VIVID

Annual review and financial statements 2019-20

More homes **bright futures**

Neighbourhood Officer, Penny Watson, playing with the young residents of Leah Gardens in Eastleigh

Achievements at a glance

77.9%
OVERALL CUSTOMER
SATISFACTION

PROVIDED
2,888
NEW CUSTOMERS
WITH A HOME

SECURED
£5.9m
OF UNCLAIMED BENEFITS
/INCOME FOR CUSTOMERS

HELPED
265
CUSTOMERS
BACK TO WORK

COMPLETED
1,372
NEW HOMES

INVESTED
£52.7m
IN OUR EXISTING HOMES

SECURED £176m
FUNDING FOR NEW HOMES AS PART
OF HOMES ENGLAND STRATEGIC
PARTNERSHIP

What House? AWARDS 2019

GOLD WINNER
FOR HOUSING ASSOCIATION OF THE
YEAR AT WHATHOUSE? AWARDS

Who we are

We're a leading provider of affordable homes and housing related services in the South of England. And, a WhatHouse? Housing Association of the Year gold award winner.

Our vision is 'more homes, bright futures' and we believe having a safe and secure place to call home is fundamental to everyone's wellbeing and chance in life.

We provide services and support to 72,000 customers in over 31,000 homes. Our homes are available across all tenures and types, from social rent to private market sale, tailored to the needs and demands of each area. To help more people find a place to call home we've set an ambitious target to build 17,000 homes over the next 10 years.

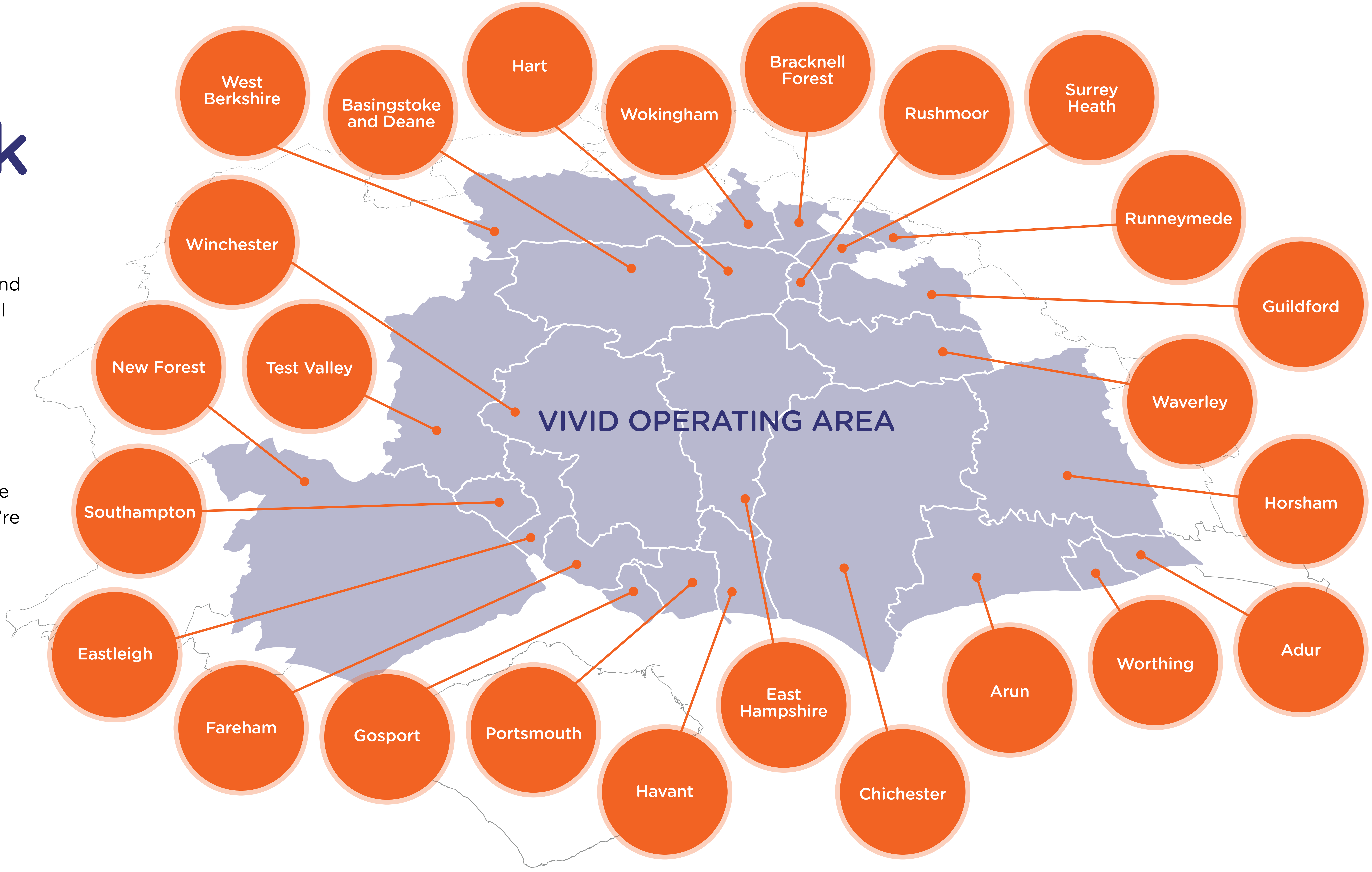
Tenure type	2016	2017	2018	2019	2020	Value in use (£'000)	Market value (£'000)
General needs	20,995	21,419	21,901	22,885	23,359	1,848,273	5,375,682
Older people's & supported housing	2,187	2,174	2,183	1,579	1,556	87,334	230,943
Shared ownership	3,812	4,091	4,360	4,642	5,005	268,175	770,182
Intermediate rent	466	350	333	364	332	26,742	63,078
Market rent	187	187	196	276	351	65,979	79,975
Leased or owned by others	1,100	753	728	600	692	28,715	48,698
Managed by others	266	236	263	175	175	4,284	9,990
Total homes	29,013	29,210	29,964	30,521	31,470	2,329,503	6,578,546
Garages	4,328	4,309	3,300	3,334	3,334		

Our housing properties are independently valued by JLL as at 31st March 2020.

The value in use shown in the table exceeds the net book value of our completed housing properties by £420m. Together with our reserves of £600m, they increase our net worth to £1bn.

Where we work

We work in over 20 local authority areas across Hampshire, Berkshire, Surrey and West Sussex. This geographical focus means we understand the various housing markets we operate in and have great relationships with our local authorities and other partners. This enables us to deliver the right homes and services, in the right locations and where they're needed most.



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Section 1

Annual Review

Chair's introduction Mike Kirk

Mike Kirk
Chair

I'm pleased to report that we've had another excellent year of progress and achievement, despite the turbulent political and economic environment.

The framework in which housing associations operate may be complex, but at its heart what we do is simple and is needed now more than ever; providing everyone with a decent home to live in.

The stark difference between current housing supply and housing need, both locally and nationally, continues to grow. Research has indicated that there's a current requirement for at least 340,000 new homes per year but the government's target is to supply 300,000 new homes a year by the mid-2020s. Although the gap between overall supply and demand is still significant (with less than 180,000 new homes built in 2019), the situation is exacerbated for those most in need, by the affordability crisis.

There is particular pressure for those in the private rented sector with high rents, short-notices and no-fault evictions. The lead up to Brexit during the past few years brought uncertainty to the housing market, with people holding off from buying and selling. And whilst there were signs of renewed confidence in early 2020, the significant escalation of response to COVID-19 in the UK from March means it's very hard to determine the potential medium and long-term prospects for the housing market, or the forthcoming recession.

Against this backdrop, it's essential that housing associations continue to work closely with the government to address housing issues including building the new homes we need across all tenures, making every home safe and secure, and meeting Britain's sustainability and climate challenges.

Whilst aligned with government, it's important that we control our own destiny, to enable us to deliver the best possible outcomes for our current and future customers. We at VIVID remain confident that our strategy will enable us to do this. At the heart of our plan is providing a safe and secure home for everyone. We remain focused on the delivery, over the long-term of increasing numbers of new homes and improving the quality of our existing homes and the services that we provide to our residents.

It's a strategy that's continued to maintain the confidence of our stakeholders too, which has been affirmed by maintaining top ratings for governance and financial viability by the Regulator for Social Housing; the ability to access funding at very attractive rates and strong relationships with local authorities and developers.

We know there are more challenges ahead and we will continue to evolve to meet these.

The COVID-19 outbreak impacted us all and the effects will be felt for some time yet, though we're just starting the process of getting back on course. We explain more about our approach on page 11.

We're well placed to continue making a real difference to the lives of our customers. There's still an urgent need for more social housing and it's our job, along with others in the sector, to continue to play a key role in delivering some of the answers.

Mike Kirk

Chief Executive's statement
Mark Perry

Mark Perry
Chief Executive

This annual review marks the third anniversary of the creation of VIVID and I'm delighted that within it, we demonstrate our continued growth.

Having a safe and secure home, coupled with support delivered in a compassionate and caring manner, should be a fundamental right for everyone. I feel proud that in the last year we've been successful in helping to meet those rights; we've secured income for 2,605 people through our Tenancy Support service, completed 74,865 repairs and invested £52.7m in our existing homes maintaining them to a good standard so people can enjoy their home environment, welcomed 2,888 new people into our homes and built 1,372 new homes for those without a place to call home.

We shouldn't underestimate the impact financial security has on someone's life, and many of our customers are under financial pressure because of changes to the benefits system. Helping people maintain their financial wellbeing is therefore something we're passionate about as we believe it creates a springboard for individuals into other aspects of their life. Our Money Advice and Benefits team have helped customers access in excess of £5.9m in benefits they were entitled to, improving their ability to deal with life's pressures and helping them maintain a safe and secure home.

That's not the only way in which we support our customers. We also provide advice on neighbour disputes via our anti-social behaviour team, support people in finding meaningful employment and help those in need acquire the right digital skills so that they can thrive in a technology driven 21st century.

And we're in the community, moving people into new homes so they can be closer to loved ones or so that their living conditions can improve.

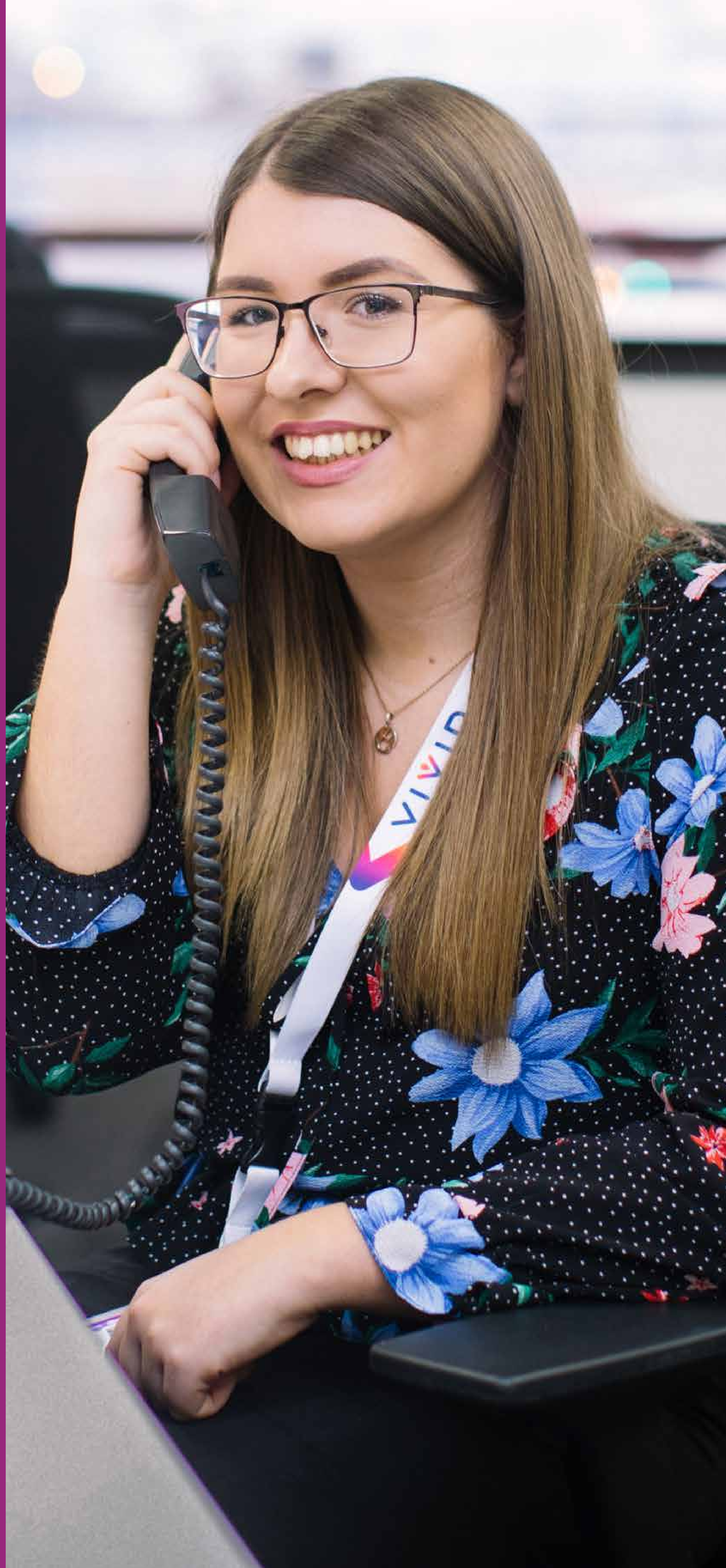
We organise events in our older person schemes creating social interactions and work alongside local authorities and other partners to support communities in a range of other ways.

To ensure our support and services are relevant and make a difference, we need to engage with our customers. This helps us to really understand their priorities and adapt our services to meet them. Expectations change over time and it's vital we understand the pulse that drives that change. We do this in a variety of ways through interaction when visiting people in their homes or from gaining feedback, through more formal channels.

It's fantastic that through a campaign we ran during the year more than 1,000 extra customers indicated they'd like to be more actively involved with us. It's great to see so many of our customers want to work with us. Those that have been engaged have helped us in many ways, from shaping the design and fittings of our kitchens, to digital mentors helping other customers develop their online skills.

Our wellbeing is affected by the environment in which we live, and our research has told us that it needs to be safe and secure. So quite rightly this year, given the aftermath of the Grenfell tragedy, we've continued to focus some of our energy on ensuring our homes are safe and secure. Fire safety and cladding is an ongoing national issue to be resolved, affecting many landlords. During the course of the year we've identified, where possible, solutions for all of our high-rise properties that are effected and some of that remediation work has started. We've worked closely with our customers, the sector, government and other advisors in designing those solutions. But this problem isn't going to be resolved quickly and we expect our remediation programme to last several years. In the meantime, we'll continue to ensure we engage effectively with people living in those homes.

We continue to invest in the fabric of our homes through our large-scale major and cyclical repair programmes. This investment is aimed at improving the quality of the internal and external environment, so that our customers have the amenities they need to enjoy their homes. This year we spent £52.7m, some of which went on replacing 601 kitchens, 281 bathrooms and dealing with one of the wettest winters on record. Our homes are in good shape and all meet the government's decent home standard.



All of this goes towards our vision of ‘More homes, bright futures’ but there are some in our society who don’t have a place to call home and we’ve set ourselves an ambition to do something about that.

This year we built 1,372 new homes across a whole range of tenures. This was the largest development output ever at VIVID, a 37% increase in the number of homes we built last year and almost 200 more homes than we set out to build annually at the time of our merger. As a result, we’ve been ranked as one of the top 10 housing associations in the country for the number of homes we’re building.

We’ve utilised our expertise in market sale to cross subsidise our affordable rented programme and of those 1,372 new homes, 333 were for affordable tenures at submarket rates and 202 at social rent levels.

To support this, we secured around £376m of additional funding during the year, demonstrating not only the confidence of our funders in our approach but also of our strategic partnership with Homes England. Total funding through this partnership is £176m making VIVID the partner with the largest allocation of grant through this mechanism nationally.

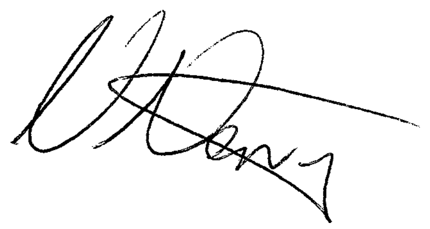
This funding supports our ambition to have a housebuilding programme over 17,000 homes in the next 10 years. We’re expanding our geography slightly by moving into West Sussex to help deliver much needed affordable homes in that location. These activities are central to the ‘more homes’ part of our vision.

We’ve done this and more as we strive to support people in need so they can thrive in their communities. Some of this we deliver ourselves, some others deliver on our behalf, but none of it would happen without the support of our partners and our dedicated staff.

Examples of this include the collaboration agreement we signed with Two Saints during the year, where we jointly committed to working together to tackle homelessness in the areas that we work. We combined strengths and expertise through our acquisition of Bargate Homes, a first-class regional developer. Through this acquisition not only have we gained valuable insight and skills but also furthered our ability to lead on land led development opportunities, making us more agile and responsive to the environments we work in.

It’s been a great year and we’re in good shape to meet our vision of ‘More homes, bright futures’ but we’re not complacent. We know that the future, at least in the short term, will be different as we come out of the COVID-19 pandemic. But we’re confident that the work we’ve done to date to equip our business and people, and cultivate our partnerships, will ensure we’re in the strongest position to achieve the best for customers.

I would like to thank our customers, staff and partners for all their continuing support and commitment.



Mark Perry

COVID-19 and our approach
Mark Perry

At the time of this annual review being compiled and into the time of publication, we're in the depths of the COVID-19 pandemic. Housing Associations have been around for a long time and by nature are long term businesses invested into their communities. These strong fundamentals mean that we'll be able to concentrate our efforts in supporting our communities to recover in a healthy and sustainable way.

At the time of the outbreak we took strong and positive steps to ensure that we kept our customers and our staff safe, delivering essential services and putting additional support into communities.

To support our local communities, we made available £250k extra funds to community groups helping the most vulnerable during the crisis, and to support food banks across our geography. And, worked hard to ensure some of our empty properties were brought back into use to support our partner local authorities and Hampshire County Council to provide emergency accommodation for rough sleepers, victims of domestic abuse, hospital discharges and emergency decants.

We made a promise that no one would lose their home as a result of financial hardship caused by the virus. And, our teams worked exceptionally hard to provide additional support on money advice and claiming benefits at a time in which Universal Credit claims soared due to job losses.

Trevor Giles, Gas Engineer, volunteering for Southampton City Catering to help vulnerable people in the city during COVID-19 pandemic.

We made over 1,000 welfare calls to check on our elderly and more vulnerable customers to see what additional support we could provide them. We also offered 400 free tablets with built in sim cards to families who didn't have the equipment their children needed to do their schoolwork from home and to those self-isolating to help them stay in touch with loved ones.

We did this by listening to what we were being told and reacting in an agile way. This was supported by the resilience and positivity of our staff to keep providing a great customer experience whilst working away from their normal environment. The speed of adaptation was intense.

Our people do an incredible job everyday but their determination during the crisis was extraordinary. Whether it was our fantastic trade staff attending to essential repairs and compliance reviews during worrying times, or our office staff who had to adapt to working from home dealing with domestic arrangements – I'm incredibly proud of their work and support during this time.

Our customers showed remarkable cooperation and effort to adapt to our new way of doing business. They understood that we had to make hard decisions adapting what we did to the latest changing government advice. We reduced our repairs service, responding to essential repairs and annual gas safety checks. New lettings and mutual exchanges were paused so we could focus on helping those who were at risk of harm or homelessness. We diverted some of our caretaking staff to our older persons schemes to increase the cleaning of the communal areas to support the most vulnerable to the virus.

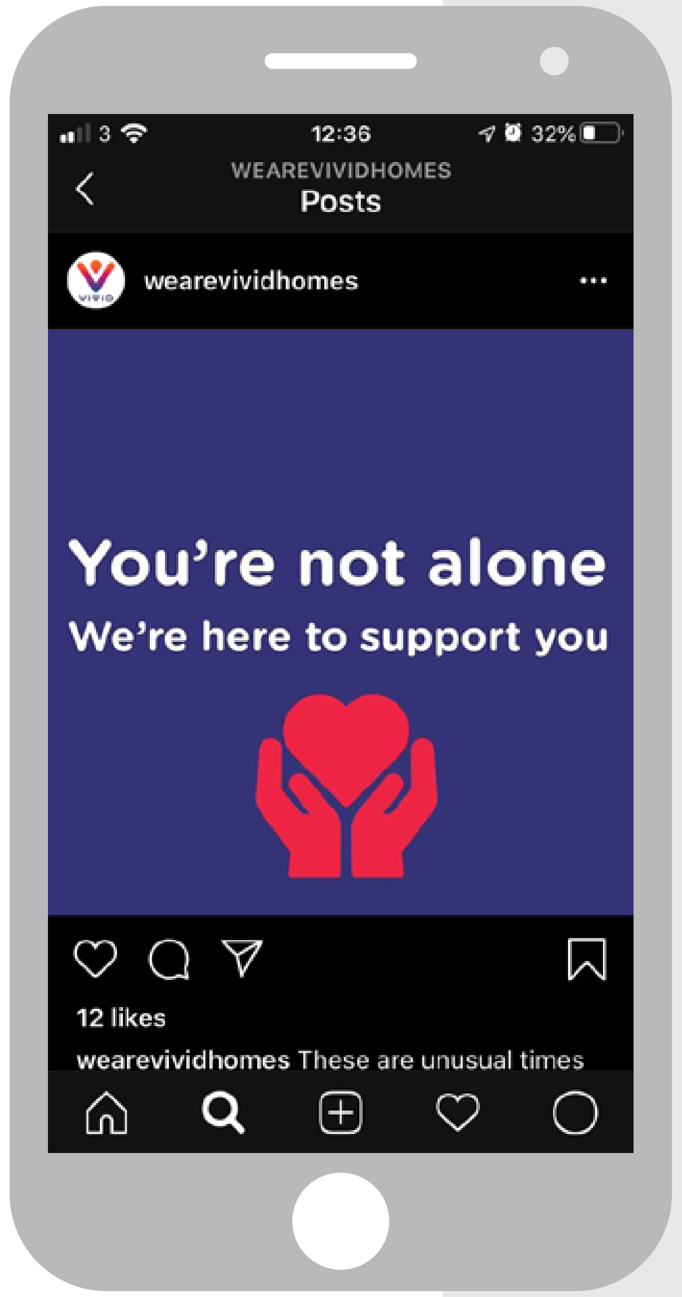
These measures, inevitably, will impact on the performance of the organisation. The direct impact on this year's results was minimal due to the timing of lockdown commencing on 23 March 2020, just a week before the end of the financial year. We incurred additional operating costs of £0.4m attributed to charitable donations and computer equipment for our customers referred to above, as well as personal protective equipment (PPE) for our staff. Non-urgent repairs were reported to us which we were unable to complete so we've reflected this in an increase to the budget for 2020-21.

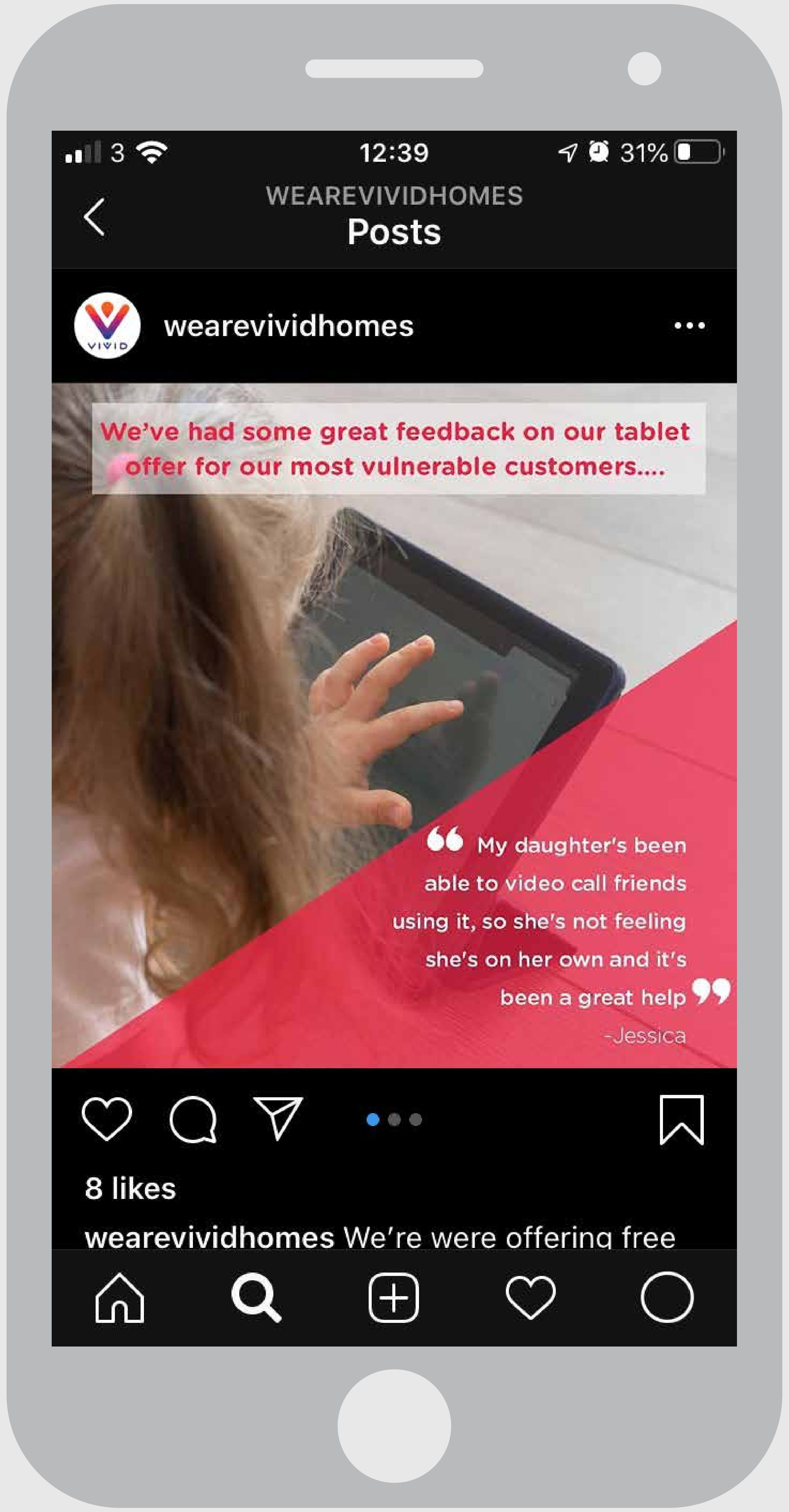
In the coming year a number of areas will be impacted by the lockdown:

- The hiatus in the housing market, uncertainty surrounding mortgage availability and house prices could lead to 40% fewer sales completions than originally budgeted.
- Maintenance spend and component replacement has been on hold with the exception of urgent repairs during lockdown. We've budgeted for an additional increase in maintenance costs to support our plans to return to normal services.
- PPE expenditure has increased to ensure the safety of those staff members that do need to enter customers properties
- To ensure our ongoing financial stability, we furloughed those staff that we were not able to redeploy and accessed the Government Coronavirus Job Retention Scheme.
- We'll be monitoring closely the financial impact on our customers and their ability to pay their rent. And we'll be increasing the provision for doubtful debts as the impact of financial hardship becomes clearer.
- We recognise that the disruption to our services will impact the service charge we make to some of our customers, and so we will be reviewing this and making a provision to provide adjustments where appropriate.

How we remobilise all our services is difficult to predict but our principles will remain firm. We will ensure that we return to whatever the new normal way of working is, in a way that places the safety of our customers and our staff first, incrementally dealing with the backlog that the period of lockdown created.

We've learnt an awful lot, very quickly and will use that learning moving forward. The outbreak has underlined the need for a place to call home that is safe and secure. Housing Associations like VIVID play a vital role in meeting that need. And we are more determined than ever to play that role.





Our plan

We've updated our corporate plan to help us achieve our vision of more homes, bright futures, and our mission to give customers a safe and secure home to provide the foundations for their wellbeing. This is driven by 3 ambitions and 3 enablers.

Ambition: Help customers thrive in their homes and communities.

Ambition: Provide affordable, safe, well maintained homes to a consistent standard.

Ambition: Build more homes to meet the needs and aspirations of our local communities.

Enabler: A vibrant culture that supports, develops and attracts the best people.

Enabler: The capacity to achieve our ambitions, deal with uncertainty and respond effectively when things change.

Enabler: Team up with others who can help us be better and do more for our customers and ourselves.

Helping our customers thrive in their homes and communities

Understanding customers' priorities and expectations means we can focus our activity and investment in the areas that make a real difference. We strive to give all our customers the best experience of living in our homes. This means keeping them safe and secure and making it effortless to contact and transact with us. We get it right a lot of the time, but we know we can do more to improve so this will continue to be a major focus for us in the year ahead.

Tree planting at North Town, Aldershot

Customer satisfaction
77.9%

Providing a great customer experience ensures our customers remain happy in their homes. That's why we've continued to embed our internal campaign to keep our customers and their needs front of mind in everything we do. We're pleased our customer satisfaction score has increased slightly to **77.9%,** bucking the trend nationally, but we know we've more work to do to meet expectations.

Enquiries resolved
88.4%

Over the year we've received 365,604 customer contacts through our customer experience team and resolved **88.4%** of enquiries first time.

Introduced new customer contact avenues

We've invested in developing innovative new ways for customers to contact us - making it easy for them to get what they need, when they need it. In addition to speaking to us via phone, email, and through personal visits, our new website Chatbot provides a quick and easy way to get answers to questions anytime, day or night. **7.4/10** of our customers say they're happy with the contact avenues available to them and the ease of getting in touch with us.

Free digital inclusion scheme

We've continued to encourage customers to use their online account so they can be in control and manage things like paying their rent or raising a repair themselves, without having to contact us. This has worked well for many customers, but we know some still struggle using online platforms. To support them, we've expanded our free digital inclusion scheme to help them get online and feel confident in using technology.

Home & neighbourhood improvement

Creating easy avenues for customers to contact us and access our services will remain a key focus for us in 2020/21. But we'll also explore ways to identify improvements to the home and neighbourhood before they're requested to ensure a hassle-free service and the best possible experience.

Involving our customers

We've created opportunities for our residents to get involved and help shape the design and delivery of our work. This resulted in over 1,000 customers offering to support us, which we value greatly, and we've used this help in the following ways:

- Recruited new members to our customer community group, VIVID Impact. This group has been crucial in helping shape our service and communication to customers. Over 2019/20 they've completed 2 scrutiny reviews providing 30 recommendations leading to the creation of our new customer engagement strategy.

- Setup a new customer service committee bringing customers, staff and board members together to oversee the effectiveness of our housing and customer services.

- Involved a select group in our kitchen refurbishment process to ensure our homes are well equipped and function in the way our residents want.

- We now have over 52 Neighbourhood Volunteers who in 2020 will help to ensure we maintain standards in our communities locally.

We understand customer expectations evolve, so a large part of our focus for the year ahead is to continue working closely with customers to ensure we deliver the basics brilliantly and ensure we prioritise the services that matter the most, like repairs.

Customer feedback is essential to knowing what's working well and what needs improvement. Our new customer engagement platform allows us to monitor feedback live enabling us to hear of the great work being done by our staff. In 2019/20 we're delighted to of received 943 staff compliments from customers.

This tool also helps us to address any issues and complaints quickly and effectively. Over the last year we closed 96% of complaints in the first stage meaning we were able to resolve customer issues straight away.

Providing support when customers need it the most

We believe in helping our customers build brighter futures and a large part of this is providing support when things become difficult.

Following a successful pilot in 2018, we've continued our wellbeing service, in partnership with Solent NHS Trust, offering vital support to customers struggling with mental health issues. We've helped 198 customers manage their conditions. And, have helped 17 high intensity users of the NHS decrease their dependency, in one case saving the NHS approximately £16k per annum.

We've embedded new wellbeing support in our existing teams. Including 4 mental health champions in our contact centre and 3 volunteers supporting our Homeless Prevention team to help customers suffering from hoarding.

Supporting our customers in employment and training means we can help them build good foundations. We've helped 265 customers get back into work and 159 enrol in training courses to further their skills.

We're pleased to have secured £5.9million of unclaimed benefits for our customers and have assisted them in writing off £434,000 worth of debt. Much of our work has also focused on supporting customers with Universal Credit claims, particularly during the COVID-19 crisis.

Making an impact in the community

As a large local provider of homes and services, we want to support the communities where our customers live.

"When I moved into my home 4 years ago, there was a strong feeling of divide between tenants, shared owners and other residents. I signed up to be a VIVID Neighbourhood Volunteer to make a difference and help improve the community. I've been immensely proud of the work I've been able to do with VIVID helping to build relationships between residents, promote VIVID's support services, and report repairs in a quick and easy way.

Sally Sines, Neighbourhood Volunteer, Portsmouth"

We've invested in, and partnered with, some amazing community projects and charities to support the most vulnerable.

- In May 2019 we announced a partnership with homeless support charity, Two Saints, to tackle rising homelessness across the south of England. Together we've created more accommodation for those who need it the most.
- We donated £5k to help Solent Mind launch Positive Mind's, a safe space for emotional and practical mental health support in Portsmouth.
- In response to the COVID-19 outbreak we allocated £125k to community groups supporting those most impacted by the crisis, and £125k to local foodbanks. We also provided 400 free tablets complete with built in sim cards to help our older and vulnerable customers stay connected, and to families who didn't have the equipment their children needed to do their schoolwork from home.

A large part of our work is helping to improve our neighbourhoods to make them great places to live. Our focus in this area means 79% of our customers feel proud of their neighbourhood.

- We've continued to recruit more Neighbourhood Volunteers who work closely with our Neighbourhood Officers to improve the safety and appearance of their area and build relationships between residents. 52 customers have signed up as volunteers and between them have completed 211 neighbourhood walkabouts to identify opportunities for us to address to support the community.
- We launched a community roadshow to get us out into a number of our neighbourhoods across Hampshire, Surrey and Berkshire, and to enhance our connection with the local area and our residents. We talked to customers to learn what it's like to live in the community and listened to feedback. From this we've been able to identify what's most important to them and ways to improve their area.

Helping customers thrive in their homes and communities 2019-20

SECURED
£5.9m
OF UNCLAIMED BENEFITS/INCOME FOR CUSTOMERS

PROVIDED
2,888
NEW CUSTOMERS WITH A HOME

77.9%
OVERALL CUSTOMER SATISFACTION

88.4%
QUERIES RESOLVED FIRST TIME

7.4/10
CUSTOMERS SATISFIED WITH HOW EASY IT IS TO GET IN TOUCH WITH US

7.9/10
CUSTOMERS SATISFIED WITH THEIR NEIGHBOURHOOD

365,604
CUSTOMER CONTACTS
RECEIVED BY CUSTOMER EXPERIENCE TEAM

SUPPORTED
2,209
CUSTOMERS WITH WELLBEING, EMPLOYMENT AND MONEY AND BENEFITS ISSUES

SOURCED TRAINING COURSES FOR
159
CUSTOMERS

ASSISTED
265
CUSTOMERS TO GET BACK TO WORK

95.9%
COMPLAINTS RESOLVED AT STAGE ONE

943
CUSTOMER COMPLIMENTS RECEIVED

Providing safe, quality, and affordable homes

What matters to us most is the safety and security of our customers. That's why we've worked hard to make our homes as safe as possible for those living in them. We've adapted our approach to align with new Building Safety Regulations and started work to improve the fire safety at six blocks of flats with Aluminium Composite Material (ACM) or High-Pressure Laminate (HPL) cladding.

We want our customers to enjoy living in our homes, so we make sure they're well maintained and to a good standard. To do this we've focused on improving the effectiveness of our repairs service, but we know there's more we can do to meet customer expectations and get more jobs completed first time. Looking ahead our focus will also be on improving the energy efficiency of our homes to make them cheaper to run and investing in our estates to make them great places to live.

Fire safety remains high on our agenda

We've been following government advice since the Grenfell Tower fire whilst also taking further action, going above and beyond to ensure our homes have the highest level of safety in the event of a fire. After a range of in-depth investigations, above our regular fire risk assessments, we've acted where necessary to ensure the safety of our residents.

This includes starting work to replace the ACM cladding at 3 blocks of flats in Portsmouth and the HPL cladding at 3 blocks of flats in Southampton. We've worked closely with our customers in all six blocks to keep them up to date on our work and to reassure them of the measures we're taking to ensure their safety and wellbeing.

We want customers to feel proud of where they live

We've made significant strides in updating our homes to make them great places to live. We've increased our planned maintenance work and spend on empty home refurbishment by 10% to keep our properties maintained to good and consistent standard across our operating area – so all customers can expect the same quality of VIVID home wherever they live. This focus and investment will continue into 2020/21 as well as exploring ways to enhance our estates.

We want to make our homes as affordable as possible for those living in them. A big part of this is improving their energy efficiency to cut bills. We've committed by 2025 to have all our homes with an EPC rating of D or better and have started planning how we can support the government's pledge to have net zero carbon by 2050.

£52.7m invested in improving, repairing and maintaining our homes including:

- **601** kitchen replacements
- **281** bathroom replacements
- **1,519** heating replacements
- **4,195** window replacements
- **1,485** door replacements
- **80** roof replacements

We know our customers expect a reliable and quick repairs service. We've been busy completing 74,865 repairs throughout the year. The introduction of our new instant feedback service means we can monitor customer satisfaction to check we're meeting expectations and where necessary take action to improve. We're pleased our repairs satisfaction is 8.3/10 but we know there's more we can do. And, a large part of our work in 2020/21 will focus on improving our management of repairs so we're better prepared to respond to an influx in cases quickly and get more jobs completed first time.

We use technology to keep us one step ahead

Smart technology enables us to remotely monitor key components in our homes and communal areas so we can predict future breakdowns and fix them before they cause inconvenience or risk to our customer's wellbeing.

We've installed some cutting-edge Internet of Things (IoT) systems that instantly alert us to a potential problem. This includes smart testing for legionella in our water facilities and automated emergency lighting testing to ensure fire safety compliance. We're now extending this to remote lift monitoring sensors and boiler testing.

We know having fast and reliable internet connectivity supports our customers in their personal and working lives. We're therefore installing super-fast fibre optic broadband in 32 of our blocks of flats and will look to roll this out wider in the future.

The safety and wellbeing of our workforce is paramount

We want everyone to go home safe and well, but we understand working with tools and heavy equipment can be a risk to staff.

We take employee safety, health and wellbeing very seriously and want everyone to go home to their families and loved ones safe and well. We've seen a year on year improvement in our health and safety performance and the reduction of accidents. We've focused on ensuring our accident incident rate targets are being met, whilst maintaining an open incident reporting culture. We've embedded risk assessment into our daily lives, including our 'Take 5' dynamic assessments initiative to encourage everyone to take the time to consider the risks before starting each job. Employee health is equally important as their safety, that's why we've introduced occupational health surveillance for our staff undertaken by medical professionals, going above and beyond minimum requirements.

Many of our staff work remotely and we want them to feel supported every step of the way. We've invested in mobile working equipment to make it easier for staff to access everything they need on the go, from useful customer information and documents to wellbeing advice and support. We've also introduced new internal communication channels specifically to help our remote workers feel part of one team and therefore deliver an even better service.

Providing safe, quality and affordable homes 2019-20

£52.7M INVESTED
IN PLANNED AND MAJOR WORKS ON EXISTING HOMES

22,646
PROPERTIES WITH GAS CERTIFICATES

74,865
RESPONSIVE REPAIRS COMPLETED

8.3/10
REPAIRS SATISFACTION

£3,380
OPERATING COST PER UNIT

7.8 HOURS
AVERAGE TIME TO COMPLETE EMERGENCY REPAIRS

7 DAYS
AVERAGE TIME TO COMPLETE AN URGENT REPAIR

27.7 DAYS
AVERAGE TIME TO COMPLETE A ROUTINE REPAIR

Building homes to meet the needs and aspirations of communities

We're pleased to have built 37% more homes in 2019/20 than the previous year, helping to provide more places for people to call home. We're passionate about giving people the right home to suit their needs and circumstances in the right locations where they're needed the most. We're delighted our drive and strong home building programme meant we were awarded gold for Housing Association of the Year at the WhatHouse? Awards, and our Goldsmith Avenue development in Portsmouth won Regeneration Project of the Year at the South Coast Property Awards.

We completed 1,372 new homes in the year, 69% of which were built for social rent, affordable rent and shared ownership. Our delivery of new homes for social rent also increased, having built 202 more homes for those who need it most. This means we've been ranked as one of the top 10 housing associations for building the most homes for social rent.

We're pleased with our contribution of new homes and have made significant steps to grow the number of homes in the pipeline again next year with 8,324 already confirmed, an increase of 60% in the year. We've been able to do this due to our innovative partnerships and joint ventures with local authorities and private developers. Our acquisition of Bargate Homes has enabled us to access the land we need. We now control enough land and development sites to deliver over 10,000 new homes.

Understanding the local housing need

We're large but maintain a local geography which means we understand our operating area and those who live in it really well. We stay attuned to the housing needs and develop relationships with local authorities, developers and other partners to deliver the right homes where they're needed most.

Over the last year we've secured 44 new sites to help address the housing shortage in the south. These sites will deliver 2,041 affordable homes across Hampshire, Berkshire, Surrey and West Sussex.

Number of new homes delivered in 2019/20 by Local Authority	Grand Total
Basingstoke	417
Bracknell Forest	3
Chichester	24
East Hampshire	111
Eastleigh	392
Gosport	3
Guildford	35
Hart	18
Portsmouth	70
Rushmoor	2
Test Valley	44
Waverley	32
Winchester	105
Wokingham	116
Total	**1,372**

Building the right homes for those who need them the most

Our homes are built based on local demand, across a variety of needs and circumstances. This includes social, affordable and market rent, shared ownership, and market sale – which helps cross-subsidise our programme.

We're able to react to local needs because our development programme is fully funded and 65% of it's delivered through our land-led sites and joint ventures. This means we've control of significant land giving certainty to our delivery, even throughout challenging times. And, we've the flexibility to meet the changing needs of local communities during the development stage.

During the year we identified the need for more family-sized homes to be available at social rent levels, so we converted all new 3-bedroom and above homes to that tenure. This added a further 58 new homes to our social rent programme through the conversion of family homes.

Number of new homes completed	2016	2017	2018	2019	2020
Social rented	57	37	44	144	202
Affordable rented	322	367	360	265	333
Shared ownership	174	180	189	312	408
Market rented	122	0	0	122	74
Market sale	30	26	156	162	355
Total	705	610	749	1,005	1,372

Our development programme is fully funded



Our financial strength and reputation amongst investors and stakeholders has enabled us to attract a high level of external funding and grants to invest in building more homes and flourishing communities.

In the last year, we secured £376m in funding from banks and private investors to support our development programme.

We've continued our work as a Homes England Strategic Partner, helping to increase the supply of social rented and shared ownership homes. We're delighted to have already exceeded our affordable home delivery through this partnership, having secured 1,069 homes across 28 sites. This track record has led Homes England to increase our funding from £88m to £176m demonstrating its confidence in our delivery.

To deliver the homes where they're needed the most means we don't shy away from the challenging sites.

In addition to securing large green and brownfield sites we've continued to focus on urban regeneration where its required to help improve and develop communities. Last year, our regeneration of Goldsmith Avenue in Portsmouth won Regeneration Project of the Year at the South Coast Property Awards.

Kingston Prison

We've secured the build of 183 affordable homes in a high-profile old prison site in the centre of Portsmouth.

This challenging site was purchased by developers, City & Country, from the Ministry of Justice to create homes in a refurbished prison building and new apartment blocks. However, no affordable housing was agreed in planning.

Understanding the local need for more affordable homes in the city, we negotiated the purchase of the new apartment blocks to provide homes for those in need. We'll deliver 183 1 and 2-bedroom flats for social rent and shared ownership over the next year.

Selborne Road, Alton

Our Selborne Road site, in partnership with Foreman Homes, will provide 181 more affordable homes over the next year.

The site was originally purchased with planning approval for 242 homes with only 49 allocated for affordable tenures. Working with Foreman Homes and Homes England we were able to challenge the plans and increased the number of affordable units by 132. These will be available in 1 and 2-bedroom flats and 2, 3 and 4-bedroom houses.

Wisley

To deliver much needed affordable homes within Guildford Borough Council we've secured this 284-acre former airfield site with partners Taylor Wimpey to provide 1,850-2000 new homes.

The redevelopment of this airfield will provide a new community including a school, local centre with employment, retail, and community space as well as 50 hectares of natural greenspace. Using our Homes England funding, we'll deliver 740 affordable homes over the next 7 years across a range of sizes and tenure types. The build will commence in 2020.

Our West Sussex expansion

Last year we announced our development expansion into West Sussex. Since then we've made significant progress in securing opportunities to bring more affordable homes to the area. This includes:

- Securing the section 106 on the first phase of the Whitehouse Farm site in Chichester with Linden Homes, now part of VISTRY Group. We'll deliver 70 new homes, 49 for affordable rent and 21 for shared ownership.
- Working with partners Foreman Homes to secure a large site in Climping, in the District of Arun, to build 300 new homes. We'll provide 190 1, 2, 3 and 4-bedroom affordable homes across the site.

Our plans for the year ahead

Looking ahead we'll continue to build on the strength of our development programme to maintain our momentum to deliver a minimum of 17,000 homes by 2029.

To ensure we continue building quality homes at scale, we'll use our financial strength and relationships to extend our programme to factory built/modular homes. We've already started working with a range of partners to pilot modular homes on a site in Basingstoke and we're aiming to agree plans next year.

We want to play our part in supporting the environment and a large part of this is reducing the carbon footprint at our developments. We're pleased our homes are built with good energy performance through improved insulation, but we know there's more work to do. This will form a large focus for us over the coming years.

More homes 2019-20

1,372
NEW HOMES BUILT

40 DAYS
AVERAGE SALES TIME

10,000
HOMES IN CONTRACT OR IN THE PIPELINE

£376m
OF FUNDING FOR DEVELOPMENT PROGRAMME

535
HOMES BUILT FOR SOCIAL AND AFFORDABLE RENT

408
HOMES BUILT FOR SHARED OWNERSHIP

£156m
RECEIVED FROM SALES TO REINVEST

STARTED BUILDING
1,360
HOMES

HOUSING ASSOCIATION OF THE YEAR -
WHATHOUSE? AWARDS

SOUTH COAST PROPERTY AWARDS

REGENERATION PROJECT OF THE YEAR –
SOUTH COAST PROPERTY AWARDS

We've a vibrant culture that supports, develops and attracts the best people

Being a high performing organisation is down to our people. That's why we've created a vibrant culture that attracts and develops the brightest talent where people enjoy coming to work. This was reflected in our employee engagement survey where 85% of employees said they were happy working at VIVID and were inspired to do the best work they can.

We've a modern and flexible approach

We want to attract and retain the brightest talent and a large part of this is offering a modern and flexible approach where our staff can give their best. We understand people can't always work at set times 5 days a week, so we allow flexible start times, a choice of where staff work, including from home, and opportunities to work part-time if needed.

Our benefits and rewards are attractive, competitive and flexible. We provide a bonus scheme for all staff, above inflation pay increases, and a generous pension scheme with employer contribution of up to 10%. Our holiday package is also desirable and flexible where staff can buy and sell days to suit their needs.

We believe in supporting staff in their careers. Our new talent programme, Optimise, encourages career-driven employees to become tomorrow's leaders. And, our face-to-face training modules and e-learning tools are available to all levels to assist development.

We know to be a truly great organisation we need to continuously learn and improve. That's why we've signed up with external consultants to support our leadership team cultivate a 'growth mindset' to drive high performance throughout the organisation.

We've continued to expand our apprenticeship programme recruiting 29 apprentices internally and externally to date in teams such as electrical, HR, development, housing, customer experience and governance. Over the next couple of years, we want to grow our apprenticeship offering further and have already created 30 new placements for internal and external candidates. After signing the Armed Forces Covenant, we've been working with the Career Transition Partnership to establish employment and training opportunities for service leavers at VIVID. And, we've forged partnerships with local organisations and schools to raise awareness of the benefits of apprenticeship schemes to younger people.

Ashley Evans enrolled in the customer experience apprenticeship programme in October 2019.

"I wanted to learn a new skill and start a career to better myself, and an apprenticeship seemed like the best way to do this. Customer experience was an area I thought I would like to work in so when I came across VIVID's advert it seemed like the perfect opportunity for me. I love the fact I learn as I work – it's made starting a new career much easier for me."

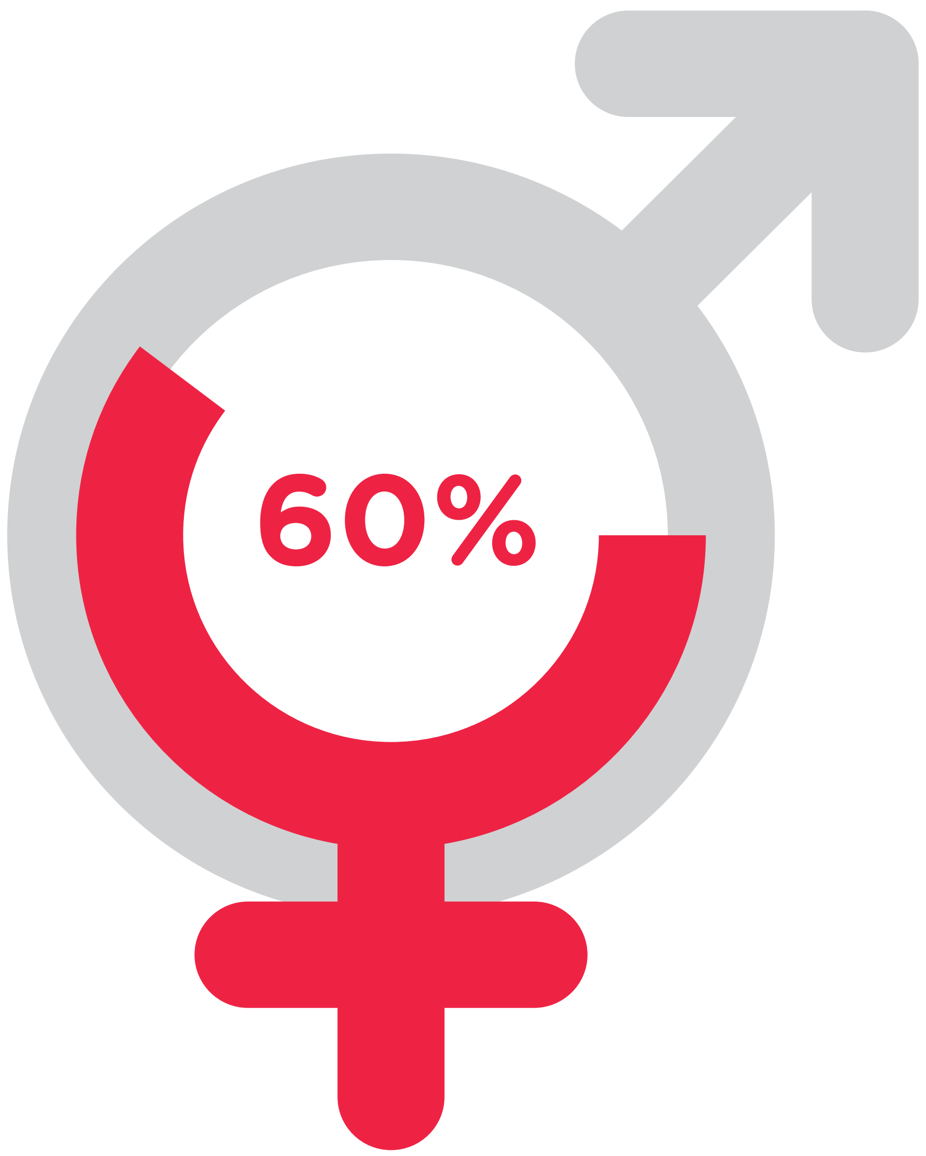
Promoting equality across the board

We're committed to reward and pay staff fairly.

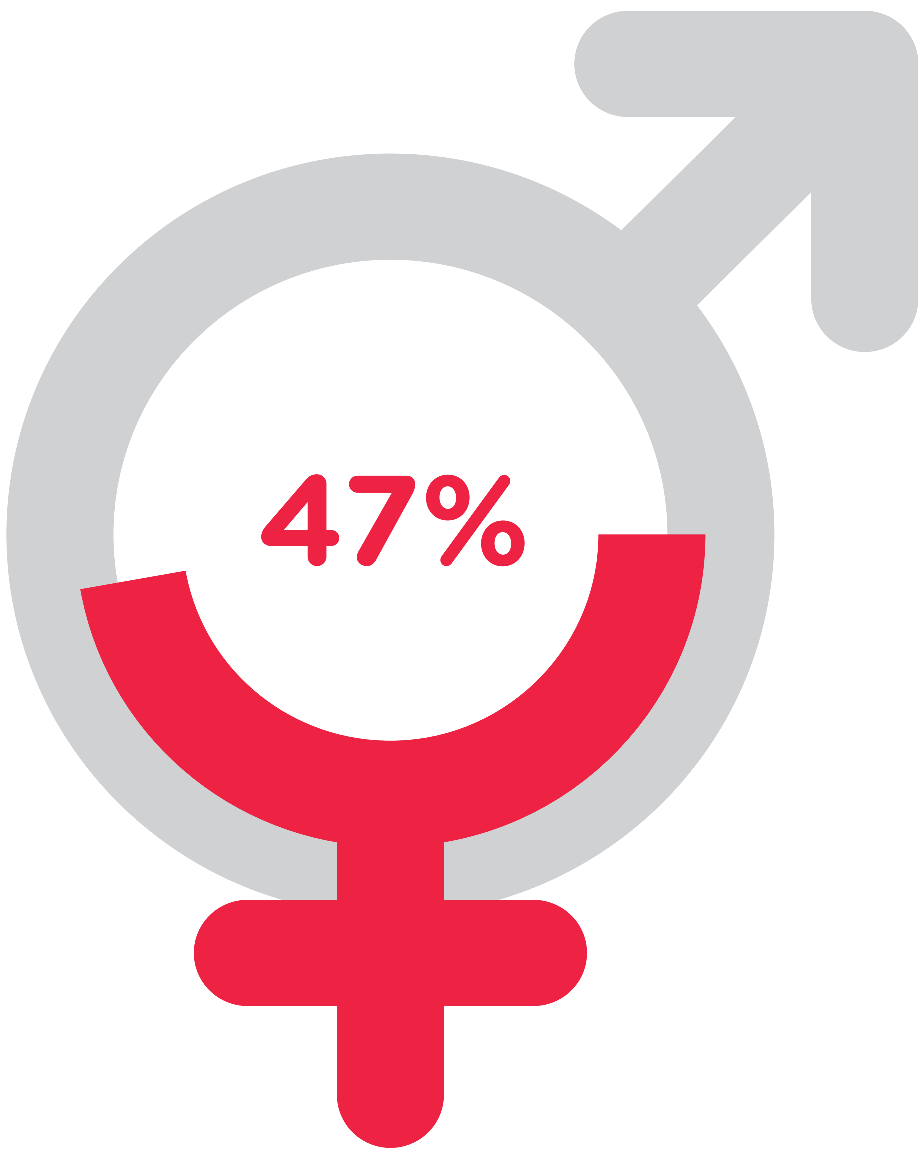
We've made great progress in closing our gender pay gap reporting one of the smallest pay differences between men and women both in and out of sector.

MEDIAN PAY GAP: 1.2%

Our median pay gap reduced from 13.5% in 2017 to 1.2% in 2019/20 and we'll continue to work on this in 2020/21.



HEAD OF SERVICE ROLES



MIDDLE MANAGEMENT

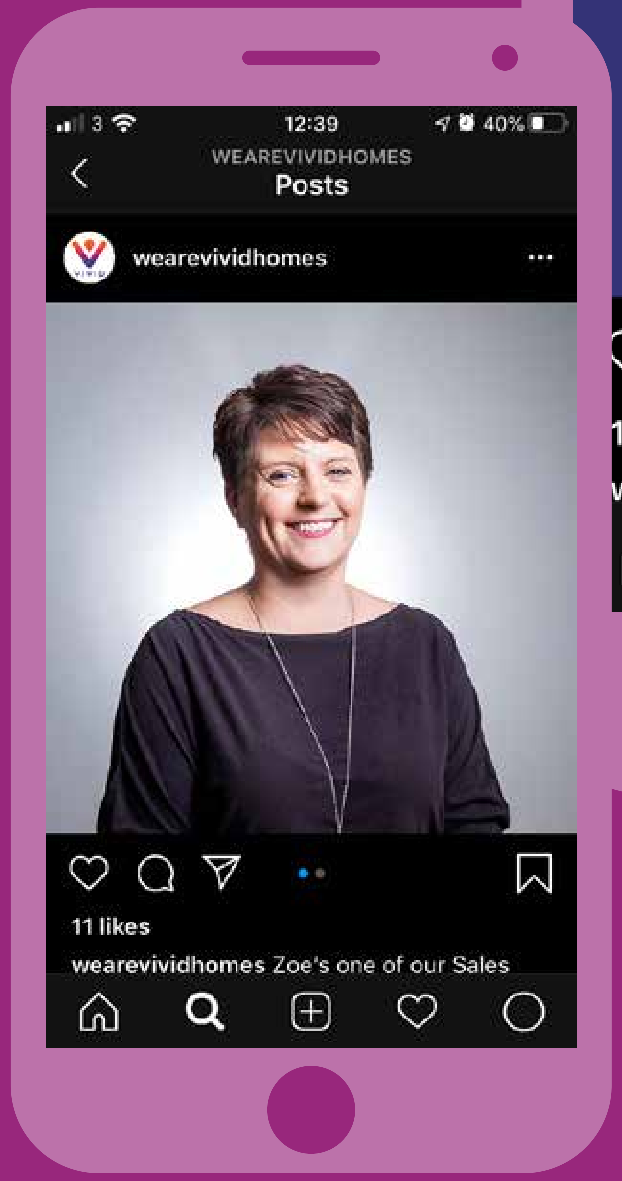
We've increased the number of women in senior positions surpassing our target of 50% by 2021. Currently 60% of our Head of Service roles and 47% of middle management jobs are held by women.

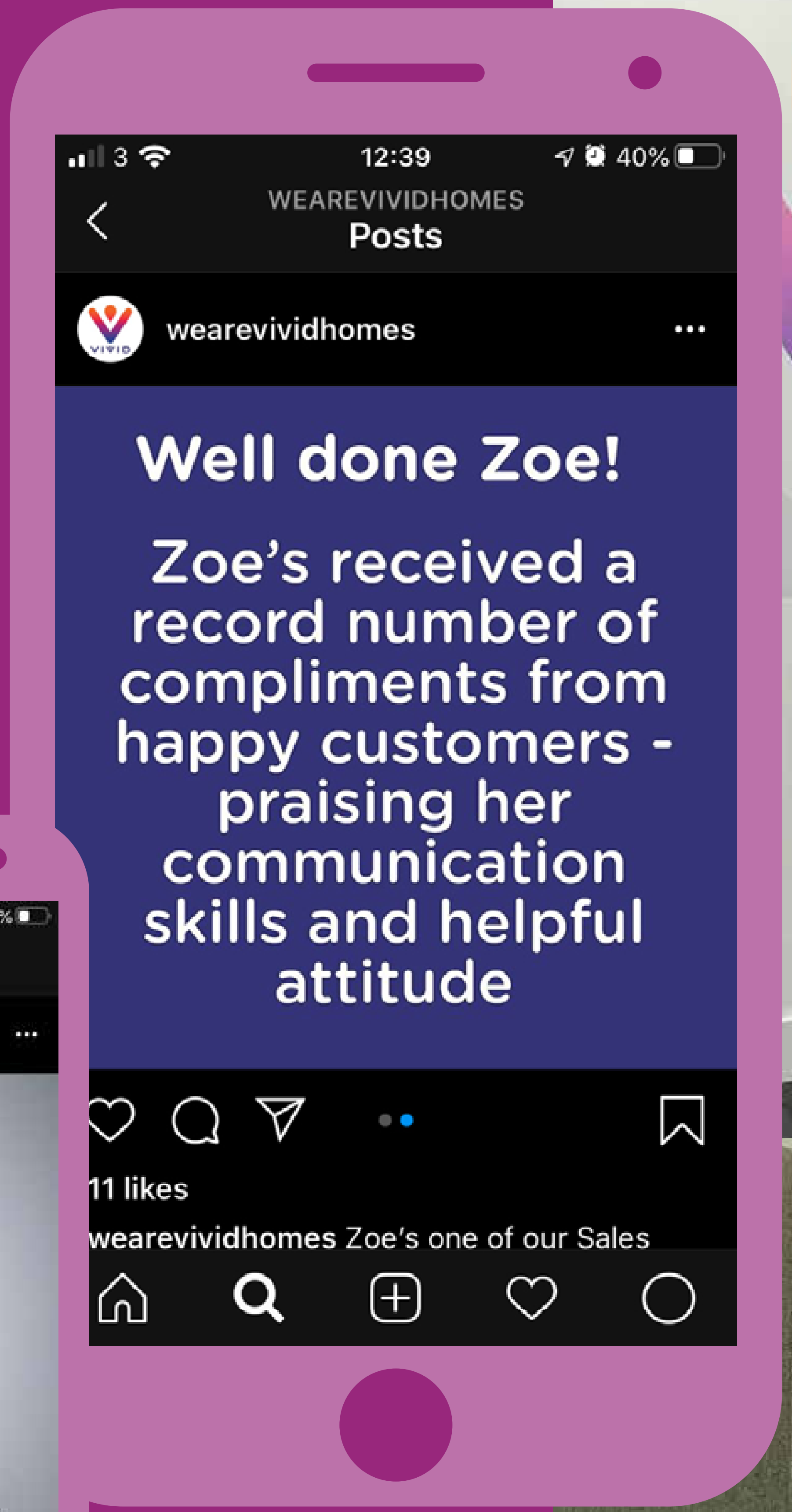
Promoting positive health and wellbeing is embedded in our culture, not because we have to but because it's the right thing to do.

Since signing the Time to Change pledge in 2018, we've continued to address the stigma attached to mental health in the workplace. We've introduced new support avenues for our staff. Our dedicated employee group, the Stigma Busters, champion the importance of opening up about mental health by running regular events in our offices. Our staff can access a range of support platforms such as 87% - a wellbeing app, Shout - a free text service, and Neyber - a financial wellbeing service. Our efforts have helped us to reduce mental health related absence by 30% against last year.

We celebrate success and recognise staff who live our values and deliver a great customer experience.

We do this through monitoring customer feedback to identify the great work going on across the business and run monthly recognition schemes to reward staff who've gone the extra mile. Our staff received many customer compliments in 2019 so we picked the best and treated them to an overnight stay and driving experience at Mercedes Benz World.





Our financial results demonstrate how we've built the capacity to achieve our ambitions, deal with uncertainty and respond to change.

	2016	2017	2018	2019	2020
Turnover	197,825	211,117	228,488	250,158	326,660
Operating surplus	71,901	82.639	86.354	102,039	106,988
Net surplus before tax	39,819	49,420	66,699	73,071	71,115
Housing properties at cost	1,876,278	1,950,358	2,075,570	2,221,752	2,517,019
Long-term loans	939,981	955,248	985,456	1,050,125	1,273,718
Net current assets	92,240	92,818	85,913	105,463	161,720
Net assets	350,939	393,892	459,548	516,533	600,005
Operating costs per unit	3,621	3,447	3,496	3,157	3,380

All figures are £'000 unless otherwise indicated. Figures are stated in accordance with FRS102.

Funding and treasury management

During a turbulent year we've maintained high levels of liquidity and managed the associated risks.

We borrow from a range of investors to make sure our business plan and development programme are fully funded.

Key treasury risks

Funding risk
Our business plan identifies when and how much funding is required to fund our development programme. We spread our sources of financing and ensure we're not reliant on a single investor or bank.

Liquidity risk
Our treasury policy includes a golden rule which calculates the level of liquidity we need to maintain a strong business. On 31 March 2020 we had £374m undrawn loans (£200m yet to be secured), £37m of available cash and £277m of three years' operating cash without reliance on sale proceeds or grants.

Counterparty credit risk
We've set minimum credit ratings for each lender, investment counterparty and banker in our treasury policy. We deposit surplus cash with ten different counterparties. The credit ratings of counterparties, rather than the returns, are the primary consideration when deciding how to invest cash balances. Counterparty credit ratings are provided by our treasury consultants and monitored in house by our treasury team.

Interest rate risk
Our treasury policy sets parameters for the percentage of fixed, floating and index-linked debt within our loan portfolio. On 31 March 2020 76.17% of our drawn debt was at fixed rates to protect us against future interest rate volatility. None were index-linked and 23.8% was exposed to variable interest rates. On 31 March 2020 our loan facilities totalled £1,647m of which £1,274m was already drawn.

Compliance risk
Through our business planning and budgeting process we monitor the corporate financial covenants within our loan agreements. Our treasury policy requires us to maintain headroom above these covenants and we set a budget to exceed each lender's requirements. Performance against the budget is monitored monthly.

Our approach to value for money

This section explains our approach to value for money and how it underpins the work we do to achieve our purpose. It sets out our ambitions and tells us how we're performing compared to our peers.

To us, value for money means providing a standard of service that meets our purpose as efficiently as possible.

We have 3 value for money (VFM) objectives:

- **Provide efficient and effective landlord services**
- **Maximise our contribution to tackling housing need**
- **Continually improve the return on our assets**

We've 19 value for money measures that track our progress with each of these objectives. And we compare our performance with a group of 9 selected peers using the Sector Scorecard. We have reported 5 year trend data and summary for each VFM Objective of our performance in the year.

With the outbreak of COVID-19 our focus is on supporting our customers in these extremely challenging times and applying our resources accordingly. We have disclosed the effects seen so far in the review of business, above. The operational changes that we are implementing will inevitably mean that performance against our Key Performance Indicators and those of the Regulator will be impacted as we focus on reintroducing services and supporting our customers.

Looking forward we've prepared a revised budget for 2021 to assess the financial impacts of responding to COVID-19. This shows that we still expect to deliver top quartile results.

VFM objective 1:
Providing efficient and effective landlord services

Measure	2016	2017	2018	2019	2020	2021**	Benchmark Top Quartile 2019
Overall customer satisfaction	-	-	79.6	77.3	77.9%	80%	82.1%
Operating margin *	36%	39%	38%	41%	33%	35%	33.7%
Operating cost per unit	£3,621	£3,447	£3,296	£3,157	£3,380	£3,573	
Operating margin (social housing lettings) *	41%	44%	45%	49%	46%	42%	38.6%
Social housing cost per unit *	£3,353	£3,006	£2,816	£2,752	£2,893	£3,267	£3,232
Properties managed per FTE staff	26.9	31.9	36.2	38.4	37.6	38.6	
Overheads as % of adjusted turnover***	-	7.88%	7.03%	6.63%	6.02%	6.25%	9.2%

**Regulator for Social Housing VFM metrics **The 2021 figures are our target for next year ***www.sectorscorecard.com*

We measure customer satisfaction through independent perception surveys run by TLF Research twice a year

We've achieved a score of 77.9 in March 20 which places us in the second quartile of 175 other housing associations who measure satisfaction in the same way.

During the year we also introduced a new way of measuring transactional satisfaction for our key services areas. We have implemented a new feedback platform which sends a digital survey immediately after that service has been received. Since we went live in November we've achieved an average score of 8.4 out of 10. The platform also allows us to measure customer sentiment and it gives us the opportunity to put things right more quickly for our customers if something does go wrong.

In the coming year we'll be reviewing our customers' priorities and focusing on improving areas that are most important to them to make their overall experience better.

Our operating costs are among the most competitive in our sector. Our operating cost per unit has increased in the year as we met an increase in demand for repairs but still leaves us in the top quartile.

In 2021 we're anticipating our operating costs will be higher again as we invest our resources to recovering quickly from COVID-19 and supporting our customers through the difficult times ahead. Our financial strength and history of top quartile performance gives us the capacity to do this.

VFM objective 2: maximising our contribution to tackling housing need

Measure	2016	2017	2018	2019	2020	2021**	Benchmark Top Quartile 2019
Number of new homes completed	695	610	749	1,005	1,372	1,049	1037
Reinvestment in homes *	7.6%	7.3%	7.9%	8.4%	13.1%	11.6%	6.9%
New supply delivered (Social Housing) *	2.1%	2.2%	2.2%	2.4%	3.1%	2.5%	2.4%
New supply delivered (Non-social Housing) % *	0.5%	0.1%	0.5%	0.6%	1.4%	0.8%	0.6%

**Regulator for Social Housing VFM metrics **The 2021 figures are our target for next year*

We can develop more than our peers because we generate more of the funding ourselves:

Funding for our developments (£m's)	2016	2017	2018	2019	2020
Grant funded	9.1	4.9	4.6	4.0	82.0
Debt funded	56.8	57.5	74.2	71.4	100.4
Self-funded	56.0	97.8	149.7	164.5	229.1
Total	121.9	160.2	228.4	239.9	411.6

One of our key ambitions is to increase our output of new homes which has continued this year with 1,372 new homes. We expect this to rise to 1,500 each year by 2022 and 17,000 over the next 10 years.

This commitment includes the aspiration to build 20% of new homes at social rent and 20% at affordable rent.

We're clear that building homes for social rent is a vital part of meeting housing needs, making maximum use of our surplus to make our new homes as affordable as possible. We've also committed to all 3 and 4 bedroom homes being let at social rent, keeping them more affordable.

For our size, we're one of the biggest developers in the country and we're committed to maximising the number of new affordable homes we build each year. We achieve this by generating a healthy surplus and using it to subsidise our development costs.

We manage the mix of our programme to generate a profit from sales which subsidises our affordable rented housing, taking care not to over-expose ourselves to the housing market.

We've locked in low interest rates by fixing the rates on 76.17% of our debt for an average term of 12 years, enabling us to put more resources into development without worrying about rising interest rates.

VFM objective 3: continually improving the return on our assets

Measure	2016	2017	2018	2019	2020	2021**	Benchmark Top Quartile 2019
Gearing % *	52%	51%	50%	47%	49%	50%	44%
EBITDA MRI interest cover *	197%	207%	268%	268%	234%	170%	205%
Return on capital employed (ROCE) *	4.2%	4.8%	4.8%	4.6%	4.5%	3.1%	4.5%
Occupancy rate	-	99.72%	99.44%	99.5%	99.08%	-	99.8%
Rent collected	-	99.33%	98.67%	101.1%	101.99%	100%	100.5%
Current tenant Arrears %	-	3.3%	3.4%	4.7%	4.6%	4.2%	
Average re-let days	-	20.5	27.8	31.5	39.7	28	
Void loss %	-	0.59%	0.57%	0.57%	1.06%	1.25%	

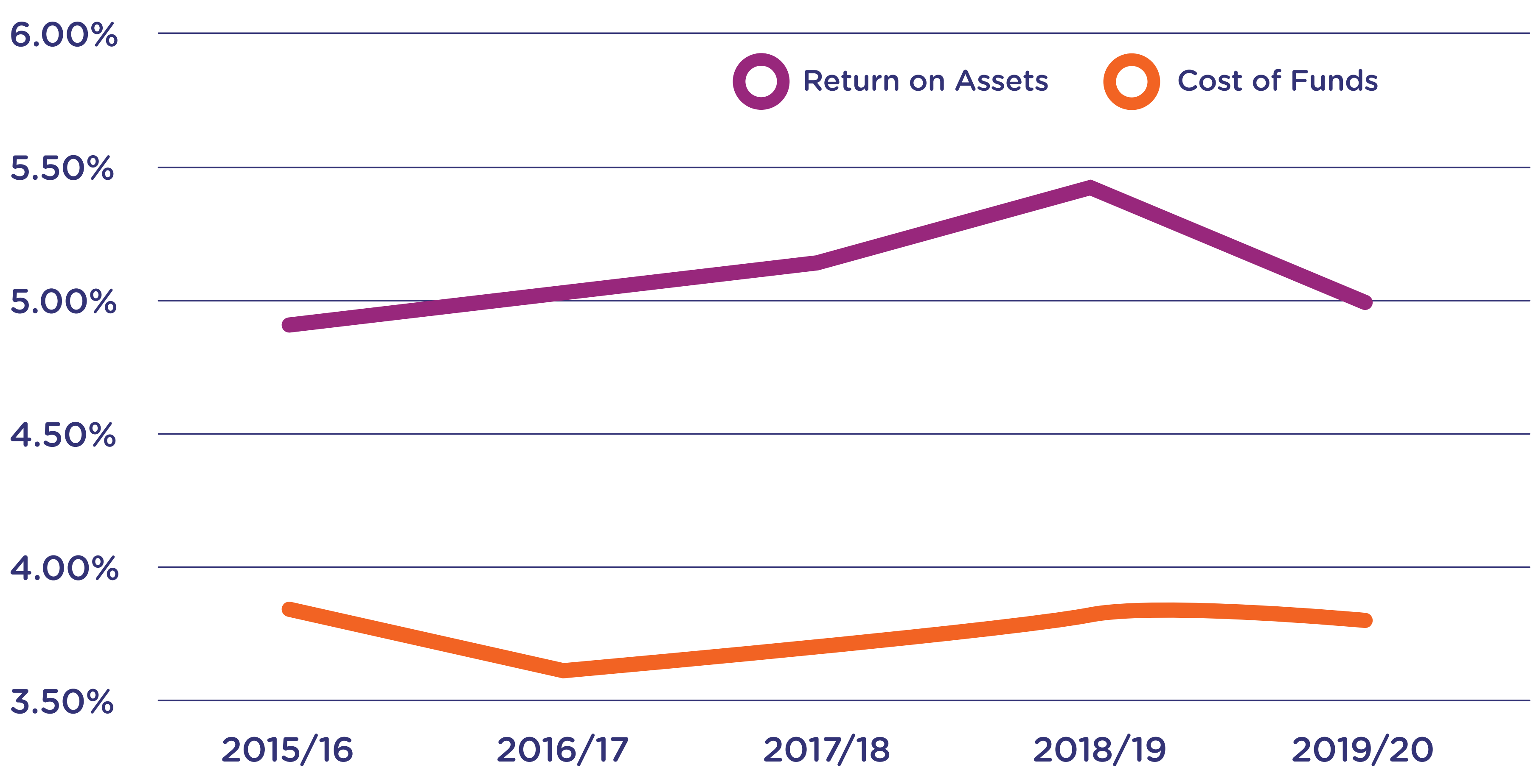
**Regulator for Social Housing VFM metrics **The 2021 figures are our target for next year*

We have continued to improve our rent collection and maintained our level of arrears. In these areas we compare well against our peers. But we need to improve the time it takes to re-let homes and this will reduce our rent loss and improve our operating margin.

We've continued to increase the value of our business by achieving a return on assets that exceeds our effective interest rate.

We calculate the return on our assets by comparing our operating surplus with the historic cost of our assets. And we compare this with the average interest rate on our debts.

Return on Assets and Average Cost of Funds



Our future plans

'Our Plan' for the future is set out on page 14 and consists of 3 ambitions.

Ambition: Provide affordable, safe, well maintained homes to a consistent standard *(VFM objective 1)*

Ambition: Help customers thrive in their homes and communities *(VFM objective 3)*

Ambition: Build more homes to meet the needs and aspirations of our local communities *(VFM objective 2)*

These ambitions are directly supported by our 3 VFM objectives by ensuring we remain financially strong enough to provide the support our customers need, deliver sufficient new homes to people that need them and make our services as affordable as possible.

Section 2

The Board's Report

Our legal structure

VIVID Housing Ltd is a registered Cooperative and Community Benefit Society (registration number 7544) and is regulated by the Regulator of Social Housing (registration number 4850). The group comprises:

Company Name	Registration	Controlling interest	Description
Vestal Developments Limited	05509078	VIVID - 100% share capital	Limited company providing development services & market sales
VIVID Build Limited	07930319	VIVID - 100% share capital	Limited company carrying out development activities
Bargate Homes Limited	05626135	VIVID - 100% share capital	Limited company providing development services & market sales
Bargate SPV1 Limited	07957165	Bargate Homes Limited – 100% share capital	Dormant subsidiary of Bargate Homes Ltd
Mitre Court (Fareham) Ltd	01350375	VIVID - Limited by guarantee	Limited company carrying out property management services

The Board

The Board sets the strategic direction of VIVID and its subsidiaries. They make sure we're always one step ahead by looking to the future. It means we're well set up to achieve our ambitions and keep delivering what our customers need. They keep a close eye on the services we provide, monitoring our performance and how well we're managing our finances.

Board of Directors

Mike Kirk Board Chair
Michael Stancombe Senior Independent Director
Jo Causon *(appointed 25 July 2019)*
Jane Earl
David French
David Mairs
Philip Raw
Lynda Shillaw
Jane Tabor *(retired from Office 25 July 2019)*
Jean-Marc Vandevivere
Shena Winning *(appointed 25 July 2019)*
Mark Perry Chief Executive
Duncan Brown Director of Finance & Technology

We're open and transparent about how much we pay our board members. We review our board remuneration annually and use independent advice and benchmarking at least every three years (we last did this in 2019).

Remuneration of the non-executive board members and the executive directors is detailed on page X.

Vestal Developments Ltd Board

The Board of Vestal Developments Ltd is appointed by the VIVID Board. It's chaired by Duncan Brown, who sits alongside Mike Shepherd.

VIVID Build Ltd Board

The Board of VIVID Build Ltd is appointed by the VIVID Board. It's chaired by Duncan Brown, who sits alongside Philip Raw.

Bargate Homes Ltd Board

The Board of Bargate Homes Ltd is appointed by the VIVID Board. It's chaired by Michael Stancombe and who sits alongside Duncan Brown, Gerard Price and Jeremy Trezise.

The Committees

Audit & Risk Committee

The Audit & Risk Committee is responsible for overseeing our risk management framework and receiving assurance on the system of internal control. It also provides audit and assurance services to Vestal Developments Limited and VIVID Build Limited under the terms of the Intra-Group Services Agreement. During the year, the committee met 4 times.

"The Audit and Risk Committee had a full programme of work during 2019-20. We prepared an Assurance Plan for the year (based on our approved Strategic Risk Register) and, working closely with our Internal Audit partner, engaged external experts to perform specialist reviews alongside ongoing quarterly audits of our controls. We approved new Prevention of Financial Crime and Speak Up policies and oversaw a formal contract tender process for both internal and external audit services. Later in the year we reviewed our Financial Regulations and made recommendations to the Board which were subsequently approved and adopted. We also approved a new Risk Management policy and provided our overall opinion of internal controls, which confirmed our arrangements for the management of risk are robust."

David French, Chair

Remuneration & Nominations Committee

The Remuneration & Nominations Committee (RNC) is responsible for overseeing our approach to people and reward and the appointment and performance of our non-executive directors and the Chief Executive. During the year, the committee met 3 times.

"Following a comprehensive external recruitment process, this year saw us welcome two new non-executive directors - a Chair Designate for the Audit and Risk Committee, and a new committee member of our own. We also monitored the progress of this year's annual governance review, which incorporated feedback from the Board and Committee self-assessment and appraisal process, our Board effectiveness review and In Depth Assessment from the Regulator. Later in the year we reviewed and updated our Standing Orders and Code of Conduct, alongside our approach to Board learning and development. We also continued to review and develop our People Strategy. Looking ahead, we'll be starting our next round of succession planning to ensure we future proof ourselves with a skilled, modern and dynamic Board, fit to realise the opportunities ahead (and meet the challenges!)."

Jane Earl, Chair

Project Approvals Committee

The Project Approvals Committee (PAC) is responsible for approving expenditure on major projects which support our Development Strategy and Corporate Plan. It monitors the award of contracts and our planned improvements programmes to ensure that approved projects deliver the expected benefits and that the risks connected with these projects are managed. This may include the development of new schemes, the remodelling, rehabilitation, regeneration and disposal of the Group's stock or projects within the asset management strategy. During the year, the committee met 10 times.

"The committee has had another productive year overseeing development projects that enabled us to deliver 1372 homes for our customers, whilst maintaining strong investment in our planned and major works programmes. We've also continued with our end of scheme reviews, which help us improve and transfer insight into new and ongoing projects. And, having revised our development assumptions to facilitate an even more productive development programme, the committee expects to continue to be as busy as ever next year!"

Mark Perry, Chair

Treasury Committee

The Treasury Committee is responsible for overseeing our treasury strategy and provides assurance to the Board on new funding decisions. During the year, the committee met 5 times.

"The committee had a busy year which started with restructuring legacy loan arrangements. As well as overseeing maintenance of our liquidity levels, compliance with our Golden Rules and financial covenant compliance, we reviewed future funding strategy and opportunities to take advantage of favourable capital market conditions. This saw us successfully entering into an agreement with investors that will satisfy our core funding needs until 2023."

David Mairs, Chair

About us

Executive Officers	
Duncan Brown	Director of Finance and Technology
Jonathan Cowie	Chief Operating Officer
Mike Shepherd	Director of New Business & Development
Duncan Short	Director of Resources

Company Secretary	
Duncan Brown	Director of Finance & Technology

Registered Office
Peninsular House, Wharf Road, Portsmouth, Hampshire, PO2 8HB

Bankers	
Royal Bank of Scotland	3 Hampshire Corporate Park, Templars Way, Chandlers Ford, Hampshire, SO53 3RY
Barclays Bank	8 Market Place, Basingstoke Hampshire, RG21 7QA

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

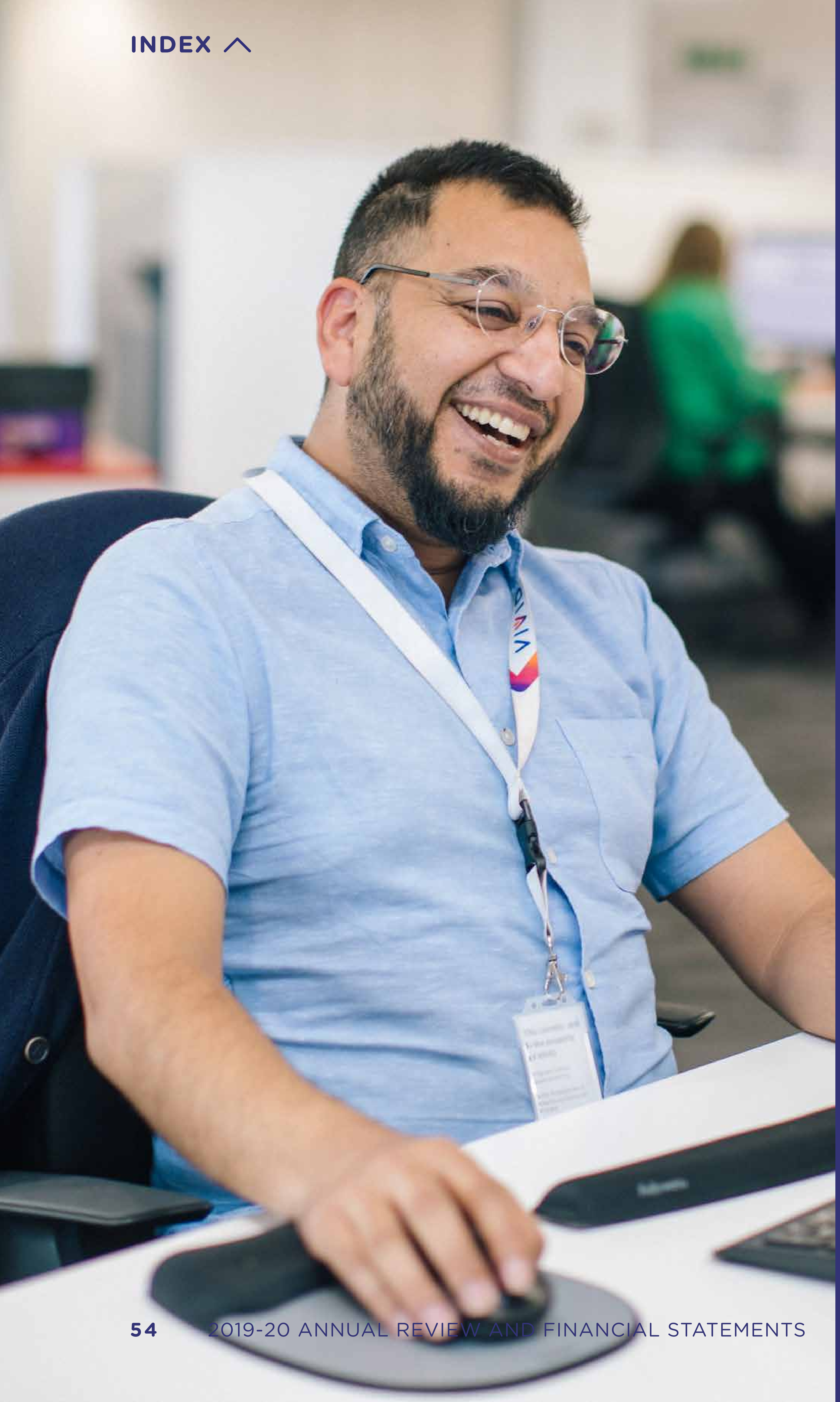
Internal Auditors	
PricewaterhouseCoopers LLP	3 Ocean Way, Ocean Village, Southampton, Hampshire, SO14 3TJ

More details on our Board and Executive team members can be found on our website here.

Accountancy & Tax Advisors	
BDO LLP	2 City Place, Beehive Ring Road Gatwick, West Sussex, RH6 0PA

Solicitors	
Ashfords LLP	Ashford House, Grenadier Road Exeter, Devon, EX1 3LH
Bevan Brittan LLP	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ
Capsticks LLP	Staple House, Staple Gardens, Winchester, Hampshire, SO23 8SR
Devonshires Solicitors LLP	30 Finsbury Circus, London, EC2M 7DT
Foot Anstey LLP	Salt Quay House, 4 North East Quay Sutton Harbour, Plymouth, Devon, PL4 0BN
TLT LLP	One Redcliffe Street, Bristol, BS1 67P
Penningtons Manches Cooper LLP	125 Wood Street, London, EC2V 7AW
Sharratts (London) LLP	1 The Old Yard, Rectory Lane, Brasted Westerham, Kent, TN16 1JP
Trowers & Hamlins LLP	3 Bunhill Row, London, EC1 8YZ
Winckworth Sherwood	Minerva House, 5 Montague Close, London, SE1 9BB

Treasury Advisors	
Chatham Financial Europe Ltd	12 St James's Square, London, SW1Y 4LB



Corporate governance

The Board is committed to maintaining the highest standards of governance, which we're able to demonstrate through the adoption of the National Housing Federation's (2015) Code of Governance.

We comply with all aspects of the code, although our Project Approvals Committee (PAC) is chaired by the Chief Executive rather than by a non-executive director. This gives us the ability to make timely operational decisions, which supports our ambitious development programme. We've no current plans to change this arrangement as it's appropriate to the circumstances of our organisation and we have measures in place to provide assurance that the principles of good governance are being upheld. Two non-executive directors, including the Senior Independent Director, sit alongside the Executive Chair as members of the committee. PAC minutes are referred to Board for noting, and PAC terms of reference and the Financial Regulations set clear boundaries for PAC's operation.

We've similar arrangements in place for our newly formed Pensions Committee, which was formed specifically to oversee changes to our pension arrangements, led by our Executive team. Once the changes are complete at the end of 2020, we'll review the Committee's composition to ensure it's still appropriate to the circumstances of the organisation.

All required disclosures and returns to the regulator have been made and we've maintained registers for the declaration of interests by Board members, disposals of properties and the giving and receiving of gifts and hospitality by Board members and staff.

Compliance with regulatory standards

The Board confirms that we've met the economic and consumer standards as set out in the Regulator of Social Housing's Regulatory framework for registered providers of social housing. The Board has carried out an assessment, made enquiries and gained appropriate assurance that we comply with all regulatory standards.

Regulatory performance - In-Depth Assessment

We gained top ratings of G1 for governance and V1 for financial viability in February 2019, which were reconfirmed in our annual stability check by the Regulator in November 2019.

Risk and internal control

The Board is responsible for our system of internal control and for reviewing its effectiveness. Our system of internal control is designed to manage rather than eliminate the risk of failure to achieve our corporate ambitions. It's designed to provide reasonable, but not absolute, assurance over the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

Our system of internal control includes:

Governing documents

- Our Standing Orders and Financial Regulations provide clearly defined roles, responsibilities and management and reporting structures, including a system of delegation.

Policies

- Our Treasury Management policy sets out our Golden Rules, ensuring we can provide financial resources necessary to achieve our business plan objectives and manage the risks inherent in our treasury activity.
- Our Investment policy sets out clear parameters for us to invest our funds to either produce a financial return or further our charitable aims.
- Our Speak Up (whistle blowing) policy and an Anti-Bribery, Fraud and Money Laundering policy covers the prevention, detection and reporting of fraud and the recovery of assets.
- Our Risk Management policy sets out our risk management framework, providing a comprehensive process for assessing and managing strategic, financial and operational risks.

Risk registers

- Our strategic risk register is owned by the Board and records risks which could impact on our strategic objectives. It's reviewed by the Executive team quarterly, the Audit and Risk Committee (ARC) at every meeting as part of the Assurance Plan (detailed below) and by the Board twice a year. It drives our specialist audit assurance work.
- Our Operational Risk Register is owned by the Executive and records risks which impact our operational efficiency. It's reviewed by Heads of Service (and other risk owners) quarterly and drives our operational controls internal audits.

Assurance activities

- Strategic risks - our Assurance Plan, which is informed by our strategic risk register, is approved by the ARC and sets out the forward programme of specialist audits. The plan is reviewed at every ARC meeting to ensure it remains relevant to the current risk environment.
- Operational risks - Heads of Service (and other operational risk owners) complete quarterly self-certification confirming that the controls for their operational risks are operating effectively.
- Our internal audit service, provided by PricewaterhouseCoopers, assess compliance with our operational controls each quarter. The outcomes are reported to the Audit and Risk Committee (ARC) and monitored through a Control Improvement Plan.
- Our business plan is stress tested using a number of scenarios linked to our strategic risk register. We use these to understand what would “break the plan.” We also use combinations of these tests to simulate extreme economic/financial shocks and understand their impact on the business plan. In response to the more extreme stress tests, we’ve developed recovery plans which will enable us to respond to these scenarios without breaking our covenants.

Fraud reporting

- We maintain a fraud register which is reported to the ARC at every meeting. We submit this to the Regulator annually.

Self-assessments

- Our compliance against the Code of Governance self-assessment is completed at least annually and reported to the Remunerations and Nominations Committee, and the Board.
- Our compliance against the Regulatory Standards self-assessment is completed at least annually and reported to the ARC, and the Board. Our Legal Compliance Certification and rolling programme of 6 legal monthly updates helps us ensure compliance with these standards.

Performance monitoring

- Our management accounts and a performance report are reviewed monthly by the Executive, and by the Board at every meeting.
- A development progress report and customer operations report are reviewed by the Board at every meeting.

To meet our business plan aspirations, we need to take some calculated risks. The Board has considered the level of risk it’s willing to take and able to manage across five categories of risk – financial, health & safety, reputational, service delivery and compliance. Our risk management framework is based around our risk appetite and is designed to highlight any exposures which exceed the level of risk that we’re comfortable with.

Key strategic risks and how we're managing them

The principal uncertainty we're currently facing is the impact of the ongoing global COVID-19 outbreak.

The Board and Executive team continue to monitor the outbreak, including UK Government advice, and acknowledge that we face a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, we're in a very strong financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on our activities and the effect this may have on our customers and stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our housing services are still available when needed.

Here are some of our current risks and the measures we have in place to mitigate them:

The risk	Our mitigation
Housing market recession: A downturn in housing market performance will reduce the surpluses and cash generated from sales and the subsidy provided for the development programme	• Robust stress testing of the business plan to identify the impact of recession and the amount of exposure we can tolerate within our Golden Rules • Close monitoring of the treasury policy which establishes liquidity rules to ensure we can fund all our commitments without relying on sales • Multiple income streams including sales, shared ownership, affordable rent housing, private rent and supported housing • Use of joint ventures • Retaining the option to switch tenure of market sales homes • Monthly reports of sales activity
Fire risk in high rise flats due to component materials used in build	• Fire Safety Strategy • Intrusive type 4 (common parts and flats) Fire Risk Assessments completed for all blocks 5 storeys and above which confirm current building regulations are met • A1 non-combustible solution is currently being installed on the 3 ACM buildings which are below 18m in height. • Checks have been carried out on external wall systems for all blocks 5 storeys and above to establish the materials used • Range of fire control measures agreed with the fire brigade until replacement cladding is in situ • Interim safety measures in place including robust fire risk assessments, firefighting measures and effective communication with residents

The risk	Our mitigation
Failure to comply with landlord health and safety statutory requirements	• Fire Safety Strategy • Intrusive type 4 (common parts and flats) Fire Risk Assessments completed for all blocks 5 storeys and above which confirm current building regulations are met • A1 non-combustible solution is currently being installed on the 3 ACM buildings which are below 18m in height. • Checks have been carried out on external wall systems for all blocks 5 storeys and above to establish the materials used • Range of fire control measures agreed with the fire brigade until replacement cladding is in situ • Interim safety measures in place including robust fire risk assessments, firefighting measures and effective communication with residents
Failure to comply with landlord health and safety statutory requirements	• Comprehensive property registers • Regular inspections supported by independent specialist audits • Compliance data held on databases with reporting functionality • Continuous internal auditing of compliance data • Continuous data reconciliation cross referencing numerous data sources • Deep dive external audits • Monthly compliance KPIs • Landlord compliance scorecard and quarterly reporting • Dedicated property compliance team

The risk	Our mitigation
Health & Safety: Accident or incident causing serious injury, illness or death	• H&S committee • H&S policy and robust procedures • Monthly internal controls assessment • Monthly KPI reporting • Bespoke incident reporting system to record, track and investigate incidents • Robust H&S training and communications • Promotion of positive H&S culture • COSHH related products reviewed/COSHH assessments in place • Annual H&S plan
Changes in Building Regulations: Cost implications of potential changes	• Joint working with local authorities to ensure we have an understanding and lobbying influence of any changes to legislation and regulation • Provisions made in the budget for remedial works • Increase in tender costs reviewed to give early warning of any cost increases • Monthly reporting of new business, development and sales
Increasing difficulty in collecting our rents	• Business plan stress tested against impacts of welfare reform • Triage process to assess all customers who are claiming and receiving Universal Credit • Tailored support packages for customers available in-house • Affordability and benefits assessments for every new customer • Proactively supporting customers to move to smaller homes via mutual exchange and/or through the councils waiting lists to improve their financial situation • Strong rent collection process and focus on early intervention • Monthly monitoring of impact and degree of exposure • On-going training on reforms for all key staff

The risk	Our mitigation
Lack of integrity of data held on VIVID systems and compliance failure	• Compliance data held on databases with reporting functionality • Continuous internal auditing of compliance data • Continuous data reconciliation cross referencing numerous data sources • Stock condition surveys • 3 yearly audit of survey methodology • Deep dive external audits • 3-yearly audit of survey methodology and assumptions • Monthly KPI reporting • Dedicated property compliance team
Information security: Unauthorised access to information	• Continuous improvement of technical cyber defences • Regular campaigns to increase staff awareness of cyber security • IT resilience/hacking quarterly network penetration testing and undertaken • Detailed business continuity plan in place and annually tested • Robust disaster recovery capabilities in the Microsoft Azure Cloud • Robust Data Protection policy and procedures • Mandatory GDPR training for all staff • Continuous review of data sharing and processing agreements

Board’s statement on internal control

During the year, the Board received the following assurance about our system of internal control:

- Chief Executive’s annual report on internal control
- Audit and Risk Committee’s annual report on its work and opinion on internal control
- Internal auditor’s annual report on its work
- Self assessment confirming our compliance with the Code of Governance.
- Self assessment confirming our compliance with the Regulatory Standards

The Board confirms that there are currently no significant control weaknesses, and that our established and sound system of internal controls has operated satisfactorily throughout the year.

Directors’ Indemnities

Directors’ and officers’ insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. Our Rules indemnify each of the Directors of the Company and/or its subsidiaries as a supplement to the Directors’ and officers’ insurance cover. The indemnities were in force during the 2019/20 financial year and remain in force for all current and past Directors of the Company.

Streamlined Energy Carbon Reporting (SECR)

Financial Year	Apr-19 to Mar-20
Client Name	Vivid Housing Limited
Company No.	RS007544
Registered Address	Peninsular House, Wharf Road, Portsmouth, Hampshire, PO2 8HB
Current Financial Year tCO_2e	6,980
Current Financial Year kWh	28,933,100.81
Previous Financial Year tCO_2e	N/A*
Previous Financial Year kWh	N/A*
Intensity Ratio (IR) used	tCO_2e/Assets#
Inensity Metric Current Financial Year	4.53
Inensity Metric Previous Financial Year	N/A*
Emissions Factors Used	DEFRA 2019
Methodology Used	GHG Protocol
Emissions Scope	Scope 1 & 2
Emissions Included	Electricity Natural Gas Direct Diesel Direct Petrol Direct Mileage

Exclusion Statement	Please note that the emissions calculated are for the VIVID group, which includes Bargate Homes Limited. Another of its subsidiaries, Vestal Developments Limited met the qualification criteria for SECR, however its consumption was less than 40MWh per annum. Since Vestal are not required to present emissions data for this financial year, they are excluded from the report. At present Bargate SPV1, and VIVID Build Ltd do not reach the thresholds for qualification. We will review this each year.
Generated Energy Sources	n/a
Energy Efficiency Statement	Vivid Housing Limited throughout the 2019/2020 FY has installed 8 ASHP systems to provide a number of homes, with no gas connection to the grid, a lower carbon alternative to previous reliance on oil and solid fossil fuels. This has also improved the homes' SAP ratings, which continue to be reviewed.
Report completed by	Stephanie Strange
Quality Audit completed by	Nick Anderson
SECR Report completed by	(EIC) Energy Intelligence Centre Limited

*Previous financial year data not available

Disclosure of information to the auditor

The directors who held office at the date of signing this report confirm that, so far as they are each aware, all relevant information has been provided to the auditor and each director has taken all the steps they ought to have taken to be aware of any relevant audit information and provide it to the auditor.

Mike Kirk
Chair

Statement of Board's responsibilities

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

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

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

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

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and the Statement of Recommended Practice (SORP) 2018. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Going concern

The board reviewed the association's business plan in March 2020 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

However, the impact of the COVID-19 outbreak and its financial effect has meant that the Executive and Board have been reviewing financial plans for the next four years to ensure that the Association can remain a going concern. The Association is modelling a number of scenarios based on current estimates of rent collection, property sales and maintenance spend and stress testing these. The Board will continue to review plans with the Executive to make the necessary changes to continue to work with our customers and stakeholders to deliver services in a friendly, solution-focused way.

The Government's decisions on social distancing have had a significant effect on our financial situation and resulted in an estimated £30m reduction in operating surplus for 2021. This will not cause VIVID to breach our bank covenants. This is across all areas of income, with much of this from income collection and sales as we saw difficulties for residents to pay their rent and difficulties for homebuyers to complete mortgage transactions, as well as an increase in operating costs.

The length of the COVID-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to manage cashflow on a monthly basis and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling around £374m, the board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Associations ability to continue as a going concern. The board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Mike Kirk, on behalf of the board,
25 June 2020

Section 3

Financial Statements

Independent auditor’s report to the members of VIVID Housing Limited

Opinion

We have audited the financial statements of VIVID Housing Ltd (“the association”‘) and its subsidiaries (the ‘group’) for the year ended 31 March 2020 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of changes in reserves, the consolidated and association statement of financial position, the consolidated statement of cash flow, and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- **give a true and fair view of the state of the group’s and of the Association’s affairs as at 31 March 2020 and of the group’s and the Associations 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 Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.**

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 were:

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- **the information given in the Report of the Board of management for the financial year for which the financial statements are prepared is not consistent with the financial statements;**
- **adequate accounting records have not been kept by the parent Association; or**
- **a satisfactory system of control has not been maintained over transactions; or**
- **the parent Association financial statements are not in agreement with the accounting records and returns; or**
- **we have not received all the information and explanations we require for our audit.**

Responsibilities of the board for the financial statements

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

In preparing the financial statements, the board is responsible for assessing the group's and 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 Associations or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP.

BDO LLP
Statutory Auditor
Gatwick, United Kingdom

7 July 2020

Statement of Comprehensive Income for the year ended 31 March 2020:

	Notes	Group		Association	
		2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Turnover	**2**	326,660	250,158	227,805	223,760
Operating costs	**2**	(105,774)	(95,795)	(103,306)	(96,051)
Cost of sales	**2**	(113,898)	(52,324)	(30,794)	(26,731)
Operating surplus	**2**	106,988	102,039	93,705	100,978
Surplus on sales of properties	**4**	5,086	4,872	5,086	4,872
		112,074	106,911	98,791	105,850
Interest receivable and similar income	**8**	239	189	1,912	1,557
Interest and financing costs	**9**	(40,887)	(34,141)	(39,464)	(34,141)
Transfer of subsidiary to other RP		-	(1,237)	-	-
Change in value of Investment Properties	**14**	(311)	1,349	(311)	1,349
Surplus before taxation		71,115	73,071	60,928	74,615
Taxation	**10**	(1,780)	(415)	(163)	(400)
Surplus for the year		69,335	72,656	60,765	74,215
Other comprehensive income					
Actuarial gain/(loss) in respect of pension schemes	**29**	14,143	(8,032)	14,143	(8,032)
Net liability increase SHPS defined benefit pension transition	**29**	-	(7,636)	-	(7,636)
Unrealised loss on investment					
Total comprehensive income for the year		**83,478**	56,988	74,908	58,547

All of the Group's activities relate to continuing operations.

The notes on pages 76 to 107 form part of these financial statements.

Statement of Changes in Reserves for the year ended 31 March 2020:

	Group		Group	
	Revaluation Reserve 2020 £'000	Revaluation Reserve 2019 £'000	Revenue Reserve 2020 £'000	Revenue Reserve 2019 £'000
As at 1 April	2,260	914	514,273	458,634
Surplus for the year	-	-	69,335	72,656
Actuarial gain/(loss)	-	-	14,143	(15,668)
Other adjustment	-	(3)	59	-
Revaluation during the year	(376)	1,349	311	(1,349)
At 31 March	1,884	2,260	598,121	514,273

	Association		Association	
	Revaluation Reserve 2020 £'000	Revaluation Reserve 2019 £'000	Revenue Reserve 2020 £'000	Revenue Reserve 2019 £'000
As at 1 April	2,260	914	515,722	458,524
Surplus for the year			60,765	74,215
Actuarial gain/(loss)			14,143	(15,668)
Other adjustment	(66)	(3)	(361)	
Revaluation during the year – Investment Properties	(310)	1,349	311	(1,349)
At 31 March	1,884	2,260	590,580	515,722

Statement of Financial Position As At 31 March 2020:

	Notes	Group		Association	
		2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Fixed Assets:					
Housing properties	**11**	2,236,467	1,960,096	2,243,468	1,964,589
Other Fixed Assets	**12**	17,021	20,995	16,965	19,028
Intangible Fixed Assets	**13**	25,495	-	-	-
Investment Properties	**14**	25,574	25,885	25,574	25,885
Homebuy loans	**15**	2,419	2,457	2,419	2,457
Investments in joint ventures	**15**	3,087	2,867	3,087	2,867
Investments	**15**	1,266	1,356	41,937	1,356
		2,311,329	2,013,656	2,333,450	2,016,182
Current assets:					
Stock	**16**	167,555	119,976	43,242	46,381
Debtors	**17**	22,369	13,680	87,917	79,630
Cash at bank and in hand		56,426	34,087	43,661	33,817
		246,350	167,743	174,820	159,828
Creditors: Amounts falling due within one year	**18**	(84,630)	(62,280)	(58,856)	(55,619)
Net current assets		161,720	105,463	115,964	104,209
Total assets less current liabilities		2,473,049	2,119,119	2,449,414	2,120,391
Creditors: Amounts falling due after one year	**19**	(1,855,053)	(1,565,256)	(1,840,582)	(1,565,256)
Provisions for liabilities					
Pension scheme provision	**29**	(16,304)	(37,071)	(16,304)	(37,071)
Deferred tax	**24**	(1,687)	(259)	(64)	(82)
Total net assets		600,005	516,533	592,464	517,982
Capital and reserves:					
Share capital – non-equity	**25**	-	-	-	
Revenue reserve		598,121	514,273	590,580	515,722
Revaluation reserve		1,884	2,260	1,884	2,260
Total reserves		600,005	516,533	592,464	517,982

The financial statements were approved by the Board on 25th June 2020 and signed on its behalf by:

Mike Kirk
Chair

Philip Raw
Board Member

Duncan Brown
Secretary

The notes on pages 76 to 107 form part of these financial statements.

Statement of Cashflows for the year ended 31 March 2020:

2019 has been restated to improve the presentation of proceeds of sale, grossing this up from the operating surplus.

	Group		Association	
	2020 £'000	Restated 2019 £'000	2020 £'000	Restated 2019 £'000
Cash flows from operating activities				
Operating surplus	106,988	102,039	93,783	100,978
Adjustment for surplus of sale of current asset	(33,672)	(19,848)	(12,285)	(10,633
Proceeds on sale of current assets	142,071	72,172	43,079	37,364
Proceeds on sale of housing properties	16,536	14,433	16,536	14,43
Depreciation of tangible fixed assets	27,555	29,693	25,981	29,693
Increase in properties for sale	(107,830)	(76,938)	(27,655)	(37,626)
Increase in debtors	(5,134)	(1,177)	(8,326)	(14,300)
Increase in creditors	1,274	5,709	4,306	11,524
Grant amortisation	(6,086)	(5,479)	(5,556)	(5,479)
Pension payments	(7,207)	-	(7,207)	-
Other	(1,879)	(657)	(399)	(143)
Net cash from operating activities	**132,616**	**119,947**	**122,257**	**125,811**
Cash flow from investing activities:				
Additions to fixed assets and investments	(303,766)	(163,494)	(308,135)	(163,494)
Donations to other RP's	-	(43)	-	-
Investment in Bargate Homes	(40,672)	-	(40,672)	-
Net cash acquired with subsidiary undertaking	1,055	-	-	-
Proceeds from sale of assets	2,228	-	1,372	-
Grants received	82,011	4,034	82,023	4,034
Interest received	239	189	1,912	1,557
	(258,904)	(159,314)	(263,500)	(157,903)
Cash flow from financing activities:				
Interest Paid and other finance costs	(44,955)	(40,933)	(43,535)	(40,933)
Loan repaid	(185,934)	(154,575)	(181,884)	(154,575)
Drawdown from loan facilities	379,517	230,997	376,506	230,997
	148,628	35,489	151,087	35,489
Net change in cash and equivalents	**22,339**	**(3,878)**	**9,844**	**3,397**
Cash and equivalents at beginning of year	34,087	37,965	33,817	30,420
Cash and equivalents at end of year	56,426	34,087	43,661	33,817
Movement in cash and equivalents	**22,339**	**(3,878)**	**9,844**	**3,397**

Notes to the accounts

1. Accounting policies

1.1 Accounting convention, compliance with accounting standards and constitution

The Association is incorporated in England and Wales under the Co-Operative and Community Benefit Societies Act 2014 and is a registered housing association. The registered office is Peninsular House, Wharf Road, Portsmouth, Hampshire, PO2 8HB.

The financial statements have been prepared under the UK General Accepted Accounting Practice (UK GAAP) including the Financial Reporting Standard 102 (FRS102) and the Housing SORP 2018: Statement of Recommended Practise (SORP) for Registered Social Providers and complies with the Accounting Direction for Private Registered Providers of Social Housing 2019.

VIVID is a public benefit entity in accordance with FRS 102.

The Group financial statements are required to be prepared and consolidate those of the Association and its subsidiary undertakings drawn up to 31 March 2020. Profits or losses on intra-group transactions are eliminated in full.

1.2 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 impact of the COVID-19 outbreak and its financial effect has meant that the Executive and Board have been reviewing financial plans for the next four years to ensure that the Association and its subsidiaries can remain a going concern. This shows that we are able to service the debt facilities whilst continuing to comply with the lenders' covenants. The Board will continue to review plans with the Executive, using stress testing and mitigation planning, to make the necessary changes to continue to work with our customers and stakeholders to deliver services in a friendly, solution-focused way.

The group has in place long-term debt facilities, £374m of which is undrawn liquidity, which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day operations.

On this basis, the board has a reasonable expectation that the group has adequate resources to continue to meet its financial obligations as they fall due 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.

1.3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

a) Impairment

Management consider that there have been no impairment indicators in the year.

b) Investment property classifications

Investment properties consist of commercial properties and other properties not held for social benefit or for the use in the business under FRS 102. VIVID Housing reviewed all commercial properties and determined the majority were held for social purpose, and the stock held as market rental has been revalued and this is recognised in the financial statements.

c) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases.

Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in note 29).

d) Arrears provisions

Arrears provisions have been set based on our experiences of cash flows and recovery rates. We make allowances for housing benefit due and treat former tenant arrears prudently (see note 17).

e) Classification of housing loans

Judgements have been applied in determining whether our housing loans are “basic” or “other” financial instruments.

f) Useful economic lives

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

g) Goodwill

Goodwill has been recognised on the acquisition of Bargate Homes Ltd. The useful economic life has been assessed as 10 years from the acquisition date to reflect the expected return on investment through the completion of its development pipeline.

1.4 Turnover

Turnover represents rental income, fees and service charges receivable in respect of the year, after deduction of void losses. It also includes revenue grants received from local authorities, Homes England, other stakeholders along with other income relating to the year which is recognised in the same period as the related expense. Turnover includes the proceeds of first tranche sales of properties developed for shared ownership and outright sales that are recognised on completion. Turnover also includes amortised government grant as required under the accrual model as defined by FRS102.

1.5 Tangible fixed assets

a) Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

The cost of acquiring properties includes all costs of acquiring the land and buildings, construction and interest on borrowings to finance the construction of assets.

Costs of construction are capitalised at their full amount and any retention is included within creditors due within one year.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the property are capitalised as additions in the year.

The cost of shared ownership properties held at the year end is included in Housing properties only to the extent that it represents the cost of subsequent tranches. The costs attributable to the unsold first tranche sales are classified as current assets within stock.

b) Depreciation

Depreciation is provided on a straight-line basis on properties to write-down the cost less residual value over the estimated useful lives of the assets, at the following rates:

Type of property	Depreciation rate
Freehold housing (structure)	1% per annum
Leasehold property	Over the life of the lease
Commercial and office buildings	1% - 2% per annum
Hostels	2% per annum

Depreciation is not provided on freehold land or on assets in the course of construction.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

Component	Depreciation life	Depreciation rate
Kitchens	20 years	5.00%
Bathrooms	30 years	3.33%
Roof	60 years	1.67%
Structure	100 years	1.00%
Windows / Doors	30 years	3.33%
Gas Boilers	12 years	8.33%
Heating Systems	30 years	3.33%
PV Panels	20 years	5.00%
Rewire	40 years	2.50%

c) Impairment

Annually housing properties are assessed for impairment indicators. Where an indicator is identified an assessment for impairment is carried out comparing the scheme’s carrying amount to the recoverable amount of the asset of the respective cash generating unit. Where the carrying amount of a scheme is deemed to exceed the recoverable amount the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure.

Additional reviews are carried out to include properties developed for shared ownership sales, shared ownership properties earmarked for change in use and properties developed for outright sale which remain unsold at the year end.

d) Sales of housing accommodation

The surplus/deficit arising on sales of housing properties comprises of proceeds from property sales, which are recognised at the date of completion, less the net book value of the properties taking into account any associated sales costs.

The surplus or deficit on sales of housing accommodation takes into account any liabilities under right to buy sharing agreements with local authorities.

Sales of second or subsequent tranches of shared ownership properties are dealt with in the income and expenditure account after the operating surplus for the period within the surplus/deficit on sales of properties. Proceeds from first tranche sales of shared ownership and properties for constructed for outright sales properties are included within turnover with attributable costs being included within cost of sales.

e) Improvements to property and major repairs

The Group capitalises items of expenditure on housing properties if they result in an enhancement to the economic benefits from the property or if they replace a component that has been treated separately for depreciation purposes.

Works to existing properties which do not meet the above criteria are charged to the income and expenditure account.

f) Capitalisation of interest

Interest on loans financing a development scheme is capitalised to the extent that it accrues in respect of the period of development.

g) Capitalisation of development on-costs

Staff salary costs which are directly attributable to an individual development are capitalised. Other costs are capitalised only to the extent that they are incremental as a result of the individual development. Costs incurred on schemes, which are identified as abortive, are written off at the point at which it becomes apparent that the scheme is likely to be aborted.

h) Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. On other fixed assets depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation used are as follows:

Type of asset	Depreciation rate
Furniture, equipment, fixtures and fittings	10% to 33.3% per annum
Office refurbishment	20% per annum
Computer equipment	20% to 50% per annum
Leasehold improvements	Over the life of the lease

1.6 Investment properties

Investment properties are measured at cost on initial recognition and subsequently at fair value and any gains or losses arising from changes in the fair value are recognised in the surplus for the year. No depreciation is provided in respect of investment properties.

1.7 HomeBuy loans

Under the HomeBuy scheme, the Association receives HomeBuy grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the association meet the definition of concessionary loans and are shown as fixed asset investments on the statement of financial position. The HomeBuy grant provided by the government to fund all or part of a HomeBuy loan has been recognised as a creditor due in more than one year.

1.8 Accounting for joint ventures

Investments in joint ventures and jointly controlled entities will be held as part of Fixed Asset Investments. In accordance with section 9.26 of FRS102 the Association will account for these investments at cost (less impairment). On consolidation the investments will be accounted for in accordance with section 15.9a of FRS102, being initially held at cost and subsequently adjusted using equity accounting.

1.9 Investments

Unlisted fixed asset investments are stated at cost less provision for any impairment in value. Listed fixed asset investments are stated at market value and the unrealised gain/loss is recognised in the statement of comprehensive income.

1.10 Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Work in progress represents the cost of assets (for outright sale) under development, and first tranches of shared ownership housing accommodation. For first tranche units, cost is allocated to work in progress on the basis of a 25% share (the minimum share that can be sold) until the point of actual completion, when the actual % sold is used.

1.11 Value added tax

The Group is VAT registered but a large proportion of its income, rent, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure is therefore shown gross of VAT, with any net recovery of VAT included within operating costs.

1.12 Deferred Taxation

Deferred taxation is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those assets have not been rolled over into replacement assets. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Any assets and liabilities recognised have not been discounted.

1.13 Rentals under operating leases

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

1.14 Housing Grant

Housing Grants include grant received from Homes England, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing properties structure under the accruals model.

Where grant is received on items treated as revenue expenditure, e.g. elements of major repair expenditure, it is treated as a revenue grant and credited to the income and expenditure account in line with the underlying expenditure.

Grants due or received in advance are included in current assets or liabilities.

Grants released on the disposal of an asset are credited to Recycled Capital Grant Fund. Where individual components are disposed of and this does not create a relevant event for recycling purposes any grant which has been allocated to the component is released to income. Upon disposal of the associated property, the group is required to recycle these proceeds and recognise them as a liability.

1.15 Pension costs

VIVID has four distinct pension arrangements in operation for its employees:

Hampshire County Council Pension Fund – Defined Benefit (DB)

VIVID participates in a defined benefit pension scheme which provides benefits based on final pensionable salary. VIVID has closed new membership admissions to the scheme for all staff. The assets of the scheme are held by the Hampshire County Council Superannuation Fund.

The pension costs relating to the scheme are accounted for in accordance with FRS102. Current service costs and interest costs relating to the net defined obligation are included in the income statement in the period to which they relate. Actuarial gains and losses as well as any other remeasurements are recognised in the statement of comprehensive income.

Social Housing Pension Scheme – Defined Benefit

VIVID participates in the Social Housing Pension Scheme administered by The Pensions Trust Retirement Solutions. This is a multi-employer defined benefit scheme. VIVID has closed new membership admissions for all staff.

The pension costs relating to the scheme are accounted for in accordance with FRS102. Current service costs and interest costs relating to the net defined obligation are included in the income statement in the period to which they relate. Actuarial gains and losses as well as any other remeasurements are recognised in the statement of comprehensive income.

On 1 July 2019, after consultation with affected staff, VIVID closed the scheme to any future benefit accruals.

Pensions Trust Growth Fund – Defined Benefit

VIVID participates in the Pensions Trust Growth Fund administered by The Pensions Trust Retirement Solutions. This is a multi-employer defined benefit scheme. VIVID has closed new membership admissions for all staff.

Sufficient information does not exist to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The scheme currently has a shortfall of assets compared to liabilities. Deficit recovery payment plans have been agreed between the participating employers and Trustees of the schemes to eliminate this shortfall. In line with FRS102 requirements, this cash payment plan has been recognised as a liability in the Statement of financial position and is measured at the reporting date by discounting the future cash outflows at the rate of an AA corporate bond. The unwinding of this discounting is recognised as a finance charge in the period to which it relates.

Social Housing Pension Scheme – Defined Contribution

VIVID participates in a defined contribution scheme provided by The Pensions Trust Retirement Solutions. This scheme is open to new members and is the preferred vehicle for auto enrolment. The accounting charge for the period represents the employer contribution payable.

1.16 Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument defined in section 11 of FRS102 are accounted for under an amortised cost model. Basic instruments which have undergone a substantial modification in terms are measured at the present value of future cashflows discounted at a market rate of interest for a similar instrument.

Non-basic financial instruments which meet the criteria in section 12 of FRS102 are recognised at fair value using a valuation technique. At each year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure.

1.17 Corporation tax

The charge for taxation is based on surpluses arising on certain activities which are liable to tax.

1.18 Reserves

Revenue – contains all historic surplus' and deficits to date.

Revaluation reserve – contains the difference between the value in the statutory accounts and historic cost of assets and investments held fair value, incorporating an annual adjustment to the revenue reserve for excess depreciation.

2. Group particulars of turnover, operating costs and operating surplus

	2020 Turnover	2020 Operating Costs	2020 Cost of Sales	2020 Operating Surplus/(Deficit)	2019 Turnover	2019 Operating Costs	2019 Cost of Sales	2019 Operating Surplus/(Deficit)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
a) Group								
Social housing lettings (Note 3a)	172,012	(93,420)	-	78,592	167,693	(85,294)	-	82,399
Other social housing activities:								
Current asset property sales (Shared Ownership)	43,079	-	(30,794)	12,285	25,525	-	(16,313)	9,212
Development services	2,712	(403)	(194)	2,115	635	(1,518)	-	(883)
Total for social housing activities	**217,803**	**(93,823)**	**(30,988**	**92,992**	**193,853**	**(86,812)**	**(16,313**	**90,728**
Open market property sales	98,992	-	(82,910)	16,082	46,647	-	(36,011)	10,636
Activities other than Social Housing Activities (Note 3b)	9,865	(11,951)	-	(2,086)	9,658	(8,983)	-	675
Total for all activities before disposals	**326,660**	**(105,774)**	**(113,898)**	**106,988**	**250,158**	**(95,795)**	**(52,324)**	**102,039**
Surplus on disposal of housing properties	-	-	-	5,086	-	-	-	4,872
Total for all activities	**326,660**	**(105,774)**	**(113,898)**	**112,074**	**250,158**	**(95,795)**	**(52,324)**	**106,911**

2. Association particulars of turnover, operating costs and operating surplus

	2020 Turnover	2020 Operating Costs	2020 Cost of Sales	2020 Operating Surplus/(Deficit)	2019 Turnover	2019 Operating Costs	2019 Cost of Sales	2019 Operating Surplus/(Deficit)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
a) Association								
Social housing lettings (Note 3a)	172,012	(93,420)	-	78,592	167,693	(85,294)	-	82,399
Other social housing activities:								
Current asset property sales (Shared ownership 1st tranche)	43,079	-	(30,794)	12,285	25,525	-	(16,313)	9,212
Development services	2,413	(382)	-	2,031	635	(1,472)	-	(837)
Total for social housing activities	**217,504**	**(93,802)**	**(30,794)**	**92,908**	**193,853**	**(86,766)**	**(16,313)**	**90,774**
Open market property sales	-	-	-	-	11,839	-	(10,418)	1,421
Amounts due under a Deed of Covenant	(58)	-	-	(58)	8,071	-	-	8,071
Activities other than Social Housing Activities (Note 3b)	10,359	(9,504)	-	855	9,997	(9,285)	-	712
Total all activities before disposals	**227,805**	**(103,306)**	**(30,794)**	**93,705**	**223,760**	**(96,051)**	**(26,731)**	**100,978**
Surplus on disposal of housing properties	-	-	-	5,086	-	-	-	4,872
Total for all activities	**227,805**	**(103,306)**	**(30,794)**	**98,791**	**223,760**	**(96,051)**	**(26,731)**	**105,850**

3a. Group & Association particulars of income and expenditure from social housing lettings

	General needs	Supported housing & housing for older people	Low cost home ownership	Other	Total 2020	Total 2019
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Rent receivable net of identifiable service charges	135,532	8,503	10,539	2,835	157,409	153,667
Service charge income	3,936	3,169	1,951	10	9,066	8,547
Amortised government grants	4,472	372	472	221	5,537	5,479
Turnover from social housing lettings	**143,940**	**12,044**	**12,962**	**3,066**	**172,012**	**167,693**
Management	13,362	1,380	1,345	319	16,406	17,022
Service charge costs	8,364	3,715	1,448	371	13,898	11,179
Routine maintenance	18,028	1,391	181	306	19,906	16,624
Planned maintenance	3,092	130	30	20	3,272	4,742
Major repairs expenditure	8,003	615	533	114	9,265	7,382
Bad debts	1,109	149	13	18	1,289	678
Rent charges & property lease charges	180	-	15	459	654	484
Depreciation of housing properties	24,643	1,725	1,608	754	28,730	27,183
Operating costs on social housing lettings	**76,781**	**9,105**	**5,173**	**2,361**	**93,420**	**85,294**
Operating surplus on social housing lettings	**67,159**	**2,939**	**7,789**	**705**	**78,592**	**82,399**
Void losses	1,037	659	22	42	1,760	1,072

3b. Turnover from non-social housing activities

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Lettings				
Market renting	1,774	1,720	1,774	1,720
Garage renting	1,431	1,448	1,431	1,448
Private sector leasing	2,357	2,632	2,357	2,632
Commercial	1,155	1,044	1,155	1,044
Leaseholder and owned by others	966	1,282	966	1,282
Total lettings	7,683	8,126	7,683	8,126
Other				
Management fees	290	76	1,022	637
PV panel income	840	263	544	49
VAT partial exemption recovery	326	233	326	233
Other income	726	960	784	952
Total other	2,182	1,532	2,676	1,871
Total all activities	**9,865**	9,658	**10,359**	9,997

3c. Units of accommodation in management and managed by others

	Group & Association	
	Number of units at 31 March 2020	Number of units at 1 April 2019
Units of accommodation in management		
Social housing		
General needs – social	18,876	18,784
General needs – affordable	4,483	4,101
Supported housing - social	232	258
Supported housing – affordable	98	97
Housing for older people - social	1,163	1,165
Housing for older people - affordable	63	59
Intermediate rent	332	364
Low cost home ownership	3,259	2,933
Total	**28,506**	**27,761**
Non-social housing		
Low cost home ownership 100% equity sold	1,746	1,709
Market rented	351	276
Other	692	600
Total	**2,789**	**2,585**
Total units of accommodation in management	**31,295**	**30,346**
Units of accommodation managed by others	175	175
Total of all units of accommodation	**31,470**	**30,521**

4. Surplus on disposal of properties

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Gross sales proceeds	17,450	15,257	17,450	15,257
Amounts payable to Local Authority	(914)	(824)	(914)	(824)
Cost of sales	(11,450)	(9,561)	(11,450)	(9,561)
Surplus for the year	**5,086**	4,872	**5,086**	4,872

5. Expenses and auditor remuneration

	Group		Association	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation and amortisation:				
Depreciation of housing properties	28,900	27,263	28,900	27,263
Depreciation of other tangible fixed assets	1,880	2,543	1,853	2,479
Impairment	-	-	-	-
Amortisation of Grant	5,557	5,479	5,557	5,479
External auditors' remuneration (excl. VAT and incl. expenses):				
In their capacity as auditors of statutory accounts	81	47	48	34
Other non-audit services paid to related companies of the auditors	19	44	4	44
Operating lease rentals				
Land and buildings	2,651	2,712	2,651	2,712
Motor vehicles	1,558	1,447	1,558	1,447
Hire of plant and machinery	124	130	124	130

6. Employees

The average number of employees, including the executive officers, expressed as full-time equivalents based on 37 hours per week.

	Group		Association	
	2020	**2019**	**2020**	**2019**
Average number of employees	901	790	832	786

	Group		Association	
	2020	**2019**	**2020**	**2019**
Salaries	30,295	27,618	28,619	27,221
Social security	3,029	2,778	2,802	2,743
Pensions	1,666	1,598	1,604	1,587
	34,990	31,994	33,025	31,551

The Chief Executive participated in the defined benefit pension scheme under the same terms as the other members of that scheme.

During the year, aggregate compensation for loss of office of key management personnel included above was £0k (2019: £29k).

Employer's National Insurance contributions relating to Key Management Personnel was £135,024 (2019: £141,420).

7. Key Management Personnel – Group and Association

We define the Key Management Personnel of the Group as the Board and Committee Members, the Chief Executive and the other members of the Executive Management Team.

		2020 **£'000**	2019 **£'000**
Emoluments of executive staff members		1,044	1,145
Emoluments of non-executive board members		99	94
Total Emoluments (including pension contributions and benefits in kind)		1,143	1,239
Remuneration of non-executive board members:			
Mike Kirk	Board Chair	20	20
Michael Stancombe	Senior Independent Director	11	8
Juliet Annesley-Gamster	Retired 13 September 2018	-	4
Jane Earl		10	10
David French		10	10
David Mairs		10	10
Philip Raw		8	8
Lynda Shillaw		8	8
Jane Tabor	Left 25 July 2019	3	8
Shena Winning		5	-
Joanna Causon		5	-
Jean-Marc Vandevivere		8	8
		99	94
Emoluments (excluding pension contributions) payable to the Chief Executive		241	234

7. Key Management Personnel – Group and Association

The full-time equivalent number (based on a 37 hour week) of staff whose remuneration (including any compensation for loss of office) fell within each band:

	Group		Association	
	2020	2019	2020	2019
£60,000 - £69,999**	12.3	10	6.3	10
£70,000 - £79,999	8.7	4	4.7	4
£80,000 - £89,999	9	5	6	5
£90,000 - £99,999	2	4	2	4
£100,000 - £109,999	2	0.4	1	0.4
£110,000 - £119,999*	2.6	-	1.6	-
£120,000 - £129,999	2	1	-	1
£130,000 - £139,999	1	-	1	-
£140,000 - £149,999	-	1	-	1
£150,000 - £159,999	2	-	1	-
£160,000 - £169,999	1	2	1	2
£170,000 - £179,999	2	-	2	-
£180,000 - £189,999	-	-	-	-
£190,000 - £219,999**	-	1	-	1
£220,000 - £239,999	1	1	-	1
£240,000 - £269,999**	1	-	1	-

* Includes compensation for loss of office paid during the year.
** Includes compensation for loss of office paid during the prior year.

8. Interest receivable and similar income

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Interest receivable and similar income	153	101	152	100
Interest receivable from subsidiaries	-	-	1,676	1,369
Income from long term investment	86	88	84	88
	239	189	**1,912**	1,557

9. Interest and financing costs

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans and bank overdrafts	48,517	40,185	47,094	40,185
Interest on RCGF	70	72	70	72
Net interest charge DB pension schemes	664	740	664	740
	49,251	40,997	**47,828**	40,997
Capitalised interest	(8,364)	(6,856)	(8,364)	(6,856)
	40,887	34,141	**39,464**	34,141

10. Tax on surplus on ordinary activities

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Taxation charge for the year				
Corporation tax charge for the year	(1,983)	(401)	(176)	(401)
Deferred tax	195	(15)	18	-
Adjustment in respect of prior years	8	1	(5)	1
Total taxation charge for the year	**(1,780)**	(415)	**(163)**	(400)

The tax assessed for the period has been charged at the 19% rate of corporation tax in the UK (2019: 19%). The differences are explained below:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Surplus for the year before taxation	71,857	73,071	61,670	74,615
Surplus multiplied by effective tax rate of 19% (2019: 19%)	(13,653)	(13,883)	(11,717)	(14,177)
Surplus relating to charitable activities	11,545	13,774	11,545	13,774
Group relief	-	-	-	1
Effect of timing differences	22	-	18	-
Capital allowances in excess of depreciation	(8)	5	(3)	3
Adjustments to brought forward balances	8	(1)	(5)	(1)
Other	306	(310)	-	-
Total tax charge	**(1,780)**	(415)	**(163)**	(400)

11a. Tangible fixed assets – Housing properties

	Properties held for letting	Under Construction	Total
Group	**£'000**	**£'000**	**£'000**
Cost:			
Balance at 1 April 2019	2,032,242	189,510	2,221,752
Additions	20,688	291,201	311,889
Disposals	(16,622)	-	(16,622)
Transfers	155,416	(155,416)	-
Other adjustment	(1,243)	1,243	-
Balance at 31 March 2020	2,190,481	326,538	2,517,019
Depreciation & Impairment:			
Balance at 1 April 2019	261,656	-	261,656
Depreciation charge for year	28,817	-	28,817
Disposals	(9,921)	-	(9,921)
Balance at 31 March 2020	280,552	-	280,552
Net book value at 31 March 2020	**1,909,929**	**326,538**	**2,236,467**
Net book value at 31 March 2019	1,770,586	189,510	1,960,096

Expenditure on works to existing properties	**2020**	**2019**
	£'000	**£'000**
Components capitalised	16,991	16,052
Amounts charged to income and expenditure	8,599	6,193
	25,580	22,245
Additions to the cost of housing properties include:		
Capitalised Interest charged in the year	8,364	6,856

All housing properties for letting or shared ownership are held on a freehold or long leasehold tenure. Completed shared ownership properties have a cost of £273,908k and accumulated depreciation of £10,888k giving a Net Book Value of £263,018k.

11b. Tangible fixed assets – Housing properties

	Properties held for letting	Under Construction	Total
Association	**£'000**	**£'000**	**£'000**
Cost:			
Balance at 1 April 2019	2,036,341	189,904	2,226,245
Additions	22,260	292,137	314,391
Disposals	(16,622)	-	(16,622)
Transfers	155,810	(155,810)	-
Transfer to investment properties	(1,243)	1,243	-
Balance at 31 March 2020	2,196,546	327,474	2,524,020
Depreciation & Impairment:			
Balance at 1 April 2019	261,656	-	261,656
Depreciation charge for year	28,818	-	28,818
Disposals	(9,921)	-	(9,921)
Balance at 31 March 2020	280,553	-	280,553
Net book value at 31 March 2020	**1,915,994**	**327,474**	**2,243,468**
Net book value at 31 March 2019	1,774,685	189,904	1,964,589

Expenditure on works to existing properties	**2020**	**2019**
	£'000	**£'000**
Components capitalised	16,991	16,052
Amounts charged to income and expenditure	8,673	6,193
	25,664	22,245
Additions to the cost of housing properties include:		
Capitalised Interest charged in the year	8,364	6,856

All housing properties for letting or shared ownership are held on a freehold or long leasehold tenure. Completed shared ownership properties have a cost of £273,908k and accumulated depreciation of £10,888k giving a Net Book Value of £263,018k.

12a. Tangible fixed assets - other

	Freehold Commercial Buildings	Leasehold Office Buildings	Other	Total
Group	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation:				
Balance at 1 April 2019	7,008	11,650	12,392	31,050
Additions	-	2	1,177	1,179
Transfers		(8)	192	184
Disposals		(1,291)	(2,879)	(4,170)
Balance at 31 March 2020	7,008	10,353	10,882	28,243
Depreciation:				
Balance at 1 April 2019	1,344	3,124	5,587	10,055
Charge for the year	81	252	1,955	2,288
Transfers	-	-	108	108
Disposals	-	-	(1,229)	(1,229)
Balance at 31 March 2020	1,425	3,376	6,421	11,222
Net Book Value at 31 March 2020	**5,583**	**6,977**	**4,461**	**17,021**
Net Book Value at 31 March 2019	5,664	8,526	6,805	20,995

12b. Tangible fixed assets - other

	Freehold Commercial Buildings	Leasehold Office Buildings	Other	Total
Association	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation:				
Balance at 1 April 2019	7,008	11,650	9,586	28,244
Additions	-	2	1,163	1,165
Transfers	-	(8)	8	-
Disposals	-	(1,291)	(18)	(1,309)
Balance at 31 March 2020	7,008	10,354	10,738	28,100
Depreciation:				
Balance at 1 April 2019	1,344	3,124	4,748	9,216
Charge for the year	81	252	1,921	2,254
Transfers	-	-	-	-
Disposals	-	-	(335)	(335)
Balance at 31 March 2020	1,425	3,376	6,334	11,135
Net Book Value at 31 March 2020	**5,583**	**6,978**	**4,404**	**16,965**
Net Book Value at 31 March 2019	5,664	8,526	4,838	19,028

13. Intangible Assets

On the 22 May 2019 VIVID acquired an investment in Bargate Homes Limited. This purchase was made by VIVID Build Limited for the sum of £40,672,309 for 100% of the share capital. This has been treated as an acquisition in the year.

To fund the investment in Bargate, VIVID Build issued share capital of £35,948,750 to VIVID. VIVID Build acquired Bargate for the sum of £40,672,309, which was the purchase of the subsidiary for £35,948,750 cash and issuing 1 year loan notes of £4,051,250.

The total net assets of Bargate on purchase were £14,479,477 (Stock & WIP £48,148,071, Cash £1,055,050, Bank Loan £20,500,000, Debtors <1yr £3,111,477, Creditors <1yr £7,835,121 £4,723,644, Loans >1yr £9,500,000),with intangible assets consisting of land options for future developments valued at £8,547,907 and goodwill recognised of £19,296,718. Goodwill and intangible assets are being amortised over 10 years.

During the year, a decision to simplify the group structure was made, on the 19th March the investment in Bargate Homes was transferred to VIVID for a total of £40,672,309 by way of cash and dividend in specie. This is showing within VIVID Housing Association as an investment. The goodwill and intangible assets are reflected in the Group accounts.

Group	Intangible	Goodwill	Total Intangible Assets
	£'000	£'000	£'000
Balance as at 1 April 2019	-	-	-
Additions	8,548	19,269	27,815
Amortisation	(712)	(1,608)	(2,320)
Balance as at 31 March 2020	**7,836**	**17,659**	**25,495**

14. Investment Properties

Group and Association	2020 £'000	2019 £'000
Balance as at 1 April	25,885	23,436
Additions	-	1,110
Net gain/(loss) from fair value adjustments	(311)	1,349
Balance as at 31 March	**25,574**	25,885

Investment properties held are market rental residential properties, owned and managed by the Association. All investment properties have been valued at fair value by external valuers, using the Royal Institution of Chartered Surveyors approved valuation methods. The key assumptions used are, continued rental without any sales, rent increasing by 2.5% annually and a discount rate of 7.5%.

15. Fixed Asset Investments

	Listed	Unlisted	Joint Ventures	Homebuy Loans	Starter Home Initiative	Total
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation						
At 1 April 2019	1,197	25	2,867	2,457	134	6,680
Additions	-	-	220	-	-	220
Revaluation	(66)	-	-	-	-	(66)
Disposal	-	(25)	-	(38)	-	(63)
At 31 March 2020	**1,132**	**-**	**3,087**	**2,419**	**134**	**6,771**

	Subsidiary	Listed	Unlisted	Joint Ventures	Homebuy Loans	Starter Home Initiative	Total
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation							
At 1 April 2019	-	1,197	25	2,867	2,457	134	6,680
Additions	40,672	-	-	220	-	-	40,892
Revaluation	-	(66)	-	-	-	-	(66)
Disposal	-	-	(25)	-	(38)	-	(63)
At 31 March 2020	**40,672**	**1,132**	**-**	**3,087**	**2,419**	**134**	**47,443**

Investments in joint ventures

VIVID Housing is a co-investor in Aspect Building Communities Ltd ("Aspect") with another Registered Provider and two Local Authorities. Aspect was formed to bring forward housing developments to increase housing supply and boost the local economy by working in partnership with local organisations. VIVID Housing has a 26% non-controlling interest in Aspect. Since Aspect is a company limited by guarantee the Association has no right to distribution of profits.

Aspect has created two special purpose vehicles through which the development of housing is undertaken and VIVID has invested in these partnerships. (Woodside LLP £2,190k, Stoneham LLP £897k). Both investments are shown at initial cost with no indicators of impairment.

Investment in subsidiaries

On the 22 May 2019 VIVID acquired an investment in Bargate Homes Limited. This purchase was made by VIVID Build Limited for the sum of £40,672,309. During the year a decision to simplify the group structure was made and the investment in Bargate Homes was transferred to VIVID for a total of £40,672,309 by way of cash and dividend in specie. The full details of this purchase are covered in note 13.

Bargate Homes Limited
A limited company carrying out development activities and sale of open market properties for the Group. VIVID Housing owns 100% of the share capital

VIVID Housing also £1 investment in VIVID Build and Vestal Developments, it is the ultimate parent undertaking of:

VIVID Build Limited
A limited company carrying out development activities for the Group. VIVID Housing owns 100% of the share capital.

Vestal Developments Limited
A limited company carrying out development activities and sale of open market properties for the Group. VIVID Housing owns 100% of the share capital

16. Properties held for sale and stock

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Raw materials and consumables	410	330	410	330
Completed Units				
Shared ownership	4,980	9,385	4,980	9,385
Outright Sales	4,135	-	-	-
	9,115	9,385	4,980	9,385
Work in progress				
Shared ownership	37,852	36,666	37,852	36,666
Outright Sales	120,178	73,595	-	-
	158,030	110,261	37,852	36,666
	167,555	119,976	**43,242**	46,381

17. Debtors

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Due within one year				
Rental debtors	13,715	12,563	13,715	12,563
Less: provision for bad debts	(4,614)	(4,397)	(4,614)	(4,397)
	9,101	8,166	9,101	8,166
Trade debtors	3,884	312	2,680	312
Amounts owed by subsidiary undertaking	-	-	54,000	36,067
Amounts owed from gift aid	-	-	-	8,071
Other debtors	2,662	693	176	693
Prepayments and accrued income	4,215	3,080	4,125	2,998
VAT/CT debtor	2,496	1,391	-	-
Capital grants	11	38	11	38
	22,368	13,680	**70,093**	56,345
Due more than one year				
Prepayments and accrued income*	-	-	17,824	23,285
	22,368	13,680	**87,917**	79,630

* VIVID has entered into a binding sale agreement with its subsidiary Vestal Developments Ltd for land acquired as part of an overall development strategy at a site known as Stoneham Lane, Eastleigh. Vestal has up to 5 years to complete the purchase. This shown as a debtor greater than one year.

18. Creditors: Amounts falling due within one year

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans	22,158	8,588	7,658	8,578
Deferred grant	5,635	5,521	5,635	5,521
Trade creditors	5,669	1,804	1,368	1,778
Rent received in advance	3,976	4,213	3,425	4,213
Other creditors	4,239	6,982	267	427
Taxation and social security	1,304	1,002	1,082	1,002
Rent Deposits	129	129	129	129
Local Authority claw back	111	37	111	37
Leaseholders' sinking fund *	9,939	8,676	9,939	8,676
Corporation tax	915	220	133	220
Amounts owed to subsidiary	-	-	3,149	443
Pension Scheme deficit (SHPS)	-	6	-	6
Accruals and deferred income	30,577	25,102	25,960	24,589
	84,630	62,280	**58,856**	55,619

* The cash for the Leaseholders' Sinking Fund is held in a separate client account in accordance with the provisions set out in the Commonhold & Leasehold Reform Act 2002 S156.

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

	Note	Group		Association	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Housing loans	20	1,279,360	1,066,056	1,264,890	1,066,056
Recycled capital grant fund	21	9,891	8,839	9,891	8,839
Deferred grant income	23	564,619	489,140	564,619	489,140
Pension Scheme Deficit (SHPS)	29	-	-	-	-
Grant on HomeBuy Equity Loans		1,183	1,221	1,183	1,221
Accruals and deferred income			-	-	-
		1,855,053	1,565,256	**1,840,582**	1,565,256

20. Housing loans analysis

Facilities	Principal Amount	Weighted Average Nominal Rate	Year of final maturity	Carrying Value	
	31/03/2020 £'000			31/03/2020 £'000	31/03/2019 £'000
AHF	164,700	2.89	2043-48	171,852	172,103
Barclays	193,150	3.16	2033-49	210,285	110,127
EM3	532	-	2021	532	1,065
Harbour Funding	65,000	4.4	2030	67,307	31,212
Lloyds/Scottish Widows	199,625	1.19	2037	195,361	69,462
Orchardbrook	1,776	10.27	2028	1,766	1,923
Private Placements	378,000	2.92	2028-49	377,901	298,286
RBS	79,500	4.34	2035	81,807	31,212
Santander	106,667	3.46	2025-27	113,722	59,135
Syndicate	-	-	2036-38	-	192,124
THFC	10,000	1.66	2030	8,390	10,897
UK Rents	2,597	9.10	2026	2,562	2,936
Yorkshire Building Society	47,700	1.92	2035	47,876	50,381
Loans in Association	1,244,747			1,272,547	1,074,644
Subsidiary Loans					
Loan Notes 2021	9,500	6.56	2022	9,500	-
RBS	14,500	4.10	2021	14,500	
Heritable	4,971	6.25	2022	4,971	-
Total Loans	1,273,718			1,301,518	998,212
The average interest rate for the above loans is				3.83%	3.73%

Maturity of loans:	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Within one year	22,158	8,578	7,658	8,578
Greater than one year	1,279,360	1,066,066	1,264,889	1,066,066
	1,301,518	1,074,644	1,272,547	1,074,644

Loans are secured by fixed charges on individual properties and land, the exception to this are Loan notes of £9,500,000 which are secured over the assets of the company.

Maturity of principal debt:	Group & Association Arranged Loan Facilities		Group & Association Amounts Drawn	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Within one year	28,658	53,578	22,658	8,578
Between one and two years	27,475	10,458	24,146	10,458
In two to five years	379,081	157,472	210,148	37,472
In five years or more	1,212,266	1,077,050	1,017,266	993,617
	1,647,480	1,298,558	1,273,718	1,050,125

As at 31st March 2020 VIVID group has £373,679,000 of available liquidity in the form of undrawn loans.

Changes in net debt:	At April 2019	Cashflows	Acquisition of subsidiary	Other Non-cashflows	At 31st March 2020
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	34,087	63,193	(40,854)	-	56,426
Debt due within one year	(8,588)	(13,570)	-		(22,158)
Debt due after one year	(1,066,056)	(219,971)		6,667	(1,279,360)
Net debt after issue costs	(1,040,557)	(170,348)	(40,854)	6,667	(1,245,092)

Changes in net debt:	At April 2019	Cashflows	Acquisition of subsidiary	Other Non-cashflows	At 31st March 2020
Association	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	33,817	50,698	(40,854)		43,661
Debt due within one year	(8,578)	920			(7,658)
Debt due after one year	(1,066,056)	(205,501)		6,667	(1,264,890)
Net debt after issue costs	(1,040,817)	(153,883)	(40,854)	6,667	(1,228,887)

21. Movements on the recycled capital grant fund

	Group & Association	
	2020 £'000	**2019 £'000**
Opening balance at 1 April	8,839	8,387
Inputs to fund:		
Grants recycled	1,703	2,435
Interest accrued	69	64
Outputs from fund: New build	(720)	(2,047)
Closing balance at 31 March		
Due within 1 year:	9,891	8,839
Due after 1 year:	-	-
	9,891	8,839
Closing balance at 31 March	**9,891**	8,839

22. Movements on the disposals proceeds fund

	Group & Association	
	2020 £'000	**2019 £'000**
Opening balance at 1 April	-	455
Inputs to fund: Grants recycled	-	-
Outputs from fund: New Build	-	(455)
Closing balance at 31 March	-	-

23. Deferred grant income

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 April	494,661	497,129	494,661	496,598
Net Grant received in the year	81,002	3,373	81,002	3,373
Net amount recognised in the Statement of Comprehensive Income in the year	(5,409)	(5,310)	(5,409)	(5,310)
Transfers & Adjustments	-	(531)	-	-
At 31 March	**570,253**	494,661	**570,253**	494,661
Amounts to be released in one year	5,635	5,521	5,635	5,521
Amounts to be released in more than one year	564,619	489,140	564,619	489,140
	570,253	494,661	**570,253**	494,661

Total Social Housing Assistance	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Total accumulated social housing grant received or receivable at 31 March:	639,956	558,424	639,956	558,424
Recognised in reserves as at 1 April	63,763	58,453	63,763	58,453
Amortised Grant recognised in the Statement of Comprehensive Income	5,557	5,479	5,557	5,479
Recycled Grant recognised in the Statement of Comprehensive Income	(148)	(188)	(148)	(188)
Transfers & Adjustments	-	-	-	-
Held as deferred income	570,253	494,661	570,253	494,661
	639,425	558,405	**639,425**	558,405

24. Provisions for liabilities and charges

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Deferred Tax	1,688	259	64	82
Deferred Tax consists of:				
Capital allowances	64	259	64	82
Provision on assets acquired as part of business combination	1,624	-	-	-
Unused tax loses	-	-	-	-
	1,688	259	64	82
Balance at 1 April	259	244	82	82
Charge for the year	1,429	15	(18)	-
Balance at 31 March	**1,688**	259	**64**	82

25. Share Capital – Association

	2020 £	2019 £
As at 1st April	21	23
Issued during the year	2	-
Cancelled during the year	(1)	(2)
As at 31st March	**22**	21
Issued share capital consists of 22 £1 shares		

26. Commitments under operating leases

Future minimum lease payments at 31 March:

	Group & Association	
	2020 £'000	2019 £'000
Land and buildings		
Amounts due within one year	2,263	2,457
Amounts due between one and five years	4,625	5,278
Amounts due after five years	44,543	45,336
	51,431	53,071
Land and buildings lease payments recognised as an expense	2,771	2,884
Vehicle leases		
Amounts due within one year	1,483	1,483
Amounts due within two to five years	2,617	2,617
	4,100	4,100
Grounds & Tool Equipment		
Amounts due within one year	-	-
Amounts due within two to five years	-	-
	-	-

27. Capital commitments

Capital commitment at the end of the financial year for which no provision has been made in these financial statements, were as follows:

	Group		Company	
	2020 £'000	Restated 2019 £'000	2020 £'000	Restated 2019 £'000
Contracted for	279,510	189,963	279,510	189,963
Authorised by the Board but not contracted for	267,246	211,508	267,246	211,508

2019 Group has been restated to reflect true capital expenditure commitments.

To support our future capital expenditure, at the 31 March 2020 we had available liquidity of, £374m of arranged and undrawn loan facilities, and £23m of available cash. Our business plan shows three year's operating cashflow without reliance on sales proceeds or grant of £277m. Additionally during the next two years we expect to receive £125m grant and £195m of sales proceeds.

28. Financial assets and liabilities

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial assets:				
Measured at undiscounted amount receivable*	15,853	9,714	83,988	77,137
Financial liabilities				
Financial liabilities measured at undiscounted value	50,479	41,752	37,611	36,079
Financial liabilities measured at amortised cost	1,301,519	1,074,634	1,272,548	1,074,634
Total	1,367,851	1,126,100	1,394,147	1,187,850

*excludes cash

29. Pension obligations – Group and Association

VIVID Housing currently operates and contributes to three defined benefit pension schemes and a defined contribution scheme. The assets of the schemes are held in separate trustee administered funds.

Pension scheme summary

	2020 £'000	2019 £'000
Pension scheme deficit – DB Provision		
LGPS Pension scheme deficit	4,850	7,620
Social Housing Pension Scheme (DB)	11,425	24,931
Pension Scheme Deficit Provision	**16,275**	**32,551**
Growth Plan deficit	29	30
LGPS settlement Ports & AHL	-	4,490
Total Pension Deficit	**16,304**	**37,701**

Hampshire County Council Pension Fund

The disclosures below relate to the funded liabilities within the Hampshire County Council Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme Regulations 2014'.

The funded nature of the LGPS requires participating employers and their employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate. The Fund Administering Authority, Hampshire County Council is responsible for the governance of the Fund.

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole is shown in the disclosures.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

An allowance has been made for full increases on GMP equalisation for individuals reaching state pension age from 5 April 2016. The additional liability includes an allowance for equalisation between sexes. This is shown in the notes below as a past service cost.

An allowance has been made for the retrospective impact of the McCloud judgement in Past Service Costs for this set of statements. The Current Service Cost includes an allowance for potential McCloud liabilities.

In the year two of the bodies Portsmouth HA and Atlantic Housing both exited the fund. There were no active employees so under the rules of the rules of the scheme an exit was due. A potential provision of £4,490,000 for exit costs was included in the 2019 statements netting down the overall scheme assets. This was settled in full during 19/20.

The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

Principal financial assumptions (% per annum)

	2020 % pa	2019 % pa	2018 % pa
Discount rate	2.0	2.2	2.4
Pension accounts revaluation rate	2.3	2.7	2.6
Pensions increases	2.3	2.7	2.6
CPI Inflation	2.3	2.7	2.6
Salary increases	3.8	4.2	4.1

Mortality Assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 valuation, and allow for expected future mortality improvements. Sample life expectancies at 65 in normal health resulting from these mortality assumptions are shown below.

Assumed Life expectancy at 65	2020 £'000	2019 £'000
Males		
Member aged 65 at accounting date	23.0	24.1
Member aged 45 at accounting date	24.7	26.3
Females		
Member aged 65 at accounting date	25.5	27.3
Member aged 45 at accounting date	27.2	29.5

Asset allocation	2020	2019
Equities	52.7%	60.4%
Property	7.3%	7.6%
Government bonds	21.8%	22.7%
Corporate bonds	-	5.2%
Cash	2.0%	2.3%
Other	16.2%	1.8%
Total	100.0%	100.0%

Present values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	2020 £'000	2019 £'000
Fair value of assets	19,520	20,260
Present value of funded defined benefit obligation	(24,370)	(27,880)
Plan deficit	**(4,850)**	**(7,620)**
Provision for Portsmouth HA and Atlantic exit		(4,490)

Amounts recognised in Income Statement	2020 £'000	2019 £'000
Operating cost		
Current service cost	50	60
Past service cost	20	80
Financing cost		
Interest on net defined benefit liability	150	300
Expense recognised in Income Statement	**220**	**440**

Amounts recognised in other Comprehensive Income	2020 £'000	2019 £'000
Asset gains/ (losses) arising during the period	(1,210)	1,420
Liability gains/ (losses) arising during the period	3,200	(1,260)
Total amount recognised in other Comprehensive Income	**1,990**	**160**

Changes to present value of the defined benefit obligation	2020 £'000	2019 £'000
Opening defined benefit obligation	27,880	26,890
Current service cost	50	60
Past service cost	20	80
Interest expense on defined benefit obligation	600	630
Contributions by participants	10	10
Actuarial losses/ (gains) on liabilities	(3,200)	1,260
Net benefits paid out	(990)	(1,050)
Closing defined benefit obligation	24,370	27,880

Changes to the fair value of assets	2020 £'000	2019 £'000
Opening fair value of assets	20,260	*18,250
Interest income on assets	450	330
Remeasurement gains/ (losses) on assets	(1,210)	1,420
Contributions by employer	1,000	1,300
Contributions by participants	10	10
Net benefits paid out	(990)	(1,050)
Closing fair value of assets	19,520	20,260

*excludes £4,490k settlement

Actual Return on Assets	2020 £'000	2019 £'000
Interest income on assets	450	330
Gain/ (loss) on assets	(1,210)	1,420
Actual return on assets	(760)	1,750

Social Housing Pension Scheme

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

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

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

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

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

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

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

After consultation with affected staff VIVID ceased future benefit accruals from 1 July 2019. The significant impact of this can be seen within the actuarial gains on liabilities in the year and the other Comprehensive income statement

Principal financial assumptions (% per annum)	2020 % pa	2019 % pa
Discount rate	2.4	2.3
RPI Inflation	2.8	3.5
CPI Inflation	1.8	2.5
Salary increases	3.3	4.0

Mortality assumptions	Assumed Life expectancy at 65 years 2020	Assumed Life expectancy at 65 years 2019
Female retiring in 2020	23.3	23.5
Female retiring in 2040	24.5	24.7
Male retiring in 2020	21.5	21.8
Male retiring in 2040	22.9	23.2

Asset allocation	2020 % pa	2019 % pa
Global Equity	14.7%	16.8%
Absolute Return	5.2%	8.7%
Distressed Opportunities	1.9%	1.8%
Credit Relative Value	2.7%	1.8%
Alternative Risk Premia	7.0%	5.8%
Fund of Hedge Funds	0.1%	0.5%
Emerging Markets Debt	3.0%	3.5%
Risk Sharing	3.4%	3.0%
Insurance-Linked Securities	3.1%	2.9%
Property	2.2%	2.3%
Infrastructure	7.4%	5.2%
Private Debt	2.0%	1.3%
Corporate Bond Fund	5.7%	4.7%
Opportunistic Illiquid Credit	2.4%	-
Long Lease Property	1.7%	1.5%
Secured Income	3.8%	3.6%
Liability Driven Investment	33.3%	36.4%
Net Current Assets	0.4%	0.2%
Total	100.0%	100.0%

Present values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	2020 £'000	2019 £'000
Fair value of assets	61,515	59,933
Present value of funded defined benefit obligation	(72,940)	(84,864)
Plan deficit	**(11,425)**	**(24,931)**

Amounts recognised in Income Statement	2020 £'000	2019 £'000
Operating cost		
Current service cost	180	630
Expenses	56	53
Financing cost		
Interest on net defined benefit liability	514	439
Expense recognised in Income Statement	**750**	**1,122**

Amounts recognised in other Comprehensive Income	2020 £'000	2019 £'000
Net defined benefit liability recognised on transition to SHPS DB accounting	-	(7,636)
Asset gains arising during the period	335	1,306
Liability (losses) arising during the period	11,818	(9,505)
Total amount recognised in other Comprehensive Income	**12,153**	**(15,835)**

Changes to present value of the defined benefit obligation	2020 £'000	2019 £'000
Opening defined benefit obligation	84,864	74,913
Current service cost	180	630
Expenses	56	53
Interest expense on defined benefit obligation	1,917	1,917
Contributions by participants	24	115
Actuarial (gains)/ losses on liabilities	(11,818)	9,505
Net benefits paid out	(2,283)	(2,269)
Closing defined benefit obligation	72,940	84,864

Changes to the fair value of assets	2020 £'000	2019 £'000
Opening fair value of assets	59,933	57,209
Interest income on assets	1,403	1,478
Remeasurement gains on assets	335	1,306
Contributions by employer	2,103	2,094
Contributions by participants	24	115
Net benefits paid out	(2,283)	(2,269)
Closing fair value of assets	61,515	59,933

Actual Return on Assets	2020 £'000	2019 £'000
Interest income on assets	1,403	1,478
Gain on assets	335	1,306
Actual return on assets	1,738	2,784

The Pensions Trust Growth Plan

VIVID Housing participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for VIVID to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-person standing arrangement'. Therefore, VIVID 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.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m.

Scheme deficit contributions

To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 01 April 2019 to 30 September 2025:	£11,243,000 per annum

Our liability

We have recognised a liability for our share of this obligation based on the net present value of the deficit reduction contributions payable under the agreement made between SHPS and VIVID. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	2020 £'000	2019 £'000	2018 £'000
Present value of liability	29	35	47

Reconciliation of opening and closing provisions	2020 £'000	2019 £'000
Provision at start of period	35	47
Unwinding of the discount factor (interest expense)	-	1
Deficit contribution paid	(6)	(6)
Remeasurement - impact of any changes in assumptions	-	(7)
Provision at end of period	29	35

	2020 £'000	2019 £'000
Impact on income statement		
Interest expense	-	1
Amounts recognised in other comprehensive income		
Remeasurement - impact of any changes in assumptions		(7)

Assumptions	2020 % per annum	2019 % per annum	2018 % per annum
Rate of discount	2.53	1.39	1.71

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Scheme deficit contributions

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Our deficit contributions schedule

The following schedule details the deficit contributions agreed with the scheme.

	2020 £'000	2019 £'000	2018 £'000
Year 1	6	6	6
Year 2	6	6	6
Year 3	6	6	7
Year 4	7	6	7
Year 5	6	7	7
Year 6	-	6	7
Year 7	-	-	7
Year 8	-	-	4
Year 9	-	-	-

Under FRS102, VIVID Housing must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. The cash contributions above have been used to derive the liability within the Statement of Financial Position.

30. Related party transactions

The companies listed below engage the services of members of our Board or Executive. The services are provided independently of VIVID on a non-executive or consultancy basis. VIVID received no income or fees for the services provided. During the year VIVID made payments to the companies in the normal course of business and unrelated to the services provided by our Board or Executive.

Portsmouth Water Limited	£161,394	Water bills for VIVID properties
Altair Consultancy and Advisory Services	£13,200	Business plan advisory services
The Institute of Customer Service	£43,089	Membership of ICS

VIVID Housing operates predominantly in the Hampshire area. As such in the normal course of its business it transacts with Hampshire County Council (HCC). HCC also act as the Fund Administering Authority for the Hampshire County Council Pension Fund (details of which are set out in the Pensions obligation note above). This arrangement operates independently of other contractual agreements listed below.

During the course of the year, VIVID Housing paid HCC for the rental of units of accommodation, maintenance fees, section 106 payments and other sundry purchases the sum of £580,000

In terms of other influence, HCC act as the referral agent for VIVID Housing's extra care schemes. HCC also act as an administration body for the payment of Housing Benefit where residents have opted to have sums paid directly to VIVID Housing. The ultimate responsibility does however rest with the residents is respect of those payments. No amounts were owing to HCC at the year end in respect of these transactions.

Associates and subsidiaries

The association has a loan agreement with its subsidiary Vestal Developments Ltd for £57m (2019: £40m) of which £54m (2019: £36m) was drawn at the balance sheet date. Interest is payable at LIBOR plus a commercial margin and amounted to £1.7m during the year (2019: £1.4m).

Bargate Homes has a loans amounting to £9,500,000 with related parties which are due for repayment in June 2021. VIVID has provided guarantees over them.

At the balance sheet date Bargate Homes owed £11,930 (2019: £17,930) to BB Property Ventures Limited.

During the course of the year, VIVID Housing paid nil to Aspect Building Communities Limited in respect of the running costs of Aspect Joint Ventures.

31. Controlling party

At 31 March 2020, the ultimate controlling party was The Board of VIVID Housing.

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