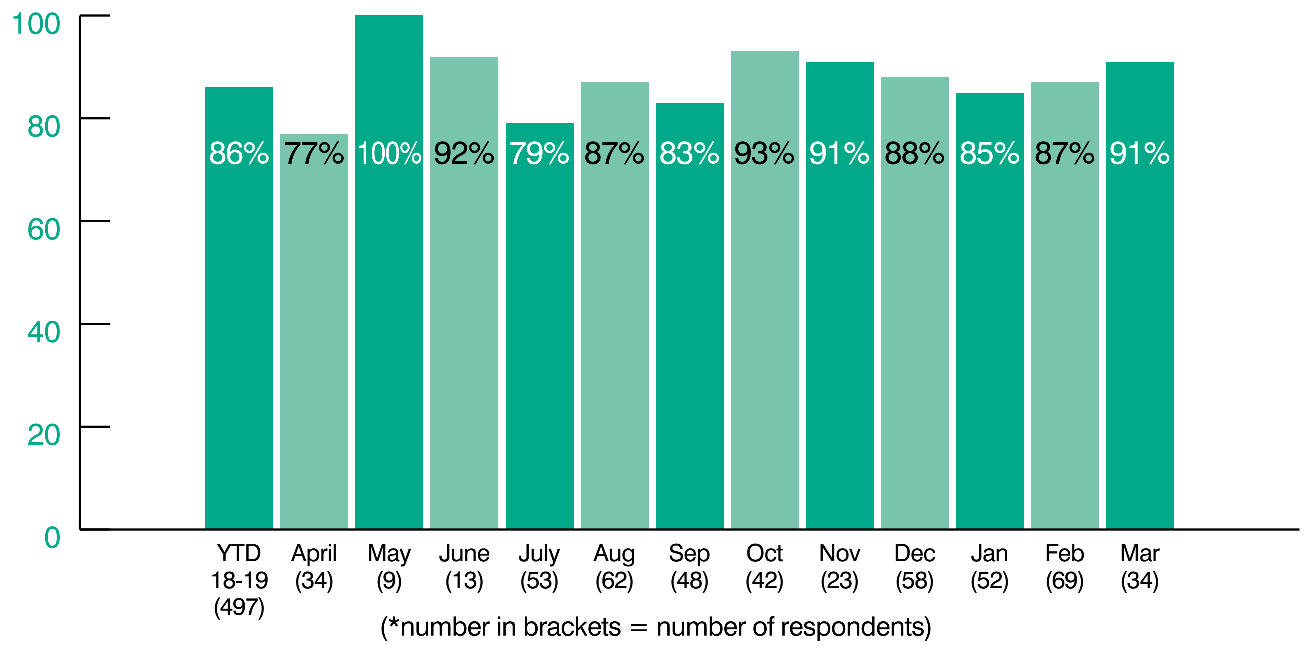
The overall net promoter score for the year was 35. This improved month on month and had reached 41 by March 2019.



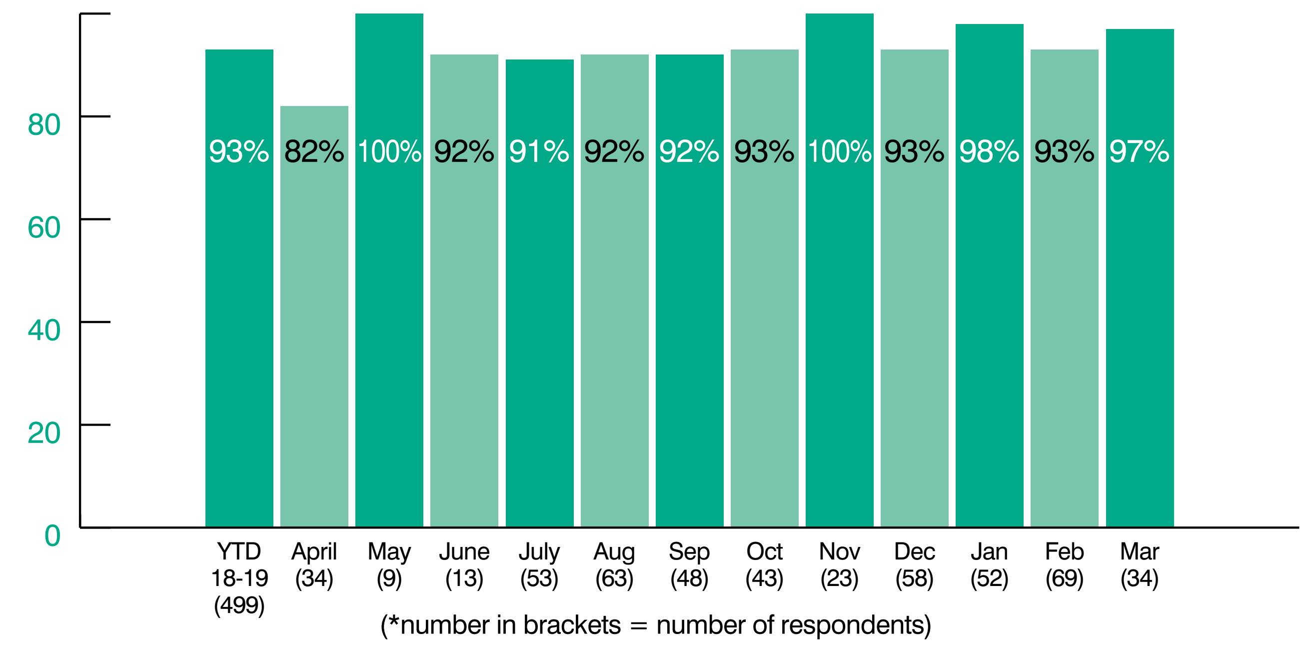
(*number in brackets = number of respondents)

Satisfaction with the repairs service remains high at 86% overall satisfaction. Improvements to the repairs service during the year have improved satisfaction, notably satisfaction with the last repair improved to 93% for the year, with some months at or very near 100% satisfaction.

Overall repairs satisfaction:



Satisfaction with most recent repair:



Our emphasis on building new homes, making sure our homes are well maintained and providing the right services for the right customers are all tools to deliver this.

To make sure we get this right, we commissioned an in depth qualitative research project, interviewing 300 customers to help us get to know customers really well, understand their priorities and what they need from Raven.

We will be using this data to co-design and develop existing and new services with residents. We're responding to customer priorities using focus groups and delivering some key projects for the next year, including:

- offering rent flexibility, options to move to the right size home;
- reviewing housing support and improving awareness of the services we offer;
- developing tailored, proactive services based on needs and aspirations for different customer groups; and
- working with customers to establish a new approach to customer engagement and feedback.

Developing the right services also means improving our digital offer to customers, ensuring people are connected to the right services, delivered in the right way; and providing flexibility to suit customer needs. We continue to develop our customer portal, as well as streamline processes, enabling us to spend time on the right priorities for customers.

6. OUR HOMES

WE CONTINUE TO INVEST IN OUR EXISTING HOMES AND TO BUILD NEW HOMES. WE BUILT 112 NEW PROPERTIES DURING 2018/19.

Under Right to Buy and Right to Acquire, Raven sold 12 properties during the year and four shared ownership properties were fully staircased (where homeowners increase their ownership share to 100%). A summary of our current stock is set out below:

STOCK TYPE	AT 31 MARCH 2018	CHANGE OF TYPE	ADDITIONS	DISPOSALS	AT 31 MARCH 2019
General Needs rented homes	4,880	-	77	(12)	4,945
Shared Ownership homes	311	-	35	(4)	342
Homes managed for other landlords	70	-	-	-	70
Temporary Accommodation	194	3	-	-	197
Sheltered Accommodation	361	(3)	-	-	358
Other	8	-	-	-	8
Total	**5,824**	**-**	**112**	**(16)**	**5,920**

7. OUR PEOPLE

TWO OF RAVEN'S STRATEGIC PRIORITIES IN THE NEW 'MAKING THE DIFFERENCE' STRATEGY RELATE TO OUR PEOPLE:

- to make sure our staff have the skills, the systems, and the organisation they need - so they can excel at what they do; and
- to make sure people know what we do and what's important to us – so we attract the best staff and partners.

To achieve this we have developed a three year People Strategy which continues the work undertaken in 2018/19. We carried out a staff survey in February, and the response rate of over 90% demonstrates how engaged staff are with the process and in speaking out. 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.

There are areas for improvement around performance management, pay, environment and systems and we have started working on actions to make improvements in these areas. We have an Investors in People assessment in September 2019 and this will demonstrate the progress we have made in these areas.

Our staff made a significant contribution to the refresh and definition of our core values during the year ensuring that there is a shared understanding and application of these values across the organisation.

There is a genuine belief that these values reflect what it is like to work at Raven and how we want to behave with one another and our customers. Many of our staff took part in photoshoots to personally represent these values on posters and leaflets that we are using at career fairs and other events to attract new people to join Raven.

Staff engagement and communications were delivered through ‘Face to Face’ events in October and March. In October over two hundred staff got involved in a wide range of community projects on behalf of Raven, from digging gardens, to folding clothes for Stripey Stork, one of our many community partners. In March we launched the new corporate strategy to staff in a variety of innovative ways including a Punch and Judy show.

Leadership development continues to be an important investment for Raven. Two more cohorts of managers completed the Inspire programme in 2018 and one further team of supervisors started in May 2019. In total, over forty Raven managers have benefited from participating in Inspire, which will ensure they are well equipped to draw on their new skills to lead Raven as it undertakes an ambitious period of change and growth. Attendees have told us that they better understand how to get the best out of themselves, develop excellent working relationships and how to use their individual strengths to engage and motivate their teams.

In May 2019 Raven published the results of its gender pay gap which showed a -7% gap in favour of women. This is an increase on previous years and demonstrates how Raven bucks the trend, not just in terms of housing associations but more widely against the national picture. Raven has four women out of seven positions on the Executive Team and a significant number of the Senior Managers are female. However Raven’s position is about equal opportunities for all, and 2019 will see an increased focus on using the Apprentice Levy to support development opportunities for a wide range of staff across the organisation.

The next three 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. Our 2019/20 People Strategy is focused on ensuring Raven knows its staff better than any other housing association, personalising our pay, benefits, development and reward in ways that motivate our teams and developing the skills, knowledge and experience required to thrive and to deliver our ambitious vision ‘to give our residents a louder voice, to innovate, and to make the best use of new technology’.

8. REVIEW OF THE YEAR

THE YEAR ENDED 31ST MARCH 2019 HAS SEEN WEAK ECONOMIC GROWTH, A LOW VALUE OF STERLING AND LIMITED HOUSING MARKET GROWTH.

THE IMPACT ON RAVEN AND OUR RESIDENTS IS A CONTINUATION OF AUSTERITY AND PRESSURE ON HOUSEHOLD INCOMES, WHICH HAS INEVITABLY LED TO PRESSURE ON OUR RESIDENTS TO PAY THEIR RENT.

In the face of economic and political uncertainty Raven continues to maintain a strong financial performance. The Group delivered an operating surplus of £16.4m (operating margin of 36.9%) including a contribution of £0.5m from the sale of shared ownership properties and £1.6m from the disposal of other assets. The overall surplus for the year was £10.8m after interest payments, tax and valuation and pension accounting adjustments.

New financing of £105m was secured during 2018/19 of which £30m was used to pay down existing loans.

The Group liquidity position remains strong with cash balances of £12m plus new financing of £75m available to draw down to fund development plans for new homes. 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.

This strong operating, liquidity and financing position has enabled the Board to approve a refreshed business plan, which maintains the development plan target of over 1,100 new homes by 2023 and includes £2.5m new investment in 2019/20 for delivery of the first year of the new strategic plan.

9. RISKS AND UNCERTAINTIES

THE BOARD REGULARLY REVIEWS THE RISK REGISTER AND THE AUDIT COMMITTEE USES AN ASSURANCE FRAMEWORK TO ENSURE THAT ALL RISKS ARE ADEQUATELY MANAGED.

THE MAIN RISKS IDENTIFIED DURING THE YEAR RELATE TO AN:

- economic downturn including a no deal Brexit and housing market downturn, with the potential impact of an increase in costs, reduction in income and available funding for development programme;
- impact of welfare reform 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. In May 2019 in approving the refreshed business plan the Board assessed the sensitivity of the plan to rent levels, interest rates, inflation and house prices as well as economic downturn scenarios. There is significant headroom in the plan to manage liquidity and borrowing in the event of an economic downturn. The Board also considered and agreed the range of measures Raven would take to mitigate a serious economic downturn and retain a strong financial position.

Raven has put robust processes and support in place to mitigate the risks to customers and Raven's income from the introduction of key welfare reforms, in particular, Universal Credit. We have listened to the challenges customers face, particularly during the initial wait period for the first payment and changed the way we manage arrears as a result. We continue to work with our residents to ensure that we address benefit issues from a very early stage. As well as our Moneywise service providing benefit advice and supporting financial inclusion, we have a dedicated resource supporting Universal Credit claimants during transition. Our process supports residents to set up benefit claims and payment arrangements, relieving the stress and worry about rent whilst they wait to receive payment.

With an increased focus on commercial diversification and restructuring our operating model to deliver our commercial strategy, our Group Governance structure and the processes that underpin it, play a significant role in ensuring these changes are embedded effectively and efficiently.

Raven remains financially viable; 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 (the rating is out of 4).

10. PERFORMANCE FOR THE YEAR

THE OPERATING SURPLUS FOR THE YEAR WAS £16.4M, WHICH REPRESENTS AN OPERATING MARGIN OF 36.9% AND WAS £1M BETTER THAN PLANNED.

PERFORMANCE ACROSS A RANGE OF OPERATING ACTIVITIES AND SERVICES REMAINS GOOD

THE OVERALL SURPLUS FOR THE YEAR, AFTER INTEREST PAYMENTS, TAX AND ACCOUNTING FOR VALUATIONS AND PENSION WAS £10.8M. THIS SURPLUS IS LESS THAN 2017/18 DUE TO:

- an exceptional item in 2017/18 relating to a valuation of investment properties (£10m);
- a lower number of completed shared ownership sales due to completion delays from the last quarter of 2018/19 to the first quarter of 2019/20 (£1.6m); and
- higher operating costs in 2018/19, in line with plan for the year, relating to staff costs (filling of vacant posts), investment in major repairs of existing properties and interest payments.

The underlying level of turnover was maintained at a similar level to prior year and in line with plan.

	2018/19			2017/18
	ACTUAL £'m	BUDGET £'m	VARIANCE £'m	ACTUAL £'m
Operating turnover	41.7	41.7	-	40.9
First tranche shared ownership sales	2.8	6.3	(3.5)	8.7
Total Turnover	**44.5**	**48.0**	**(3.5)**	**49.6**
Surplus on disposal of assets	1.6	0.4	+1.2	1.8
Operating Costs	27.4	28.2	+0.8	24.3
Shared ownership cost of sales	2.3	4.9	+2.6	6.6
Total Operating Costs	**29.7**	**33.1**	**+3.4**	**30.9**
Operating Surplus	**16.4**	**15.3**	**+1.1**	**20.6**
Operating Margin (%)	37%	32%	+5%	41%
Interest payments and accounting adjustments	5.6	8.6	+3.0	(4.5)
Total Surplus	**10.8**	**6.7**	**+4.1**	**25.1**

Performance across a range of operating activities and services remains good. This includes rent collection and arrears, time to re-let a property, compliance and resident satisfaction with our services as set out below.

KPI	2018/19	2017/18	2016/17	2015/16
Current Tenant Arrears (%)	1.6%	1.6%	1.6%	2.4%
Re-let Times (days)	17.4	13.5	13.0	16.0
Void Losses (%)	0.49%	0.45%	0.44%	0.42%
Rent Collection (%)	100.4%	100.3%	100.7%	102.5%
Overall satisfaction (%)	88%	86%	85%	89%
Value for Money satisfaction (%)	88%	92%	86%	86%
Repairs satisfaction (%)	86%	82%	83%	91%

Our residents face a challenging economic environment. We continue to work with our residents to ensure that they are able to pay their rent and work to prevent arrears. During the year we rolled out improvements to our monitoring system, predicting payments based on patterns and flagging changes so we can offer support. This helped us maintain low current tenant arrears, once again achieving 1.6% at the end of March 2019, despite the impact of Universal Credit roll out during the year. Excluding arrears linked to Universal Credit, the level reduces to 1.3%.

Overall satisfaction with Raven and satisfaction with value for money for rent have remained high and were above the average level for the previous three years.

The level of satisfaction with repairs measured by a range of indictors (time taken to complete repair, first time repairs and most recent repair) has increased during the year to between 90-100%. Overall satisfaction with repairs measured over the course of the year has improved by 4% compared to last year.

Health and Safety compliance is measured by a range of indicators relating to fire prevention, fire safety, legionella, electrical testing and gas safety. These have been maintained at close to 100% during 2018/19 with non-compliance due to a small number of access issues with vulnerable residents.

11. DEVELOPMENT ACTIVITY

THE SUCCESS OF OUR DEVELOPMENT PROGRAMME CAN BE SEEN IN OUR RISING STOCK NUMBERS AND THROUGH THE LEVEL OF RECEIPTS FROM SHARED OWNERSHIP FIRST TRANCHE SALES.

We built 112 new properties during 2018/19 (77 affordable homes and 35 shared ownership homes) with a further 504 properties under construction at the end of March 2019.

We plan to deliver over 1,000 new homes by March 2023. We are focused on acquiring new sites for development and have a growing reputation for not only Section 106 delivery but quality land-lead projects. In 2019/20 we will take handover of our first Construction Management project which is also our first Build for Sale development.

We are creating additional financial capacity through delivering outright sales as part of our development plan with the sale profits being reinvested into social housing. The Raven Group is on site with 50 homes for market sale which will complete in late 2019/20.

WE BUILT 112 NEW PROPERTIES DURING 2018/19

12. COMMUNITY INVESTMENT AND SUPPORT

RAVEN HAS CONTINUED TO PROACTIVELY INVEST IN THE COMMUNITIES WHERE WE OPERATE, ENABLING US TO CHANGE THE LIVES OF THE PEOPLE WE WORK WITH FOR THE BETTER.

WE INVEST MORE THAN £0.5M PER YEAR IN THIS SERVICE, AS WELL AS SEEKING EXTERNAL FUNDING TO SUPPORT KEY PROJECTS, SUCH AS EMPLOYMENT SUPPORT.

We continue to focus on the key themes of work, financial inclusion and digital inclusion. Across four boroughs in Surrey we provide support to prevent homelessness with funding from Surrey County Council and Tandridge District Council. This includes support for homeless families to sustain new tenancies and provides support to help older people remain independent. We know this kind of support enables tenants to have successful tenancies, to pay their rent and take control of what is important to them.

The core activities of the community investment team are to:

- provide wraparound support and training to get local people closer to work, into work or into better paid work;
- offer advice and support with managing money, including benefit claims, appeals and charity grant applications;
- support tenants to get online through skills training, loaning IT devices and help with accessing broadband;
- working with partners to signpost to specialist services;
- preventing homelessness through housing related support; and
- support for older people in older persons accommodation as well as those living independently in the community.

Between April 2018 and March 2019, Raven's Moneywise Team received 814 referrals. We have seen a significant increase in referrals following the roll out of Universal Credit with over 30% of these cases received in the final quarter of the financial year.

During the year, the Moneywise team successfully won eighteen of nineteen appeals lodged and heard. The only case lost is being appealed. The majority of appeals related to sickness and disability benefits, where entitlement was withdrawn.

We have seen some fantastic outcomes for people taking part in employment support projects. Eighty six people have received support to identify and reduce or remove barriers to work, for example, accessing advice, information, workshops and formal training. Three people have moved into education or training and fourteen people have entered work.

As part of our community investment work, we try to access funding where possible. The figures above include the work we do as part of the Pathway to Employment project, which is funded through the EU and Big Lottery and supports people living in housing insecurity into work.

DURING THE YEAR, THE MONEYWISE TEAM SUCCESSFULLY WON EIGHTEEN OF NINETEEN APPEALS LODGED AND HEARD.

13. DELIVERING VALUE FOR MONEY

A NEW VALUE FOR MONEY (VFM) STANDARD WAS INTRODUCED BY THE REGULATOR ON 1ST APRIL 2018.

THE NEW STANDARD SETS OUT CLEAR 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 – Summary of Activity

The main VfM focus for the year was embedding the improvements and efficiencies implemented since 2015, developing new commercial opportunities and a new VfM strategy aligned to the corporate strategy 'Making The Difference'.

Raven's actual performance against the Regulator metrics and comparisons with the performance across the sector is summarised in the table below. Overall Raven continues to perform well against most of the measures in comparison to the overall sector and our specific peer group of similar organisations.

A planned increase in operating costs and repairs plus lower shared ownership home completions compared to 2017/18 have contributed to performance falling for interest cover and operating margin, such that these are now just below sector and peer group median. These factors also contribute to an increase in unit costs, which are above sector and peer group median and this is explained in more detail below.

Raven has a higher gearing ratio compared to other Housing Associations but is more closely aligned on gearing compared 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.

VALUE FOR MONEY METRIC	RAVEN ACTUAL 2018/19	RAVEN ACTUAL 2017/18	SECTOR MEDIAN 2017/18	PEER GROUP MEDIAN 2017/18
Reinvestment %	12.8%	13.3%	8.3%	7.7%
New Supply Delivered % – Social Housing	1.9%	2.4%	1.2%	1.9%
New Supply Delivered % – Non-Social Housing	0.1%	0.1%	-	-
Gearing %	66.6%	64.7%	49.3%	57.6%
Earnings before interest, tax, depreciation and amortisation (EBITDA or Interest Cover) %	194%	325%	214%	218%
Headline Social Housing Cost per Unit £	£3,932	£3,370	£3,204	£3,145
Operating Margin % *	33.2%	37.8%	30.7%	34.2%
Operating Margin – Social Housing Lettings %	40.5%	46.7%	32.2%	37.5%
Return on Capital Employed %	4.9%	6.9%	5.1%	5.2%

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

Raven will assess its 2018/19 performance in comparison to the sector and peer group after the Regulator publishes the Sector Scorecard in September. Performance will be reported on the website and in the 2019/20 statutory accounts. Raven's Board will monitor performance against these metrics on a quarterly basis from 2019.

The more detailed analysis of Social Housing cost per unit is set out below:

UNIT COSTS ON AN ENTITY BASIS	RAVEN ACTUAL 2018/19 £ PER UNIT	RAVEN ACTUAL 2017/18 £ PER UNIT	SECTOR MEDIAN 2017/18 £ PER UNIT	PEER GROUP MEDIAN 2017/18 £ PER UNIT
Management Costs	863	810	971	930
Service Charge Costs	395	380	247	286
Maintenance Costs	1,114	1,130	948	924
Major Repairs Costs	974	580	836	833
Other Social Housing	586	470	140	110
Headline Social Housing Costs	**3,932**	**3,370**	**3,204**	**3,145**

The cost savings identified in 2015 to mitigate the impact of the four year 1% rent cut, have been achieved and embedded. This enabled a reduction in costs up to 2017/18 and for the management cost element to be maintained significantly below sector and peer group average. The main reasons for the increase in unit costs for 2018/19 relate to staff costs (filling of vacant posts), overheads and legal costs (increasing management and other social housing) and planned investment in major repairs of existing properties.

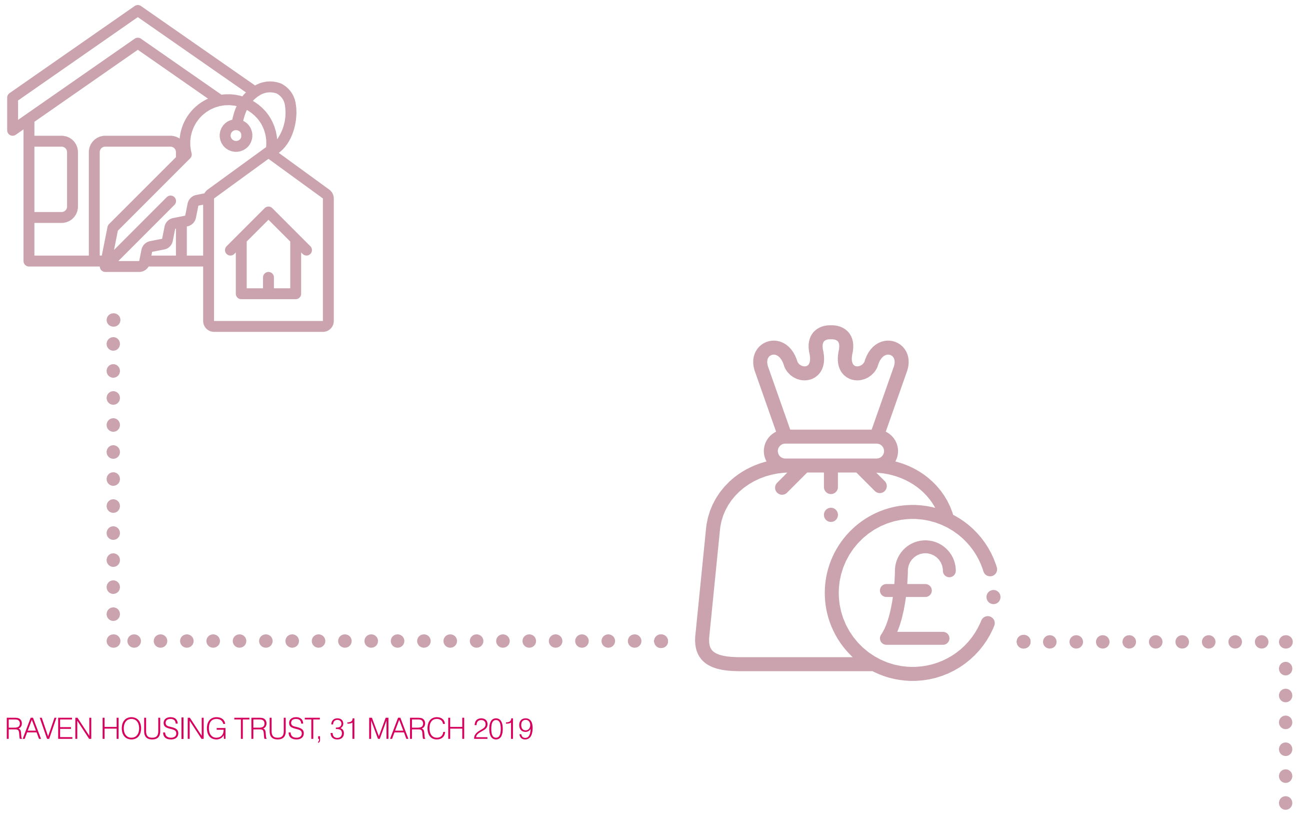
Value for Money – Strategy

In March 2017 Raven's Board approved a VfM strategy for the period 2017-20. The strategy set out an aspiration to be an upper median performing organisation, by 2020. Upper median being defined as between 25th percentile and 50th percentile of all organisations within our benchmarked group. The Board agreed the following measures would be monitored to demonstrate that our performance is achieving our goal, including customer satisfaction and social return on investment as measures to provide a check and balance to our drive for efficiency:

- Average cash generated by operating activities (per year, over a 10 year period);
- Regulator of Social Housing's Social Housing Operating Cost per Unit;
- Operating Surplus %;
- Overall Customer satisfaction; and
- Social Return on Investment.

Our actual performance against these metrics, along with our projected 2019/20 performance is summarised in the table below:

VALUE FOR MONEY MEASURES	BUDGET 2019/20	ACTUAL 2018/19	ACTUAL 2017/18	ACTUAL 2016/17
Average Cash Generated by Operating Activities (over 10 years)	£26.8m	£26.3m	£19.8m	£19.1m
Social Housing Operating Cost per Unit	£4,441	£3,932	£3,370	£4,056
Operating Surplus (%)	27.4%	36.9%	41.4%	30.8%
Overall satisfaction (%)	89%	88%	86%	85%
Social Return on Investment	£3.5m	£4.9m	£3.4m	n/a



Value for Money – Operating Activity

Average cash generated shows that Raven's plans have and are expected to continue to generate level of cash surplus each year to fund the requirements of Raven's strategic direction and strengthen Raven's ability to deliver its core purpose of 'Building Homes, Changing Lives', into the future.

Operating costs increased in 2018/19 and are planned to increase further in 2019/20; this is due in part to cyclical nature of major repairs, which are higher in the two years 2017-19 and a Board commitment to invest in our existing assets alongside other planned investment in capacity and resources to deliver the new corporate strategy 'Making The Difference'. Over the next three year period we still expect to maintain management costs at better than median benchmark level.

Raven continues to drive cost efficiencies in its operating costs through procurement and use of lean processes to streamline core activities and processes and develop commercial income. Examples of improvements we made in the last year include:

- implemented new purchasing system to reduce time and improve compliance in ordering and invoice approval;
- legal framework established delivering savings of over 30% against previous arrangements;
- 30% of Raven's income (excluding direct debits) is now taken through the portal, reducing wasted calls to customer call centre – enabling time to be spent on more complex calls, reducing waiting time for customers calling in;
- reduction in transaction costs for rent payments from £2.42 per call to pay rent to £0.16 per digital transaction, saving around £5k per month based on volume of transactions in the last quarter of the year; and
- 8% margin improvement on sales of shared ownership.

In 2019/20 we will be implementing:

- a new procurement strategy and approach to improve tendering and contract management arrangements to deliver cash savings on new contracts and better value from existing contracts;
- a new business plan for Raven Repairs delivering a significantly higher level of income from commercial and domestic customers over a ten year period;
- other property technology solutions to deliver efficiencies and generate commercial income opportunities.

Value for Money - Getting Better Value from our Assets

Raven is focused on understanding asset performance to enable better 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 a financial NPV 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.

Our 2018/19 asset performance is summarised below:

PORTFOLIO	TURNOVER £'000	OPERATING SURPLUS £'000	OPERATING MARGIN %	NET BOOK VALUE £'000	OPERATING RETURN ON ASSETS %
Social Housing Lettings - Total	38,288	15,521	40.5%	307,514	5.05%
Social Housing Lettings - General Needs	32,134	13,710	42.7%	220,724	6.2%
Sheltered Housing	2,294	525	22.9%	44,962	1.2%
Other	3,860	1,286	33.3%	n/a	n/a

Overall social housing lettings performance has been maintained at close to 2017/18 levels and in line with increases in our asset numbers and overall strategic direction. We have generated additional income from existing assets as follows:

- the garage rents were reviewed and uplifted delivering annually an additional £0.3m income; and
- Co-Working initiative, using office space at Raven House, was launched in February 2019, with between 30-35 companies operating, generating initial income per month of £5,000, with growth expectations in 2019/20.

When properties are no longer fit for purpose we review the options available through the Property Action Group to appraise the optimal use for each asset, and recommend a preferred way forward. In 2019/20 we will be taking a more pro-active approach to evaluating the performance of Raven's assets and an annual report will be prepared on asset values and actions to drive asset value. This is expected to range from minor land disposals through to identifying properties/sites for options appraisals.

Value for Money – Social Return and Customer Satisfaction

We recognise that VfM is not only about the efficiency of our operating activities. 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 monitored to assess how our residents feel we are delivering housing and repair services to them. The headline measure of overall customer satisfaction for 2018/19 was 88% this is improved against the previous year. We are close to or above the median for the range of customer satisfaction measures collected by Housemark. We aim to improve this year on year over the life of the new corporate plan (2019-22) and introduce a new target to increase our net promoter score.

Examples of improvements we made in last year include:

- expansion of services available through MyRaven portal functionality, in line with customer feedback; over 30% of income (excluding Direct Debit payments) is now collected through the portal;
- amended process for dealing with anti-social behaviour cases delivering the right service for the customer individually leading to satisfaction doubling for low level disputes and is now over 95% for serious cases;
- over 30 downsizers accepted properties at the new Ranmore Close development and have tailored support offers in place; and
- tailored support and changes in rent arrears process for residents moving to Universal Credit helping to maintain a lower level of arrears (£100 less than national average).

Raven has a strong commitment to supporting and making a difference to the communities that we work within. This is demonstrated by the ring-fencing of investment for community investment. The annual value of social return has increased over the last year from £3.4m to £4.9m in 2018/19. 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.

During the year we leveraged community contributions from our contracts, this is formally integrated into every contract over £100k and has amounted to approximately £30k cash contribution to physical projects in the community, as well as support through delivery of employment and training initiatives.

During 2019 we will expand the MyRaven portal functionality, in line with customer feedback and in looking to embed a technological solution to allow us to take and respond to live customer feedback.

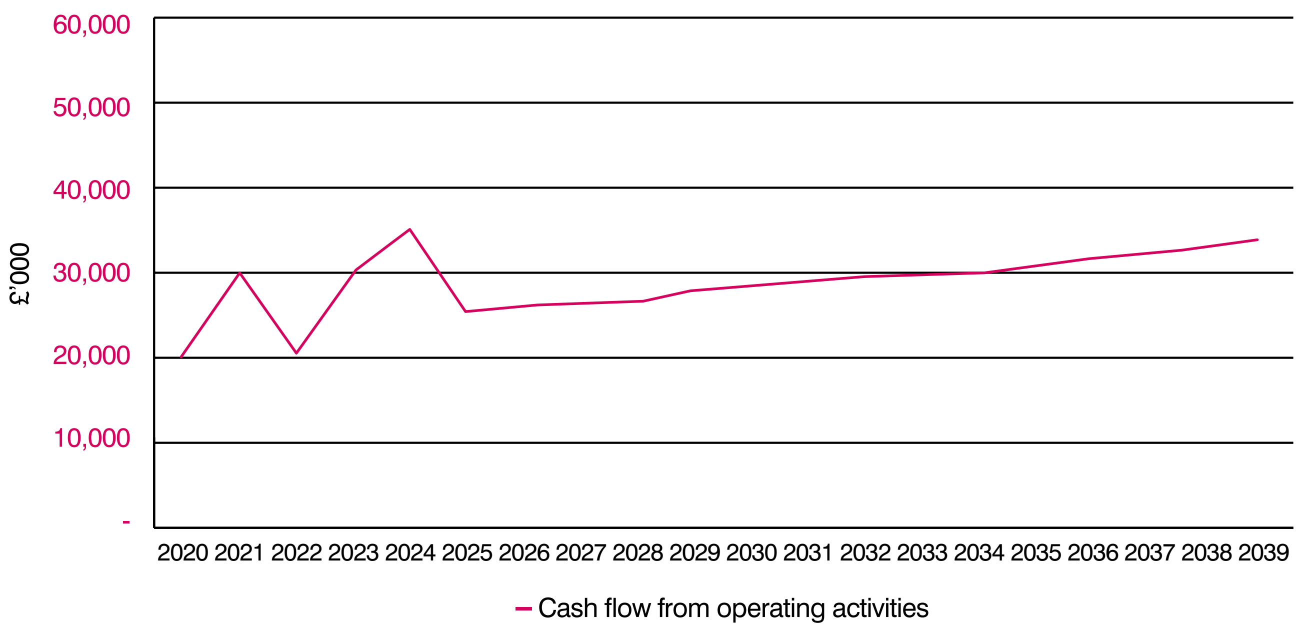
Value for Money – Performance against our Future Plans

Raven's Business Plan is set with reference to:

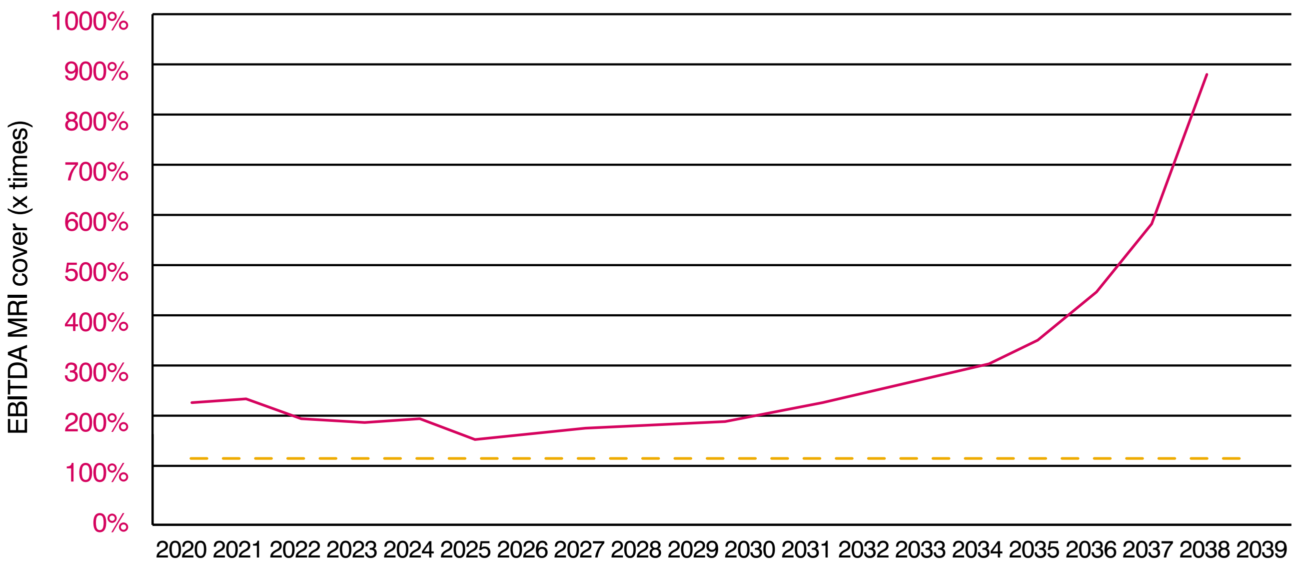
- liquidity and financing (cash generated and facilities available);
- the level of income to cover financing interest (EBITDA-MRI or Interest Cover); and
- level of debt relative to the value of our assets (net debt per unit or asset cover).

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 demonstrates 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.

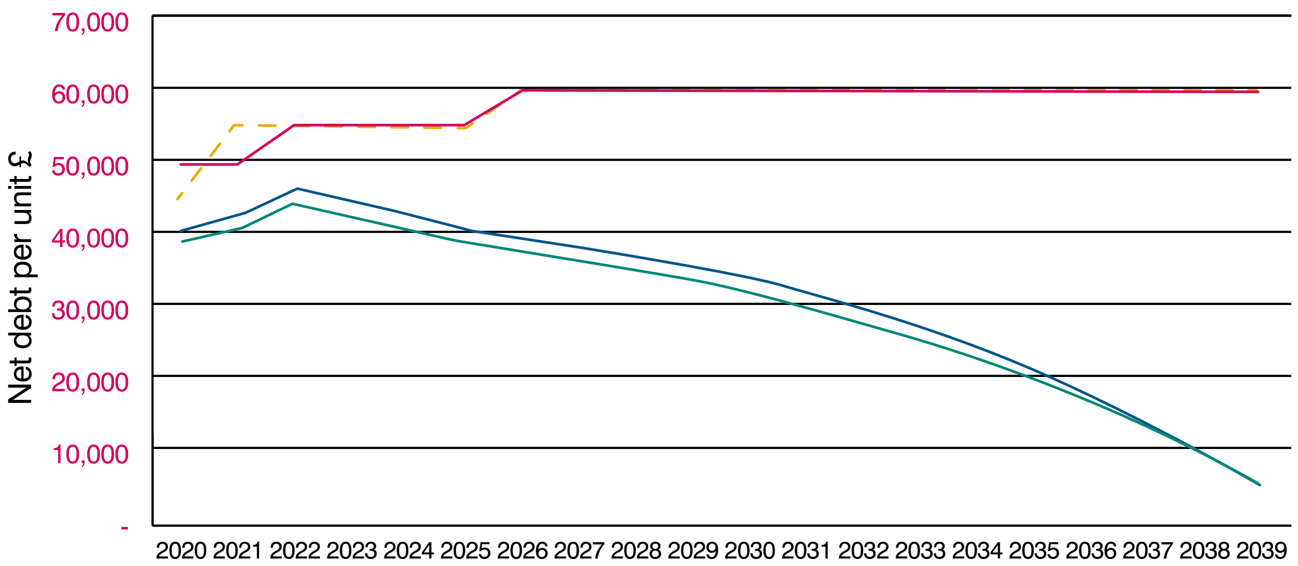
Cash flow from operating activities



Interest cover



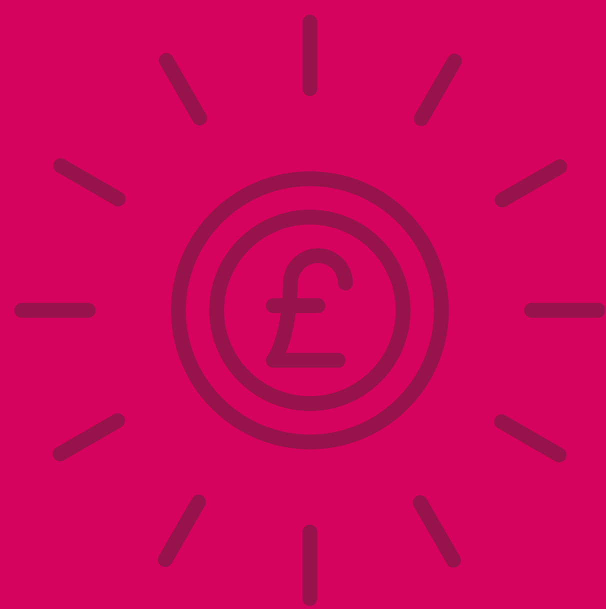
Net debt per unit



Raven's previous three year strategy focused on driving efficiencies throughout the organisation and these achieved significant reductions in unit costs. The focus of the new corporate plan is to maintain the cost of core operating activity and overheads and investment in development of new homes, improve the condition of existing homes and improve our customer service offer and level of customer engagement.

This is supported by additional financing secured in 2018 and additional income from other activities as part of a new commercial strategy. These changes require some short term investments, which will impact on the profile of Raven's unit costs, but are a necessary investment, if Raven's long term goal of Building Homes, Changing Lives is to be optimised over the future long term horizon.

Mark Baker
Group 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 on page two. 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 consists of four members 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 on page three 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 Group Director of Finance and Governance has become a Board member during the year.

3. Employees

Raven is accredited with Investors in People gold status. The organisation 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. 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 directors as set out on page two 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 Company is exposed.

The Board received and approved the Internal Controls Assurance report from the Chief Executive at the September 2018 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.

REPORT OF THE BOARD (CONTINUED)

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 2014 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 2015. 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 2014.

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

04/09/2019

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 2019 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 2019 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 2015.

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.

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.

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS (CONTINUED)

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

06/09/2019

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 2019

	NOTE	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	RESTATED TRUST 2018 £'000
Turnover	5	44,478	49,622	47,842	49,890
Cost of Sales	5	(2,361)	(6,557)	(5,439)	(6,391)
Operating Costs	5	(27,340)	(24,303)	(27,578)	(24,232)
Surplus on disposal of fixed assets	5,13	1,629	1,808	1,629	1,808
Operating surplus	5,8	**16,406**	**20,570**	**16,454**	**21,075**
Interest receivable		58	16	342	16
Interest and financing costs	14	(7,023)	(5,349)	(7,023)	(5,349)
Movement in fair value of financial instruments		388	(186)	388	(186)
Change in fair value of investment properties	17	1,785	10,104	1,785	10,104
Surplus before taxation		11,614	25,155	11,946	25,660
Taxation	9	14	10	(10)	8
Surplus for the year	8	**11,628**	**25,165**	**11,936**	**25,668**
Initial recognition of multi-employer defined benefit scheme	29	(482)	-	(482)	-
Actuarial loss in respect of pension schemes	29	(378)	-	(378)	-
Total comprehensive income for the year		**10,768**	**25,165**	**11,076**	**25,668**

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 2019

Organisation Number 30070R

	NOTE	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	RESTATED TRUST 2018 £'000
Fixed assets					
Social housing properties	15	307,514	273,328	308,093	273,861
Other tangible fixed assets	16	4,004	4,627	4,004	4,627
Investment property	17	15,434	13,106	15,434	13,106
Investments - Homebuy loans	18	529	590	529	590
		327,481	291,651	328,060	292,184
Current assets					
Properties for sale	19	14,724	7,486	6,702	6,707
Stock		103	99	101	97
Debtors - receivable within one year	20	2,450	2,459	11,221	3,466
Cash and cash equivalents		11,678	4,195	11,382	4,036
		28,955	14,239	29,406	14,306
Creditors: amounts falling due within one year	21	(20,909)	(9,713)	(20,770)	(9,452)
Net current assets		**8,046**	**4,526**	**8,636**	**4,854**
Total assets less current liabilities		335,527	296,177	336,696	297,038
Creditors: Amounts falling due after one year	22	(249,144)	(221,289)	(249,144)	(221,289)
Pension liability	29	(1,536)	(781)	(1,536)	(781)
Provision for other liabilities	28	-	(28)	-	(28)
Net assets		**84,847**	**74,079**	**86,016**	**74,940**
Capital and reserves					
Called up share capital	30	-	-	-	-
Income and expenditure reserve		84,847	74,079	86,016	74,940
Total Capital and reserves		**84,847**	**74,079**	**86,016**	**74,940**

The financial statements were approved by the Board of Management and authorised for issue on 4th September 2019 and signed on their behalf by:

Caroline Armitage
Chair
04/09/2019

Mark Baker
Company Secretary
04/09/2019

Dawn Kenson
Chair of Audit Committee
04/09/2019

The notes on pages 77 to 123 form part of these financial statements.

CONSOLIDATED AND TRUST STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	GROUP INCOME AND EXPENDITURE RESERVE £'000	TRUST INCOME AND EXPENDITURE RESERVE £'000
Restated Balance at 1 April 2018	35	74,079	74,940
Surplus for the year		11,628	11,936
Initial recognition of multi-employer defined benefit scheme		(482)	(482)
Actuarial loss in respect of pension schemes		(378)	(378)
Balance at 31 March 2019		**84,847**	**86,016**
Opening retained earnings as previously reported		48,914	49,537
Prior year adjustment	35	-	(265)
Restated Balance at 1 April 2017		**48,914**	**49,272**
Surplus for the year		25,165	25,425
Prior year adjustment	35	-	243
Restated Balance at 31 March 2018		**74,079**	**74,940**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	2019 £'000	2018 £'000
Cash flows from operating activities			
Operating surplus for the financial year		**16,406**	**20,570**
Adjustments for:			
Depreciation of fixed assets - housing properties	15	3,784	3,660
Depreciation of fixed assets - other	16	249	230
Amortised grant	6	(393)	(406)
Adjustment for pension funding		(136)	(163)
Surplus on sale of fixed assets - housing	13	(1,629)	(1,808)
Movement in stock		(7,121)	(847)
Movement in trade and other debtors		10	(173)
Movement in trade creditors		5,511	965
Movement in provisions		(28)	(96)
Proceeds from sale of fixed assets		3,006	4,901
Cash from operations		**19,659**	**26,833**
Taxation paid		-	-
Net cash generated from operating activities		**19,659**	**26,833**
Cash flows from investing activities			
Purchase of fixed assets - housing properties		(40,171)	(35,527)
Purchase of fixed assets - other		(231)	(627)
Receipt of grant		236	978
Interest received		58	16
Net cash used in investing activities		**(40,108)**	**(35,160)**
Cash flow from financing activities			
Bank loan drawn down		96,500	13,000
Repayment of loans - bank		(59,925)	-
Interest paid		(7,657)	(6,218)
Loan arrangement fees paid		(986)	-
Net cash generated from/(used in) financial activities		**27,932**	**6,782**
Net increase/(decrease) in cash and cash equivalents		7,483	(1,545)
Cash and cash equivalents at beginning of period		4,195	5,740
Cash and cash equivalents at end of the period		**11,678**	**4,195**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2019

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 three wholly owned subsidiaries at 31st March 2019, Raven Repairs Limited (registered number 08948872); Raven Devco Limited (registered number 08948696) and Raven Development Homes Limited (registered number 10653135). 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 2014, 'Accounting by registered social housing providers' 2014, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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.

In the preparation of these financial statements, the requirements set out in: "Amendments to FRS 102 The Financial Reposting Standard applicable in the UK and Republic of Ireland: Multi-employer defined benefit plans" have been adopted early. This has resulted in changes to the accounting policy for SHPS multi-employer scheme from the start of the period. This means that accounting for SHPS has not been consistently applied as compared to reporting in prior years. Further information on the impact of early adopting these requirements is set out in note 29.

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.

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.

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.

Income

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

- rental income receivable (after deducting lost rent from void properties available for letting);
- first tranche sales of Low Cost Home Ownership housing properties developed for sale;
- service charges receivable;
- revenue grants (the policy on our treatment of grants is explored in more detail later on); and
- proceeds from the sale of land and property.

Rental income is recognised from the point when properties under development reach practical completion and are formally let.

Income from first tranche sales and proceeds from sale of land and property are recognised at the point of legal completion of the sale.

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.

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). It has previously not been possible to identify the share of the underlying assets and liabilities belonging to individual participating employers on a consistent and reasonable basis and therefore the Group accounts for the scheme as if it were a defined contribution scheme. For Financial Years ending on or after 31st March 2019, sufficient information is available to account for the Group obligations on a Defined Benefit basis. The information provided during the year gives the liability at 31st March 2018 however, as this information only became available in the current year and after the financial statements for the prior year had been authorised for issue, the change in accounting has been recorded on the first day of the current year, with no restatement of comparatives, in accordance with the requirements set out in: "Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland: Multi-employer defined benefit plans". Whilst comparative figures have not been restated the information provided about the liability at 1st April 2018 has been included in the pension note as it provides useful information to a reader of the accounts.

The liability recognised for the present value of the deficit agreement has been derecognised and the net pension deficit at 31st March 2018 has been recognised through other comprehensive income in the year (note 29).

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charges to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in the other comprehensive income.

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 FRS102 Group has implemented the change to the accounting policies for qualifying charitable donation for the year ending 31st March 2019. 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 exists at the reporting date. The comparative results have been re-presented to present taxable profits distributed in line with the above policy.

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.

Tangible fixed assets - 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 31st 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 fixed assets – 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 (years)
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

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 low cost home 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.

Low cost home 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 sale 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.

Tangible fixed assets – Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any 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 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 profit or loss 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 (years)
Freehold office buildings	100
Office furniture and equipment	4
Computer equipment	3

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

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.

Government grants

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet. 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 change to the Association depreciation policy for Shared ownership properties, the grant continues to be depreciated over their previous useful life.

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 within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure 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 of sale of a disposal which occurs after 6th April 2017.

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 income or expenditure. 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 or 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.

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 receives 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.

Financial Instruments

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

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.

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

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.
- 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 (see note 15 and 16).

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.

- Allocation of land costs for mixed tenure developments.

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

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) (see note 20).

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.

- Measurements for financial instruments (see note 27).

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.

- The assumptions and judgements in place relating to the liability for defined benefit and multi-employer pension schemes (see note 29).

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.

- Revaluation of investment properties including the assumptions used in preparing the valuation.

5. PARTICULARS OF TURNOVER, COST OF SALES AND OPERATING SURPLUS

GROUP	TURNOVER 2019 £'000	COST OF SALE 2019 £'000	OPERATING COSTS 2019 £'000	OPERATING SURPLUS/ (DEFICIT) 2019 £'000	TURNOVER 2018 £'000	COST OF SALE 2018 £'000	OPERATING COSTS 2018 £'000	OPERATING SURPLUS/ (DEFICIT) 2018 £'000
Social housing lettings (note 6)								
Social housing lettings	38,288	-	(22,767)	15,521	37,830	-	(20,139)	17,691
	38,288	**-**	**(22,767)**	**15,521**	**37,830**	**-**	**(20,139)**	**17,691**
Other social housing activities								
First tranche low cost home ownership sales	2,807	(2,235)	-	572	8,662	(6,557)	-	2,105
Development Activities	16	-	(562)	(546)	-	-	(575)	(575)
Community Investment	91	-	(1,019)	(928)	92	-	(844)	(752)
Floating support	204	-	(366)	(162)	323	-	(426)	(103)
Other	469	-	(153)	316	301	-	(110)	191
	3,587	**(2,235)**	**(2,100)**	**(748)**	**9,378**	**(6,557)**	**(1,955)**	**866**
Activities other than social housing								
Leasehold	1,086	-	(1,145)	(59)	698	-	(835)	(137)
Garages	1,268	-	(456)	812	1,187	-	(514)	673
Shops	39	-	(61)	(22)	39	-	(38)	1
Raven House lettings	166	-	(143)	23	144	-	(84)	60
Non-social housing property built for sale	-	-	-	-	-	-	-	-
Other-repairs	44	(126)	(668)	(750)	346	-	(738)	(392)
	2,603	**(126)**	**(2,473)**	**4**	**2,414**	**-**	**(2,209)**	**205**
Surplus on disposal of fixed assets	-	-	1,629	1,629	-	-	1,808	1,808
Total	**44,478**	**(2,361)**	**(25,711)**	**16,406**	**49,622**	**(6,557)**	**(22,495)**	**20,570**

TRUST	TURNOVER 2019 £'000	COST OF SALE 2019 £'000	OPERATING COSTS 2019 £'000	OPERATING SURPLUS/ (DEFICIT) 2019 £'000	TURNOVER 2018 £'000	RESTATED COST OF SALE 2018 £'000	OPERATING COSTS 2018 £'000	RESTATED OPERATING SURPLUS/ (DEFICIT) 2018 £'000
Social housing lettings (note 6)								
Social housing lettings	38,288	-	(22,774)	15,514	37,830	-	(20,147)	17,683
	38,288	**-**	**(22,774)**	**15,514**	**37,830**	**-**	**(20,147)**	**17,683**
Other social housing activities								
First tranche low cost home ownership sales	2,807	(2,289)	-	518	8,662	(6,391)	-	2,271
Development Activities	150	-	(654)	(504)	378	-	(688)	(310)
Community Investment	91	-	(1,019)	(928)	92	-	(844)	(752)
Floating support	204	-	(366)	(162)	323	-	(426)	(103)
Other	360	-	(153)	207	301	-	(110)	191
	3,612	**(2,289)**	**(2,192)**	**(869)**	**9,756**	**(6,391)**	**(2,068)**	**1,297**
Activities other than social housing								
Leasehold	1,086	-	(1,145)	(59)	698	-	(835)	(137)
Garages	1,268	-	(456)	812	1,187	-	(514)	673
Shops	39	-	(61)	(22)	39	-	(38)	1
Raven House lettings	166	-	(143)	23	144	-	(84)	60
Non-social housing property built for sale	3,247	(3,150)	(97)	-	-	-	-	-
Other-repairs	136	-	(710)	(574)	236	-	(546)	(310)
	5,942	**(3,150)**	**(2,612)**	**180**	**2,304**	**-**	**(2,017)**	**287**
Surplus on disposal of fixed assets	-	-	1,629	1,629	-	-	1,808	1,808
Total	**47,842**	**(5,439)**	**(25,949)**	**16,454**	**49,890**	**(6,391)**	**(22,424)**	**21,075**

6. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS - GROUP AND TRUST

GROUP	GENERAL NEEDS 2019 £'000	SUPPORTED HOUSING 2019 £'000	OTHER[1] 2019 £'000	TOTAL 2019 £'000	TOTAL 2018 £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges	30,674	1,816	3,239	35,729	35,206
Service income	1,129	455	582	2,166	2,218
Amortised Government Grants	331	23	39	393	406
Turnover from social housing lettings	**32,134**	**2,294**	**3,860**	**38,288**	**37,830**
Expenditure on social housing lettings					
Management costs	4,122	320	666	5,108	4,727
Service charge costs	1,220	492	629	2,341	2,213
Routine maintenance	3,992	275	467	4,734	4,000
Planned maintenance	1,566	108	183	1,857	2,596
Major repairs expenditure	2,868	198	335	3,401	1,838
Bad debts	155	14	5	174	319
Amounts written off on replacement/ demolition	142	10	17	169	104
Depreciation of housing properties	3,391	234	159	3,784	3,660
Other	968	118	113	1,199	682
Operating costs on social housing lettings	**18,424**	**1,769**	**2,574**	**22,767**	**20,139**
Operating surplus on social housing lettings	**13,710**	**525**	**1,286**	**15,521**	**17,691**
Void losses	**150**	**17**	**47**	**214**	**249**

Note 1 - Other includes keyworker, temporary accommodation and shared ownership.

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

TRUST	GENERAL NEEDS 2019 £'000	SUPPORTED HOUSING 2019 £'000	OTHER[1] 2019 £'000	TOTAL 2019 £'000	TOTAL 2018 £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges	30,674	1,816	3,239	35,729	35,206
Service income	1,129	455	582	2,166	2,218
Amortised Government Grants	331	23	39	393	406
Turnover from social housing lettings	**32,134**	**2,294**	**3,860**	**38,288**	**37,830**
Expenditure on social housing lettings					
Management costs	4,122	320	666	5,108	4,727
Service charge costs	1,220	492	629	2,341	2,213
Routine maintenance	3,992	275	467	4,734	4,000
Planned maintenance	1,566	108	183	1,857	2,596
Major repairs expenditure	2,868	198	335	3,401	1,839
Bad debts	155	14	5	174	319
Amounts written off on replacement/ demolition	142	10	17	169	104
Depreciation of housing properties	3,398	234	159	3,791	3,667
Other	968	118	113	1,199	682
Operating costs on social housing lettings	**18,431**	**1,769**	**2,574**	**22,774**	**20,147**
Operating surplus on social housing lettings	**13,703**	**525**	**1,286**	**15,514**	**17,683**
Void losses	**150**	**17**	**47**	**214**	**249**

Note 1 - Other includes keyworker, temporary accommodation and shared ownership.

7. UNITS OF HOUSING STOCK

GROUP AND TRUST	2019 NO.	2018 NO.
General needs housing:		
- social rent	3,928	3,933
- affordable rent	957	881
Sheltered housing	337	340
Shared ownership	346	315
Key worker accommodation	63	69
Temporary accommodation	165	162
Total owned	**5,796**	**5,700**
Accommodation managed for others	70	70
Units managed by other associations	54	54
Total owned and managed accommodation	**5,920**	**5,824**
Leaseholders	827	822
Shared ownership leaseholders	10	8
Total Leaseholders	**837**	**830**
Units under construction	504	413

8. SURPLUS FOR THE YEAR

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
This is arrived after charging:				
Depreciation of housing properties	3,784	3,660	3,791	3,667
Depreciation of other fixed assets	249	230	249	230
External auditors' remuneration (excluding VAT):				
- fees for audit of accounts	53	43	43	34
- fees for internal audit	-	2	-	2
- fees for other assurance services	15	1	15	1
- fees for tax advice	-	-	-	3
Operating lease rentals: other	1,101	146	1,101	146

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	RESTATED TRUST 2018 £'000
Corporation tax				
UK Corporation Tax on income for the year	(14)	(10)	-	-
Deferred tax provision	-	-	10	(8)
Adjustments in respect of prior years	-	-	-	-
	(14)	(10)	10	(8)
Factors affecting the tax charge/(credit) for the current period				
Surplus on ordinary activities	11,614	25,155	11,946	25,660
Current Tax at 19% (2018: 19%)	2,207	4,780	2,270	4,875
Effects of:				
Charitable surpluses not subject to tax	(2,218)	(4,779)	(2,258)	(4,865)
Qualifying charitable donations	(5)	(4)	-	-
Adjustment to tax charge in respect of previous periods	-	5	-	-
Tax losses not relieved	-	1	-	-
Fixed asset differences	-	(15)	-	(15)
Group relief surrendered / (claimed)	-	-	(1)	(4)
Adjust closing deferred tax to average of 17%	2	2	(1)	1
Total tax (credit)/charge	**(14)**	**(10)**	**10**	**(8)**

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

The total remuneration (including Executive Management Team) paid was:	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Wages and salaries	7,678	7,073	7,678	7,073
Social security costs	853	770	853	770
Cost of defined contribution scheme	609	492	609	492
	9,140	**8,335**	**9,140**	**8,335**

The average number of full time equivalent employees was: (calculated based on standard working week of 36 hours)	GROUP 2019 NO.	GROUP 2018 NO.	TRUST 2019 NO.	TRUST 2018 NO.
Central Services	38	33	38	33
Customer Service	17	17	17	17
Development	12	10	12	10
Housing Operations	142	140	142	140
Other	18	19	18	19
	227	**219**	**227**	**219**

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

Further information on each scheme is given in note 29.

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 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Emoluments (including pension contribution and benefit in kind) paid to directors	688	522	688	522
Emoluments (excluding pension contribution) paid to highest paid director	140	134	140	134

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

	GROUP 2019 NO.	GROUP 2018 NO.	TRUST 2019 NO.	TRUST 2018 NO.
£60,000 - £69,999	6	3	6	3
£70,000 - £79,999	1	3	1	3
£80,000 - £89,999	1	-	1	-
£90,000 - £99,999	1	-	1	-
£100,000 - £109,999	1	1	1	1
£110,000 - £119,999	-	1	-	1
£120,000 - £129,999	-	-	-	-
£130,000 - £139,999	-	1	-	1
£140,000 - £149,999	1	-	1	-
	11	**9**	**11**	**9**

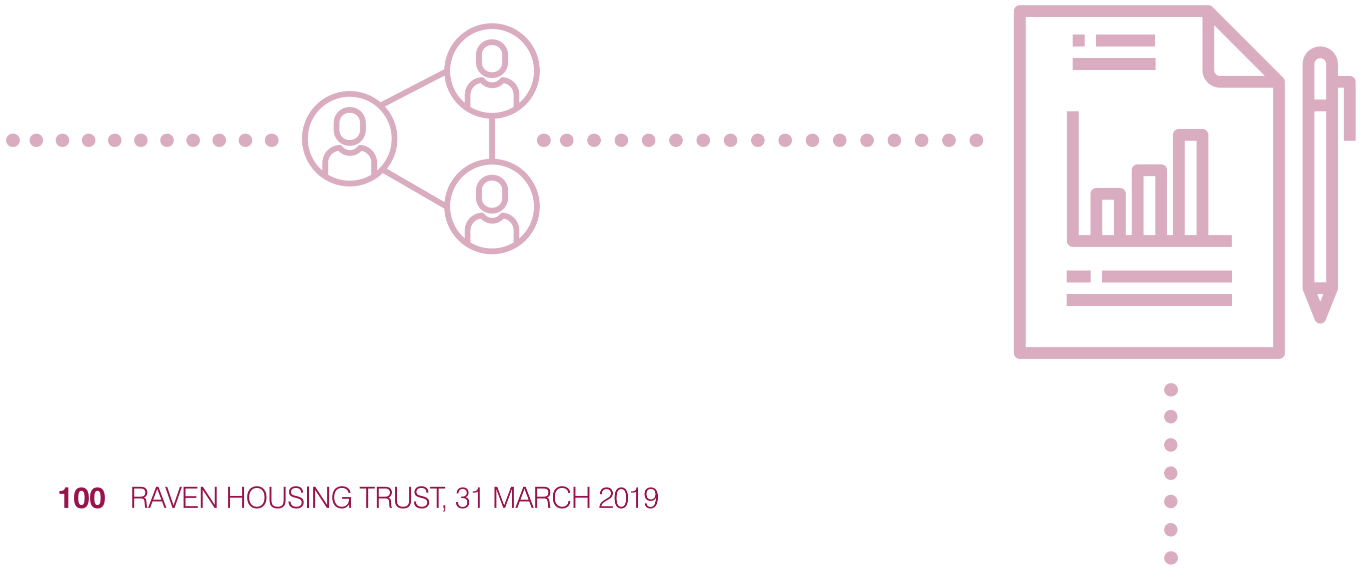
12. BOARD MEMBERS

During the year, Board members received emoluments totalling £84,000 (2018: £94,000).

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
John Amans	5	5	5	5
Philip Andrew	5	2	5	2
Caroline Armitage	17	17	17	17
Oshin Cassidy	4	4	4	4
Peter Dean	-	7	-	-
Paul Edwards	5	5	5	5
David Gannicott	7	6	7	6
Karen Goldman	-	2	-	2
Ashley Horsey	3	7	3	7
Greg Hyatt	5	2	5	2
Henrietta Irving	7	7	7	7
Bryan Ingleby *	3	-	3	-
Edith Dawn Kenson	9	9	9	9
Arthur Merchant	1	5	1	5
Victor O'Brien	11	11	11	11
Annelise Tvergaard	2	5	2	5
	84	**94**	**84**	**87**

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

* Co-Optee



13. SURPLUS ON DISPOSAL OF FIXED ASSETS

Group and Trust	2019 £'000	2018 £'000
Proceeds from disposal of properties	3,366	4,006
Cost of sales (including selling costs)	(2,486)	(2,761)
Transfer to recycled capital grant fund	-	(38)
Surplus on Right to Buy/Right to Acquire sales	**880**	**1,207**
Income from staircasing	1,713	885
Cost of sales (including selling costs)	(948)	(344)
Transfer to recycled capital grant fund	-	(152)
Grant abated	19	9
Surplus on other sales	**784**	**398**
Income from other assets sales	70	218
Cost of sales (including selling costs)	(105)	(15)
(Loss)/ surplus on other sales	**(35)**	**203**
Total gain on disposal of fixed assets	**1,629**	**1,808**

14. INTEREST PAYABLE AND SIMILAR CHARGES

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Bank loans and overdrafts	8,286	6,380	8,286	6,380
Recycled capital grant	-	1	-	1
Other interests payable	145	2	145	2
Net interest on pension defined benefit liability	31	11	31	11
	8,462	6,394	8,462	6,394
Interest capitalised on construction of housing properties	(1,439)	(1,045)	(1,439)	(1,045)
	7,023	**5,349**	**7,023**	**5,349**

Interest capitalised in housing properties during 2019 was £1,318k (2018: £875k), interest charged to properties held for sale during 2019 was £121k (2018: £170k).

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

15. 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 2018	248,667	21,397	40,500	3,235	313,799
Additions					
- construction costs	-	20,425	-	16,515	36,940
- replaced components	2,369	-	-	-	2,369
Completed schemes	13,759	(13,759)	5,978	(5,978)	-
Disposals					
- property disposals	(301)	-	-	-	(301)
- replaced components	(486)	-	-	-	(486)
- demolition	-	(7)	-	-	(7)
- staircasing sales	-	-	(965)	-	(965)
At 31 March 2019	**264,008**	**28,056**	**45,513**	**13,772**	**351,349**
Depreciation					
At 1 April 2018	(39,705)	-	(575)	-	(40,280)
Charge for the year	(3,784)	-	-	-	(3,784)
Disposals					
- property disposals	79	-	-	-	79
- replaced components	317	-	-	-	317
- demolition	-	-	-	-	-
- staircasing sales	-	-	24	-	24
At 31 March 2019	**(43,093)**	**-**	**(551)**	**-**	**(43,644)**
Impairment					
At 1 April 2018	(191)	-	-	-	(191)
Charge for the year	-	-	-	-	-
At 31 March 2019	**(191)**	**-**	**-**	**-**	**(191)**
Net book value:					
At 31 March 2019	220,724	28,056	44,962	13,772	307,514
At 31 March 2018	208,771	21,397	39,925	3,235	273,328

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 2018	249,409	21,175	40,351	3,407	314,342
Additions					
- construction costs	-	20,685	-	16,307	36,992
- replaced components	2,369	-	-	-	2,369
Completed schemes	13,714	(13,714)	5,942	(5,942)	-
Disposals					
- property disposals	(301)	-	1	-	(300)
- replaced components	(486)	-	-	-	(486)
- demolition	-	(7)	-	-	(7)
- staircasing sales	-	-	(965)	-	(965)
At 31 March 2019	**264,705**	**28,139**	**45,329**	**13,772**	**351,945**
Depreciation					
At 1 April 2018	(39,715)	-	(575)	-	(40,290)
Charge for the year	(3,791)	-	-	-	(3,791)
Disposals					
- property disposals	79	-	-	-	79
- replaced components	317	-	-	-	317
- demolition	-	-	-	-	-
- staircasing sales	-	-	24	-	24
At 31 March 2019	**(43,110)**	**-**	**(551)**	**-**	**(43,661)**
Impairment					
At 1 April 2018	(191)	-	-	-	(191)
Charge for the year	-	-	-	-	-
At 31 March 2019	**(191)**	**-**	**-**	**-**	**(191)**
Net book value:					
At 31 March 2019	221,404	28,139	44,778	13,772	308,093
At 31 March 2018	209,503	21,175	39,776	3,407	273,861

The net book value of housing properties can be further analysed as:	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Freehold	263,184	246,098	263,679	246,681
Long leasehold	2,502	2,598	2,502	2,598
	265,686	**248,696**	**266,181**	**249,279**

Group and Trust	2019 £'000	2018 £'000
Interest capitalisation in the year	1,318	875
Cumulative interest capitalised	5,027	3,709

Group and Trust	2019 £'000	2018 £'000
Average rate used for capitalisation	3.8%	3.5%

Works to properties	2019 £'000	2018 £'000
Improvements to existing properties capitalised	2,369	1,512
Major repairs expenditure to income and expenditure account	3,401	1,838
	5,770	**3,350**

Total social housing grant received and receivable as follows:	2019 £'000	2018 £'000
Capital Grant - Housing Properties	39,795	39,617
Capital Grant - HomeBuy investments	529	590
Recycled Capital Grant Fund	780	755
Disposal Proceeds Fund	144	528
	41,248	**41,490**

Impairment

The group considers individual properties to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2014. During the current year, the Group and Association have not recognised any impairment loss (2018: £nil) in respect of general needs housing stock.

Properties held for security

The Association had property with a net book value of £117m pledged as security at 31st March 2019 (2018: £112m).

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

16. OTHER FIXED ASSETS

GROUP AND TRUST	FREEHOLD OFFICE BUILDING £'000	NON RESIDENTIAL PROPERTIES £'000	OFFICE & COMPUTER EQUIPMENT £'000	TOTAL £'000
Cost				
At 1 April 2018	4,113	235	2,136	6,484
Additions	-	-	231	231
Transfer	(416)	(222)	-	(638)
Disposals	-	-	(225)	(225)
At 31 March 2019	**3,697**	**13**	**2,142**	**5,852**
Depreciation				
At 1 April 2018	(129)	(40)	(1,688)	(1,857)
Charge for the year	(47)	(3)	(199)	(249)
Transfer	-	42	-	42
Disposals	-	-	216	216
At 31 March 2019	**(176)**	**(1)**	**(1,671)**	**(1,848)**
Net book value:				
At 31 March 2019	3,521	12	471	4,004
At 31 March 2018	3,984	195	448	4,627

Part of Raven Housing Trust's office building has changed its use to investment. Shops have been reclassified from non-residential properties to investment properties.

17. INVESTMENT PROPERTIES

Group and Trust	2019 £'000	2018 £'000
At 1 April	13,106	3,746
Additions	180	450
Disposals	(53)	(206)
Transfer	416	(988)
Revaluations	1,785	10,104
At 31 March	**15,434**	**13,106**

The Group's investment properties are valued annually on 31st 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 £1.8m (2018: £10.1m) has been credited to the Statement of Comprehensive Income for the year.

18. INVESTMENTS - HOMEBUY LOANS

Group and Trust	2019 £'000	2018 £'000
At 1 April	590	590
New loans issued	-	-
Loans redeemed	(61)	-
Provision against loans	-	-
At 31 March	**529**	**590**

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.

19. PROPERTIES FOR SALE

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Work in progress	5,875	3,427	5,875	3,509
Completed properties	827	36	827	36
Work in progress for outright market sale	8,022	4,023	-	3,162
	14,724	**7,486**	**6,702**	**6,707**

Interest charged to properties held for sale during the year 2019 were £121k (2018: £170k).

20. DEBTORS

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	RESTATED TRUST 2018 £'000
Due within one year				
Rent and service charges arrears	1,069	1,014	1,069	1,014
Less: Provision for bad and doubtful debts	(619)	(617)	(619)	(617)
	450	**397**	**450**	**397**
Amounts Due from Group undertakings	-	-	8,734	1,037
Leasehold debtors	76	161	76	161
Other debtors	578	557	435	456
Prepayments and accrued income	1,346	1,344	1,526	1,415
	2,450	**2,459**	**11,221**	**3,466**

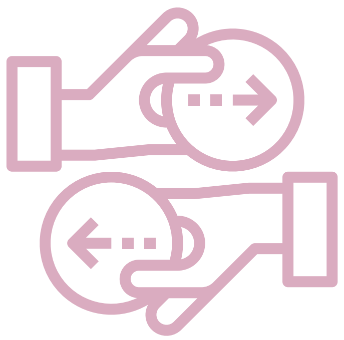
NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

21. CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Loans and borrowings (Note 26)	7,644	360	7,644	360
Trade creditors	1,259	632	1,231	632
Rent received in advance	1,650	1,365	1,650	1,365
Taxes and social security costs	209	285	227	280
Sinking funds	408	301	408	301
Recycled Capital Grant (Note 25)	464	83	464	83
Disposal Proceeds Fund (Note 23)	144	383	144	383
Deferred Capital Grant Income (Note 24)	447	431	447	431
Recycled Homebuy grant	391	314	391	314
Amounts Due from Group undertakings	-	-	-	259
Other creditors, accruals and deferred income	8,293	5,559	8,164	5,044
	20,909	**9,713**	**20,770**	**9,452**

22. CREDITORS: AMOUNT FALLING DUE AFTER ONE YEAR

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Loans and borrowings (Note 26)	208,951	180,696	208,951	180,696
Deferred Capital Grant Income (Note 24)	39,348	39,186	39,348	39,186
Disposal Proceeds Fund (Note 23)	-	145	-	145
Recycled Capital Grant (Note 25)	316	672	316	672
Homebuy grant (Note 18)	529	590	529	590
	249,144	**221,289**	**249,144**	**221,289**



23. DISPOSAL PROCEED FUND

Funds pertaining to activities within areas covered by Homes England:

The Group and the Trust	2019 £'000	2018 £'000
At 1 April	528	949
Net sales proceeds recycled	-	-
Interest accrued	-	-
Recycling of grant: new build	(384)	(421)
At 31 March	**144**	**528**
Amounts falling due within one year	144	383
Amounts falling due after one year	-	145
	144	**528**
Amounts 3 years or older where repayment may be required	-	-

24. DEFERRED CAPITAL GRANT INCOME FUND

The Group and the Trust	2019 £'000	2018 £'000
At 1 April	39,617	38,631
Grant received in the year	236	931
Grant recycled to Recycled Capital Grant fund	(30)	(190)
Grant recycled from the Recycled Capital Grant fund	-	239
Grant recycled from Disposal Proceeds Fund	384	421
Other non-recyclable grant disposal	(19)	(9)
Released in the year	(393)	(406)
At 31 March	**39,795**	**39,617**
Amounts falling due within one year	447	431
Amounts falling due after one year	39,348	39,186
	39,795	**39,617**
Amounts 3 years or older where repayment may be required	-	-

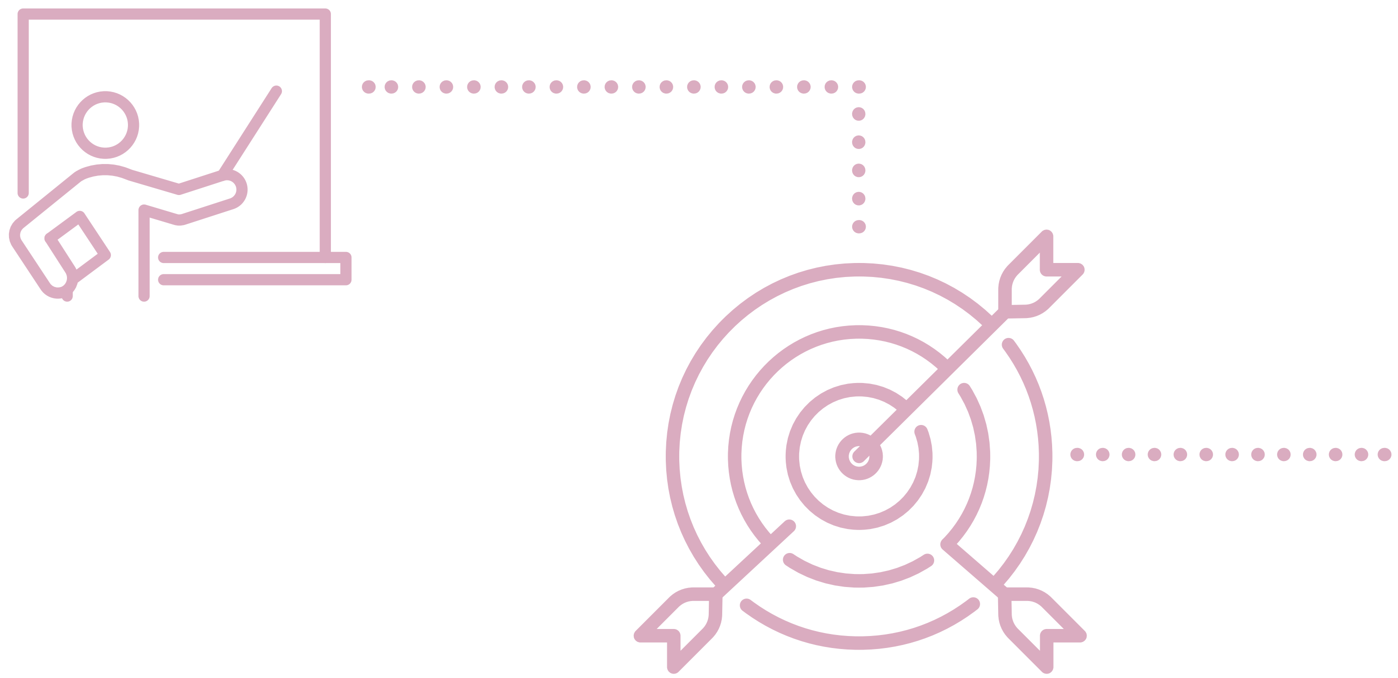
NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

25. RECYCLED CAPITAL GRANT

Funds pertaining to activities within areas covered by Homes England:

The Group and the Trust	2019 £'000	2018 £'000
At 1 April	755	806
Grant recycled from deferred capital grants	30	190
Less administrative fees	(5)	(3)
Grant used	-	(239)
Interest accrued	-	1
At 31 March	**780**	**755**
Amounts falling due within one year	464	83
Amounts falling due after one year	316	672
	780	**755**
Amounts 3 years or older where repayment may be required	60	-

The Group will be applying 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. The recycled grant that has been transferred from the deferred capital grant is net of administration fees.



NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

26. LOANS AND BORROWINGS

Borrowings at amortised cost The Group and the Trust	2019 £'000	2018 £'000
Due within one year		
Bank Loans & other borrowings	7,809	432
Less: issue cost	(165)	(72)
	7,644	360
Due after more than one year		
Bank Loans & other borrowings	210,145	181,335
Less: issue cost	(1,194)	(639)
	208,951	180,696

The Group and the Trust	2019 £'000	2018 £'000
In one year or less	7,644	360
In more than one year but no more than two years	1,341	40,188
In more than two years but no more than five years	5,728	5,883
Later than 5 years	201,882	134,625
	216,595	181,056

Capital repayment The Group and the Trust	2019 £'000	2018 £'000
In one year or less	8,042	425
In more than one year but no more than two years	1,590	39,042
In more than two years but no more than five years	6,448	5,565
Later than 5 years	197,495	131,968
	213,575	177,000

The Association has arranged new loan facilities with existing lenders in the amount of £55m and a private investment of £50m. The Group has drawn down £96.5m (2018: £13m) and repayments totalling £59.9m were made during the year. At the year end there were undrawn facilities for £75m (2018: £37m) 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 1.75% to 6.6% (inclusive of margin) or variable rates calculated at a margin averaging between 1% and 1.55% above Libor.

27. FINANCIAL INSTRUMENTS

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

Financial assets	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Financial assets measured at transaction cost:				
Loan due from subsidiary	-	-	8,605	1,044
Financial assets measured at undiscounted amount receivable:				
Debtors	2,532	2,459	2,679	2,444
Cash and cash equivalents	11,678	4,195	11,382	4,036
	14,210	**6,654**	**22,666**	**7,524**

Financial liabilities	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Financial liabilities measured at amortised cost:				
Loans and borrowings	216,595	181,056	216,595	181,056
Financial liabilities measured at undiscounted amount payable:				
Trade and other creditors	11,901	8,142	11,743	7,881
	228,496	**189,198**	**228,338**	**188,937**

Borrowing facilities

The group has undrawn committed borrowing facilities. The facilities available at 31st March 2019 in respect of which all conditions precedent had been met were as follows:

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'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	75,000	37,000	75,000	37,000
	75,000	**37,000**	**75,000**	**37,000**

28. OTHER PROVISIONS

Group and Trust	2019 £'000	2018 £'000
At 1 April	28	124
Utilised in year	(28)	(124)
- Additions	-	28
At 31 March	**-**	**28**

The Group had provided during year 2017/2018 £28k for restructuring cost related to staff reorganisation. The Provision has been fully utilised during year 2018/2019.

29. 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 30th 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 30th September 2017.

This valuation revealed a deficit of £1,522m. A Recovery Plan by the Pensions Trust has been put in place with the aim of removing this deficit by 30th 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 28th 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 31st March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31st March 2018 and 30th September 2018.

The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

Present Values of deficit funding liability	2019 £'000	2018 £'000
Present Values of liability	-	781

Present Values of defined benefit obligation	2019 £'000	2018 £'000
Liability at start of period	781	911
Unwinding of the discount factor (interest expense)	-	11
Deficit contribution paid	-	(131)
Remeasurement - impact of any changes in assumptions	-	(10)
Derecognition of deficit funding liability	(781)	-
Defined benefit liability to be recognised	**-**	**781**

Present Values of defined benefit obligation	2019 £'000	2018 £'000
Fair value of plan assets	4,368	4,098
Present value of defined benefit obligation	5,904	5,361
Deficit in plan	(1,536)	(1,263)
Defined benefit liability to be recognised	**(1,536)**	**(1,263)**

Reconciliation of opening and closing balances of the defined benefit obligation	2019 £'000	2018 £'000
Defined benefit obligation at start of period	5,361	-
Expenses	4	-
Interest expense	138	-
Actuarial losses (gains) due to scheme experience	(4)	-
Actuarial losses (gains) due to changes in demographic assumptions	16	-
Actuarial losses (gains) due to changes in financial assumptions	426	-
Benefits paid and expenses	(37)	-
Defined benefit obligation at end of period	**5,904**	**-**

Reconciliation of opening and closing balances of the fair value of plan assets	2019 £'000	2018 £'000
Fair value of plan assets at start of period	4,098	-
Interest income	107	-
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	60	-
Contributions by the employer	140	-
Benefits paid and expenses	(37)	-
Fair value of plan assets at end of period	**4,368**	**-**

Defined Benefit Costs recognised in the Statement of Comprehensive Income	2019 £'000	2018 £'000
Current service cost	-	-
Expenses	4	-
Net interest expense	31	11
Remeasurement - impact of any changes in assumptions	-	(10)
Defined benefit costs recognised in statement of comprehensive income	**35**	**1**

Defined Benefit Costs recognised in the Other Comprehensive Income	2019 £'000	2018 £'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 loss in respect of pension schemes		
Experience on plan assets (excluding amounts included in net interest cost) - gain	60	-
Experience gains and losses arising on the plan liabilities - gain	4	-
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)	(16)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)	(426)	-
	(378)	**-**
Total amount recognised in other comprehensive income - (loss)	**(860)**	**-**

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

Assets	2019 £'000	2018 £'000
Absolute Return	378	501
Alternative Risk Premia	252	155
Corporate Bond Fund	204	168
Credit Relative Value	80	-
Distressed Opportunities	79	40
Emerging Markets Debt	151	165
Fund of Hedge Funds	20	135
Global Equity	735	809
Infrastructure	229	105
Insurance-Linked Securities	125	108
Liability Driven Investment	1,598	1,493
Long Lease Property	64	-
Net Current Assets	8	4
Over 15 Year Gilts	-	-
Private Debt	59	36
Property	98	189
Risk Sharing	132	38
Secured Income	156	152
Total assets	**4,368**	**4,098**

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	2019 % PER ANNUM	2018 % PER ANNUM
Discount Rate	2%	3%
Inflation (RPI)	3%	3%
Inflation (CPI)	2%	2%
Salary Growth	3%	3%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31st March 2019 imply the following life expectancies:

	LIFE EXPECTANCY AT AGE 65 (YEARS)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

30. 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.

	2019 £	2018 £
At 1 April	27	28
Shares issued in the year	1	3
Shares cancelled in the year	-	(4)
At 31 March	**28**	**27**

31. OPERATING LEASES

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

Amounts payable as a Lessee	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
No later than 1 year	258	137	258	137
Later than 1 year and not later than 5 years	843	9	843	9
Later than 5 years	-	-	-	-
	1,101	**146**	**1,101**	**146**

Raven Housing Trust leases vans and photocopiers. Contracts for vans have been renegotiated during the year 2018/2019.

Amounts receivable as a Lessor	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
No later than 1 year	164	162	164	162
Later than 1 year and not later than 5 years	373	481	373	481
Later than 5 years	228	244	228	244
	765	**887**	**765**	**887**

Raven Housing Trust leased assets include shops and offices.

NOTES TO FINANCIAL STATEMENTS YEAR ENDING 31 MARCH 2019 (CONTINUED)

32. CAPITAL COMMITMENTS

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Commitments contracted but not provided for	50,772	45,311	40,889	45,311
Commitments approved by the Board but not contracted for	10,670	19,291	8,172	8,530
	61,442	**64,602**	**49,061**	**53,841**

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

	GROUP 2019 £'000	GROUP 2018 £'000	TRUST 2019 £'000	TRUST 2018 £'000
Social Housing Grant	1,099	250	1,099	250
New loans	6,047	43,564	5,928	32,803
Sales of properties	42,618	16,752	30,652	16,752
Existing reserves	11,678	4,036	11,382	4,036
	61,442	**64,602**	**49,061**	**53,841**

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.

33. 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 subsidiaries are Raven Devco Limited (RDL), Raven Repairs Limited (RRL) and Raven Homes Limited (RDH). Raven Housing Group 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 provide commercial repairs and maintenance services.

RHT 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.

During the year overheads of £92k were charged to RDL (2018: £113k). RHT has received a total of £3.839m (2018: £4.005m) 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 £38k (2018: £78k).

RRL has repaid £30k of available loan facility. As of 31st March 2019 £240k (2018: £270k) has been drawn down.

During the year overheads of £93k were charged to RDH (2018: £22k). As of 31st March 2019 RDH has drawn £8,365k (2018: £774k) of its loan facility.

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

	RRL 2019 £'000	RDL 2019 £'000	RDH 2019 £'000	RRL 2018 £'000	RDL 2018 £'000	RDH 2018 £'000
Net loan movements	(30)	-	7,591	(10)	-	-
Net sales and purchases of goods and services	98	(3,660)	3,521	70	(3,811)	882
Net Management fees received	12	(74)	16	12	(81)	882
Dividends received	-	-	-	-	-	-

Transactions with non-regulated entities

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 opposite.

	MANAGEMENT CHARGES		INTEREST CHARGES	
Payable to the Trust by the subsidiaries	**2019 £'000**	**2018 £'000**	**2019 £'000**	**2018 £'000**
Raven Devco Ltd	13	14	-	-
Raven Repairs Ltd	3	12	11	13
Raven Development Homes Ltd	16	13	274	14
	32	**39**	**285**	**27**

	MANAGEMENT CHARGES		INTEREST CHARGES	
Payable by the Trust to the subsidiaries	**2019 £'000**	**2018 £'000**	**2019 £'000**	**2018 £'000**
Raven Devco Ltd	87	81	-	-
Raven Repairs Ltd	-	-	-	-
Raven Development Homes Ltd	-	-	-	-
	87	**81**	**-**	**-**

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 Raven Devco Limited in 2019 of £20k (2018: £22k).

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 RHT to RRL	270	(30)	240
Loan from RHT to RDH	774	7,591	8,365

The loans from Raven Housing Trust are repayable on demand.

34. SUBSIDIARY UNDERTAKINGS

The Group has three immediate active subsidiaries - Raven Devco Limited, Raven Repairs Limited and Raven Development Homes. 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 provides 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 legal form and the share capital of each subsidiary of the 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	Company Limited by Shares	1 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 Societies and through a controlling interest as a member of the Companies Limited by Guarantee.

35. PRIOR YEAR ADJUSTMENT

The accounting policies have been reviewed in context of the first triennial review of FRS102.

Paragraph 32.8 of FRS 102, which deals specifically with dividends, states that where an entity declares a dividend after the balance sheet date, that dividend is not recognised as revenue because there is no obligation on the part of the entity at the reporting date.

Therefore the accrued qualifying charitable donation to the parent has been derecognised and the financial statements for the year end 31st March 2018 have been restated.

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDING 31 MARCH 2018

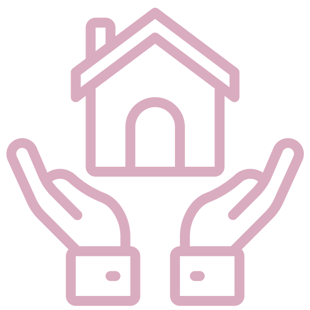
	TRUST 2018 £'000	ADJUSTMENT TRUST 2018 £'000	RESTATED TRUST 2018 £'000
Turnover	49,647	243	49,890
Cost of Sales	(6,391)	-	(6,391)
Operating Costs	(24,232)	-	(24,232)
Surplus on disposal of fixed assets	1,808	-	1,808
Operating surplus	**20,832**	**243**	**21,075**
Interest receivable	16	-	16
Interest and financing costs	(5,349)	-	(5,349)
Movement in fair value of financial instruments	(186)	-	(186)
Change in fair value of investments properties	10,104	-	10,104
Surplus before taxation	25,417	243	25,660
Taxation	8	-	8
Total comprehensive income for the year	**25,425**	**243**	**25,668**

BALANCE SHEET AS AT 31 MARCH 2018

Organisation Number 30070R	TRUST 2018 £'000	ADJUSTMENT TRUST 2018 £'000	RESTATED TRUST 2018 £'000
Fixed assets			
Social housing properties	273,861	-	273,861
Other tangible fixed assets	4,627	-	4,627
Investment property	13,106	-	13,106
Investments - Homebuy loans	590	-	590
	292,184	**-**	**292,184**
Current assets			
Properties for sale	6,707	-	6,707
Stock	97	-	97
Debtors - receivable within one year	3,488	(22)	3,466
Cash and cash equivalents	4,036	-	4,036
	14,328	(22)	14,306
Creditors: amounts falling due within one year	(9,452)	-	(9,452)
Net current assets	**4,876**	**(22)**	**4,854**
Total assets less current liabilities	297,060	(22)	297,038
Creditors: Amounts falling due after one year	(221,289)	-	(221,289)
Pension – deficit funding liability	(781)	-	(781)
Provision for other liabilities	(28)	-	(28)
Net assets	**74,962**	**(22)**	**74,940**
Capital and reserves			
Called up share capital	-	-	-
Income and expenditure reserve	74,962	(22)	74,940
Total Capital and reserves	**74,962**	**(22)**	**74,940**

TRUST STATEMENT OF CHANGES IN RESERVES

	TRUST INCOME AND EXPENDITURE RESERVE £'000	ADJUSTMENT TRUST INCOME AND EXPENDITURE RESERVE £'000	RESTATED TRUST INCOME AND EXPENDITURE RESERVE £'000
Balance at 1 April 2016	39,268	-	39,268
Surplus for the year	11,005	(265)	10,740
Actuarial gains on defined benefit pension scheme	(736)	-	(736)
Balance at 31 March 2017	**49,537**	**(265)**	**49,272**
Balance at 1 April 2017	49,537	(265)	49,272
Surplus for the year	25,425	243	25,668
Actuarial loss on defined benefit pension scheme	-	-	-
Balance at 31 March 2018	**74,962**	**(22)**	**74,940**
Balance at 1 April 2018	74,962	(22)	74,940
Surplus for the year	11,914	22	11,936
Initial recognition of multi-employer defined benefit scheme	(482)	-	(482)
Actuarial loss in respect of pension schemes	(378)	-	(378)
Balance at 31 March 2019	**86,016**	**-**	**86,016**



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