



PENNANT
HOMES

Pennant Housing Association Limited

**Report and financial statements
For the year ended 31 March 2020**

Information

Industrial and Provident Society number:	25553R
Welsh Government registration number:	P092
Registered office:	3 rd floor, 220 High Street, Swansea, SA1 1NW
Board:	
Non-Executive Board members	Francis Jones (Chair) Michael Burr (appointed September 2019) Trevor Carr (appointed May 2019) Kay Howell Clive Owen Alun Williams (Coastal appointee)
Executive Board members (Coastal appointees) & Company Secretary	Debbie Green (Group Chief Executive) Simon Jones (Executive Director of Finance, Company Secretary)
Executive Directors:	Caroline Belasco (Executive Director of HR and Corporate Services) Gareth Davies (Executive Director of Growth & New Business) Serena Jones (Executive Director of Operations)
Bankers:	Barclays Bank PLC 262 Oxford Street, Swansea
Solicitors:	Blake Morgan One Central Square, Cardiff
	Devonshires 30 Finsbury Circus, London
	Hugh James Two Central Square, Central Square, Cardiff
Auditors:	Bevan Buckland LLP Langdon House, Langdon Road, SA1 Swansea Waterfront

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Report of the Board and strategic report

The Board of Management present their report and audited financial statements for the year ended 31 March 2020.

Principal Activities

Pennant Housing Association Limited ("the Association") is a subsidiary of Coastal Housing Group Limited ("Coastal", together "the Group").

The Association is a non-charitable, not for profit company, and Coastal is charitable. Both are registered as social landlords with the Welsh Government and are Community Benefit societies.

The principal activity of the Association is the management of the Group's home ownership activity.

Business and financial review

The Association made a small deficit for the year of £20,700 (2019: surplus of £39,852). Turnover was £127,590 (2019: £543,916) and costs were £151,331 (2019: £393,887). The Association has also accounted for its share of the loss in joint ventures of £12,000 (2019: £53,000).

After taking into consideration the result for the year, the Association's revenue reserves amount to £1,337,476 (2019: £1,358,176).

The reason for the deficit for the year is that the Association's home ownership activity is focussed on sites coming to fruition in the 2020/21 financial year and therefore income in this financial year was limited.

The coronavirus pandemic has of course had a huge impact on people and the economy, and sadly led to significant loss of life. As part of a Group with Coastal, the Association has no concerns about its ability to manage the financial implications. The Board has ensured that financial plans are stress tested to cover a range of economic impacts including delays to sales and reductions in pricing, and is satisfied that the Association is able to manage these risks effectively. In addition, Coastal has significant cash reserves so that the Group's finances are strong.

The Association's "Colman Vale" development site at Pen y Fai in Bridgend progressed well during the financial year and is expected to complete during the new financial year. There may be additional costs due to the pandemic but the Association expects the site to generate a surplus overall. There has been strong interest in the 20 homes being built. The site is being funded by a combination of finance made available by Coastal and development finance from the Principality Building Society.



Report of the Board and strategic report

Business and financial review (continued)

The development loan for Colman Vale is currently scheduled for repayment by February 2021 and is therefore shown as a current liability in the balance sheet. The potential repayment of the loan by this date has been allowed for in the Association's financial plans.

The Association has also continued its involvement managing the Group's home ownership schemes for market sale and low cost home ownership. In particular, Coastal is developing a site at "The Hedgerows" in Pennard, Gower, which includes homes which the Association will sell on Coastal's behalf.

Land has been acquired by the Association to the west of Swansea and the Association is considering options for its use.

The Association is an investor in the Welsh Housing Partnership, and there are two joint venture companies – The Welsh Housing Partnership Limited ("WHP") and WHP2 Limited ("WHP2"). The Board is satisfied with the financial performance of both joint ventures, which make accounting losses due to the charging of depreciation against the housing assets they own. During the financial year the Association continued its planned investment in WHP2, and as a result new rented homes were leased to Coastal. More information is given in note 21.

Board members and executive directors

The Board members of the Association and executive directors of the Group are set out on the information page. The Board is made up of non-executive and executive members, some of whom are appointed by Coastal.

Report of the Board on corporate governance

The Board is responsible for the overall control of the Association and is drawn from a wide background bringing together professional, commercial and local expertise. The inclusion of executives and Coastal appointees on the Board during the year reflects the focus of the Association on home ownership activity. The Board generally meets five times per year and day to day operations are delegated to the Group Chief Executive.

The Association is committed to the highest standards of governance and has formal terms of reference with Coastal.

Report of the Board and strategic report

Internal Financial Control

The Board acknowledges its overall responsibility, applicable to all organisations within the Group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association and the Group is ongoing and has been in place throughout the period commencing 1 April 2019 up to the date of approval of the report and financial statements.

Key elements of the control framework, applicable to the Group, include:

- Coastal Board approved terms of reference and delegated authorities for Boards and Committees
- clearly defined management responsibilities for the identification, evaluation and control of significant risks
- robust strategic and business planning processes, with detailed financial budgets and forecasts
- appropriate recruitment, retention, training and development policies for all staff
- established authorisation and appraisal procedures for development and other significant commitments
- a documented approach to strategic treasury management
- regular reporting to the appropriate committee on key business objectives and outcomes
- Coastal Board approved whistle-blowing and fraud policies covering prevention, detection and reporting, together with recoverability of assets
- regular monitoring of loan covenants and requirements for new loan facilities

The Board cannot delegate ultimate responsibility for the system of internal control but the Coastal Board has delegated authority to the audit committee to regularly review the effectiveness of the Group's system of internal control. The Board receives audit committee meeting minutes. The annual report of the internal auditor has been reported to the Board.

Report of the Board and strategic report

Statement of the responsibilities of the Board for the report and financial statements

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

Co-operative and Community Benefit legislation requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2018 (Housing SORP 2018), have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the Association's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Annual general meeting

The annual general meeting will be held on 24 September 2020 at 220 High Street.

External auditors

A resolution to re-appoint Bevan Buckland LLP will be proposed at the annual general meeting.

The report of the Board was approved by the Board on 22 July 2020 and signed on its behalf by:



Francis Jones
Chairperson

Independent auditor's report to the members of Pennant Housing Association Limited on corporate governance

In addition to our audit on the financial statements for the year ended 31 March 2020, we have reviewed the Board's statement on the company's compliance with the Welsh Assembly Government Circular 02/10, Internal Financial Controls and Financial Reporting ("the Circular").

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on page 3, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.

Bevan Buckland

Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8 QY

Date: 27 July 2020

Bevan Buckland
Chartered accountants, tax and financial planners

Independent auditor's report to the members of Pennant Housing Association Limited

We have audited the financial statements of Pennant Housing Association Limited for the year ended 31 March 2020 which comprise of the statement of comprehensive income, the statement of changes in reserves, the statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 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 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's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about 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. The 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 and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the members of Pennant Housing Association Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

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

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 4), 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 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 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 Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Bevan Buckland

Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea

Date: 27 July 2020

Bevan Buckland
Chartered accountants, tax and financial planners

Statement of Comprehensive Income

	Note	2020 £	2019 £
Turnover	2	127,590	543,916
Operating costs	2	(151,331)	(393,887)
Surplus on sale of fixed assets		12,000	-
Operating surplus		(11,741)	150,029
Share of result in joint ventures	4	(12,000)	(53,000)
Interest receivable and other income	5	811	3,803
Interest payable and similar charges	6	-	(42,718)
(Deficit)/surplus on ordinary activities before taxation		(22,930)	58,114
Tax on (deficit)/surplus on ordinary activities	9	2,230	(18,262)
(Deficit)/surplus for the year		(20,700)	39,852
Total comprehensive income for the year		(20,700)	39,852

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the statement of comprehensive income.

The financial statements were approved by the Board on 22 July 2020 and were signed on its behalf by:

Chairperson



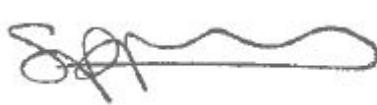
Francis Jones

Board member



Alun Williams

Secretary



Simon Jones

Statement of Changes in Reserves

	Total reserves £
At 1 April 2019	1,358,189
Surplus from statement of comprehensive income	(20,700)
Reduction in share capital	(1)
At 31 March 2020	<u>1,337,488</u>

Statement of Financial Position

	Note	2020 £	2019 £
Investments			
Investment in joint ventures	22	11,535,934	9,562,834
Long term investments	11	238,875	238,875
Homebuy loans		1,101,590	1,116,590
Total fixed assets		<u>12,876,399</u>	<u>10,918,299</u>
Current assets			
Work in progress		3,488,835	1,853,705
Debtors due within one year	12	7,085	10,163
Cash at bank and in hand		617,361	1,169,065
		<u>4,113,281</u>	<u>3,032,933</u>
Creditors: due in one year	13	(3,254,263)	(1,335,000)
Net current assets		<u>859,018</u>	<u>1,697,933</u>
Total assets less current liabilities		<u>13,735,417</u>	<u>12,616,232</u>
Grant relating to joint ventures	14	(11,296,339)	(9,816,453)
Homebuy grants due after more than one year	14	(1,101,590)	(1,116,590)
Loans	14	-	(325,000)
Net assets		<u>1,337,488</u>	<u>1,358,189</u>
Capital and reserves			
Share capital	16	12	13
Revenue reserve		1,337,476	1,358,176
Total capital and reserves		<u>1,337,488</u>	<u>1,358,189</u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 22 July 2020 and were signed on its behalf by:

Chairperson

Francis Jones

Board member

Alun Williams

Secretary

Simon Jones

Statement of Cash Flows

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	19	(889,266)	(227,708)
Cash flow from financing activities			
Loan drawdowns		887,453	325,000
Interest payable		(72,488)	(42,718)
Loan repayments		-	-
Cash flow from investing activities			
Social housing received for joint ventures		1,479,886	1,526,699
Interest received		811	3,803
Proceeds from sale of investment property		-	27,501
Proceeds from sale of other fixed assets		27,000	-
Increase in WHP Investment		(1,985,100)	(1,876,999)
Net change in cash and cash equivalents		(551,704)	(264,422)
Cash and cash equivalents at beginning of year		1,169,065	1,433,487
Cash and cash equivalents at end of the year		617,361	1,169,065

Notes to the Financial Statements

Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014, and is a not for profit Registered Social Landlord with non-charitable status, registered with the Welsh Government. The Association is a subsidiary of Coastal Housing Group Limited, which has charitable status and is also registered as a Registered Social Landlord with the Welsh Government.

1. Accounting policies

The principal policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Format of accounts

The Association is a public benefit entity. The financial statements have been prepared in accordance with applicable financial reporting standards in the United Kingdom, including the Statement of Recommended Practice for "Accounting by Registered Social Housing Providers" as updated in 2018 (Housing SORP 2018), and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015.

Turnover

Turnover comprises revenue from sale of properties owned by the Association, commission on the sale of properties by Coastal, and fees charged to Coastal for managing other property transactions on its behalf. Surpluses or deficits resulting from the sale of properties and fixed asset investments are shown in the income and expenditure account under surpluses/deficits from the sale of fixed assets. Revenue is recognised when the completion of the property transaction has been achieved. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Home Buy Option

Where the Association received an allowance from the Welsh Government to administer the sale of property under the "Home Buy Option" initiative and in turn has made an interest free loan to the purchaser secured by a Charge on the property, the whole of the loan together with allowances has been transferred to investments and matched Social Housing Grant retained.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets to write them down to their estimated residual value over their expected useful lives. The principal annual rates used for fixed assets are:

Fixtures and fittings 5-10 years
Computer Equipment 3 years

Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment. Where deferral of payment terms have been agreed at below market rate and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities including bank loans, are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

Work in progress

Work in progress is valued at the lower of cost or net realisable value on development costs incurred on build for sale properties.

Interest payable

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

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

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

Fixed Asset Investments

Investments held as fixed assets are stated at cost.

Pensions

The pension costs represent a proportion of Coastal Housing Association's costs which have been recharged to the Association. The accounting policy is shown within Coastal Housing Association's financial statements.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 102, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Joint ventures

The Group accounts for the joint ventures under the gross equity method. The investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in share of net liabilities.

Going concern

After reviewing the Association's forecasts and projections, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The Association therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the Financial Statements

2. Particulars of turnover, cost of sales, operating costs and operating surplus

Continuing activities

	Turnover £	Operating costs £	2020 Surplus on sale £	Operating deficit £
Non social housing activities				
Commissions and fees	127,590	(151,331)	-	(23,741)
Surplus on sale of fixed assets	-	-	12,000	12,000
	<u>127,590</u>	<u>(151,331)</u>	<u>12,000</u>	<u>(11,741)</u>
	Turnover £	Operating Costs £	2019 Surplus on sale £	Operating surplus £
Non social housing activities				
Commissions and fees	543,916	(393,887)	-	150,029
Surplus on sale of fixed assets	-	-	-	-
	<u>543,916</u>	<u>(393,887)</u>	<u>-</u>	<u>150,029</u>

3. Operating (deficit)/surplus

The operating (deficit)/surplus is arrived at after charging/(crediting):

	2020 £	2019 £
Auditor's remuneration (including VAT)	5,875	3,200
Other non-audit services (including VAT)	<u>780</u>	<u>1,820</u>

4. Share of result in joint ventures

	2020 £	2019 £
Deficit on share in joint ventures	<u>12,000</u>	<u>53,000</u>

5. Interest receivable and other income

	2020 £	2019 £
Interest receivable and similar income	<u>811</u>	<u>3,803</u>

Notes to the Financial Statements

6. Interest payable and similar charges

	2020 £	2019 £
Loans and bank overdrafts	72,488	42,718
Amount carried forward as work in progress	(72,488)	-
	<hr/> <hr/>	<hr/> <hr/>
	-	<hr/> <hr/>
	42,718	<hr/> <hr/>

7. Employees

This note relates to employees paid by Coastal Housing Group Limited, who work directly on behalf of the Association. The average monthly number of employees expressed as full time equivalents is:

	2020 No	2019 No
Employees	<hr/> <hr/>	<hr/> <hr/>
Employee costs:		
	2020 £	2019 £
Wages and salaries	125,706	133,349
Social security costs	11,905	11,965
Other pension costs	9,137	9,604
	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>
	146,748	<hr/> <hr/>

8. Board members and executives

No fees or expenses were paid to non-executive board members during the year. No senior executives were paid in the year by the Association.

9. Tax on (deficit)/surplus on ordinary activities

The tax rate for the year is 19% (2019: 19%)

	2020 £	2019 £
Current tax		
UK corporation tax on (deficit)/surplus for year	(2,230)	18,262
	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>
	2020 £	2019 £
Deferred tax		
Net origination and reversal of timing differences	-	-
	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

10. Investment in joint ventures

Investment in joint ventures relates to a collaborative venture of housing associations in Wales. There are two joint venture companies, The Welsh Housing Partnership Limited and WHP2 Limited. Both companies are joint ventures between Coastal Housing Group (via the Association), Hendre Group, Pobl Group and Cymdeithas Tai Clwyd.

The investments represent equity shares held by the Association in the joint venture companies. Note 22 indicates the investment in each joint venture company and the Association's share in joint venture results.

The Association has received social housing grant to help fund the venture.

11. Long term investments

	2020 £	2019 £
At 1 April	238,875	266,376
Disposals	-	(27,501)
At 31 March	<u>238,875</u>	<u>238,875</u>

12. Debtors

	2020 £	2019 £
Value Added Tax	4,855	10,163
UK Corporation Tax	2,230	-
	<u>7,085</u>	<u>10,163</u>

13. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts due to Coastal Housing Group	1,788,853	1,135,751
Loans	1,212,453	-
Trade creditors	123,949	106,501
Accruals	129,008	74,486
UK Corporation Tax	-	18,262
	<u>3,254,263</u>	<u>1,335,000</u>

Security

The building society loans are secured by fixed charges on work in progress and land.

Notes to the Financial Statements

14. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Grant relating to joint ventures	11,296,339	9,816,453
Homebuy grant	1,101,590	1,116,590
Loan	-	325,000
	<u>12,397,929</u>	<u>11,258,043</u>

15. Provisions for liabilities and charges

	2020 £	2019 £
Deferred tax	-	-

16. Called up share capital

	2020 £	2019 £
Shares of one pound each fully paid and issued	12	13

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

17. Capital commitments

	2020 £	2019 £
Capital expenditure		
Contracted less certified	<u>2,936,149</u>	<u>4,441,341</u>

Notes to the Financial Statements

18. Analysis of changes in net debt

	At 1 April 2019 £	Cash flows £	Movement in creditors due within one year £	At 31 March 2020 £
Cash at bank and in hand	1,169,065	(551,704)	-	617,361
Loans due less than one year	-	(887,453)	(325,000)	(1,212,453)
Loans due in more than one year	(325,000)	-	325,000	-
	<u>844,065</u>	<u>(1,439,157)</u>	<u>-</u>	<u>(595,092)</u>

19. Net cash flow from operating activities

	2020 £'000	2019 £'000
(Deficit)/surplus for the year	<u>(20,700)</u>	<u>39,852</u>
Adjustments for non-cash items:		
Share of operating (deficit) in joint ventures	12,000	53,000
Surplus on sale of fixed asset	(12,000)	-
Reduction in Homebuy grant	(15,000)	-
Taxation Charge	(2,230)	18,262
Reduction in share capital	(1)	-
Working capital movements		
(Increase) in Properties for sale and WIP	(1,562,642)	(1,512,517)
Decrease/(Increase) in Trade and Other Debtors	5,308	(1,247)
Increase in Trade and Other Creditors	71,970	72,770
Increase in Intercompany Creditors	653,102	1,095,799
Taxation paid during year	(18,262)	(32,542)
Adjustments for investing or financing :		
Interest payable	-	42,718
Interest receivable	(811)	(3,803)
Net cash generated from operating activities	<u>(889,266)</u>	<u>(227,708)</u>

20. Parent Company

The ultimate parent undertaking of the Association during the year was Coastal Housing Group Limited.

Notes to the Financial Statements

21. Related parties

During the year the Association sold properties and managed other property transactions on behalf of Coastal. This resulted in payments of commissions and fees to the Association of £127,590 (2019: £543,916).

Coastal has a loan agreement with the Association in that a maximum borrowing of £5m can be taken at any one given time. Interest is charged at a rate of 4.0% per annum (variable) on this loan to the extent that it is funding the Association's day to day activities. Interest is not charged on the element of the loan required by the Association to invest in joint ventures on the basis that this investment is at Coastal's request and the Association does not expect to receive dividends in the normal course of business of the joint venture companies. Interest charged to the Association during the year amounted to £39,639 (2019: £3,342). This year's interest is shown in note 6 as part of £72,488 interest carried forward as work in progress.

The Association has a loan agreement with Coastal in that surplus funds may be invested in Coastal thereby optimising the borrowings of the Group as a whole. Interest is charged at 3.5% (variable) on this loan. Interest charged to Coastal Housing Group Limited during the year amounted to £nil (2019: £nil).

22. Joint ventures

The joint ventures relate to 30% holdings held by Pennant Housing Association in The Welsh Housing Partnership Limited (WHP) and WHP2 Limited (WHP2), both companies being incorporated in the United Kingdom. The principle activity of the companies is to purchase properties and lease them to housing associations connected to the investors. Their principle place of business is the Pobl Group offices at The Old Post Office, Exchange House, High Street, Newport, NP20 1AA.

WHP was incorporated in August 2011 and WHP2 was incorporated in December 2016.

The latest financial statements of WHP and WHP2 have been prepared to 31 December 2019. The year end does not coincide with the Group's year end of 31 March 2020. The Association's share of the deficit of WHP and surplus of WHP2 from the 31 December 2019 period has been absorbed into the Group's March 2020 year end via the gross equity method.

Notes to the Financial Statements

22. Joint ventures (continued)

The Association's share of the joint ventures at 31 December 2019 was as follows:

	WHP December 2019 £'000	WHP2 December 2019 £'000	Total December 2019 £'000	December 2018 £'000
Turnover	1,129	302	1,431	1,311
Administrative expenses	(95)	(60)	(155)	(145)
Operating surplus	<u>1,034</u>	<u>242</u>	<u>1,276</u>	<u>1,166</u>
Surplus on sale of assets	-	-	-	5
Interest payable and similar charges	(1,054)	(213)	(1,267)	(1,213)
Other finance costs	-	-	-	-
(Loss)/profit on ordinary activities before taxation	<u>(20)</u>	<u>29</u>	<u>9</u>	<u>(42)</u>
Tax on (loss)/profit on ordinary activities	(12)	(9)	(21)	(11)
(Loss)/profit for the financial year	<u><u>(32)</u></u>	<u><u>20</u></u>	<u><u>(12)</u></u>	<u><u>(53)</u></u>
Fixed assets	32,952	13,086	46,038	38,570
Current assets	950	126	1,076	1,414
Creditors: falling due within one year	(3,432)	(876)	(4,308)	(606)
Creditors: falling due after more than one year	(24,753)	(6,517)	(31,270)	(31,690)
Shareholders' funds	<u><u>5,717</u></u>	<u><u>5,819</u></u>	<u><u>11,536</u></u>	<u><u>7,688</u></u>
 Association share in joint ventures:			March 2020 £'000	March 2019 £'000
 WHP				
WHP investment as at 31 December			4,891	4,891
Interest in WHP			825	857
Total interest in WHP			<u>5,716</u>	<u>5,748</u>
 WHP2				
WHP2 investment as at 31 December			5,750	1,890
Capital Investment in WHP2 in March 2019			-	1,875
Interest in WHP2			70	50
Total interest in WHP2			<u>5,820</u>	<u>3,815</u>
 Investment in joint ventures			<u><u>11,536</u></u>	<u><u>9,563</u></u>

Notes to the Financial Statements

23. Contingent liability

Social housing grant may become repayable in the following circumstances:

- Disposal of a property (including disposals on assisted ownership terms) other than to another RSL;
- Change of use of a property to a use that would be eligible for a lesser amount of grant;
- Change of use of a property to a use that would not be eligible for a grant;
- Demolition of a property where the site does not form part of a new social housing development by an RSL;
- A disposal giving rise to a repayment of discount under Schedule 2 to the Housing Association Act 1985.