City Response Limited
(trading as Guinness Property)
Report and Financial Statements
Year Ended 31 March 2019

Company number: 04471280

Contents

Strategic Report

The Board of Directors present their Strategic Report for City Response Limited and the audited financial statements for the year ended 31 March 2019.

Principal activities

In November 2015, Guinness Property became the trading name for City Response Limited, a wholly owned subsidiary of The Guinness Partnership. Guinness Property provides repairs, maintenance, construction and refurbishment services across various locations for The Guinness Partnership.

Strategy and objectives

Guinness Property delivers repairs and maintenance services to almost 41,000 Guinness homes, while also delivering thousands of component replacements and the major refurbishment of hundreds of homes.

The key themes of its Operating Plan during 2018/19 were:

- Improving cost control and financial performance;
- Investing in people, systems and processes to enhance performance; and
- Delivering added value to Guinness, both in terms of social value and resilience.

Principal Risks

The top risks at Guinness Property are currently:

- Major Health & Safety Incident – mitigated by robust policies, procedures and training, promoting regular reporting of incidents and near misses and learning from them;
- Failure to sustain a profitable trading position with a thin margin – mitigated by targeted reductions in costs and the setting of a clear Transformation Plan for 2019/20;
- IT platform fails or significant delays incurred to development, or implementation of remote working capability – mitigated day to day by monitoring progress and a robust escalation process and in the longer term by the IT Roadmap; and
- Loss of skilled and experienced staff and inability to recruit the right calibre of staff – mitigated by Transformation Plans which will review the skill mix needed across the Company.

Equality and diversity

Guinness Property published its Gender Pay Gap report in April 2019. This showed on a (mean) average, women were paid 15.8% less than men. This is reflective of the distribution of men and women throughout the Company based on job roles (the majority of women are employed in lower paid jobs). Women are under-represented in Guinness Property as they are across the repairs and construction sectors. Specific action is being taken to address this in Guinness Property through promotion and targeting Women into Maintenance. Guinness Property has processes in place to ensure its approach to pay and reward is consistent and fair including clear and transparent job family and pay frameworks covering all roles and employees and a robust approach to job evaluation.

Guinness Property commits to:

a) Giving full and fair consideration of applications for employment made by disabled persons, having regard to their particular attitudes and abilities;

b) Continuing the employment of and arranging training for employees who have become disabled persons while employed; and

Strategic Report (continued)

c) The training, career development and promotion of disabled persons.

Business Review

KPIs

Three Riddors were reported during the year (vs a tolerance of five). Within Empty Homes, the year end working days turnaround was 13.7 vs a target of 13. Within Responsive Repairs, 93.6% of routine appointments were met vs a target of 93% and customer satisfaction within RR was at 85% vs a target of 90%. Overall customer satisfaction within Planned Maintenance was 94% vs a target of 90%. Employee engagement was measured at 78% vs a target of 70% and staff attendance was 97.5% vs a target of 98%. Complaints received were 22.0 per thousand properties at year-end compared with 21.6 per thousand last year.

KPI's for 2019/20 have been reviewed and overhauled as part of GP Transformation.

Finance

Total comprehensive loss for the year amounted to £737k (2018: £173k total comprehensive profit). Guinness Property's turnover has increased by just over 6%, from £46.5m in 2017/18 to £49.4m in 2018/19. Within this, gross profit margin has decreased from 17.7% in 2017/18 to 17.3% at the end of 2018/19. The reported profit is lower than budget due to reduced volumes on Major Projects and Planned Maintenance.

Operations

During 2018/19 Guinness Property ceased delivering Planned Maintenance Works in the South and South West.

Almost 139,000 Responsive Repairs were reported as completed during the year and the Empty Homes Team has completed and returned 2,902 empty homes to the lettable standard for new customers.

Guinness Property has completed year one of a two year contract to deliver Electrical Compliance Works across the Partnership over the course of the year and undertook 2,707 fire risk actions.

Major refurbishment works are ongoing at Adelphi Court with works due to complete in June 2019.

TGP has appointed an Interim Operations Director to deliver a programme of transformation during 2019/20. The Director commenced in January 2019 and a high level Transformation Plan was approved by the Guinness Property Board in March 2019t.

Approved by the Board of Directors and signed on behalf of the Board by

Catriona Simons, Chair

Date: 17 July 2019

Report of the Board of Directors

The Directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The loss for the year after taxation was £737k (2018: profit £173k). The Board of Directors do not recommend the payment of a dividend for the year (2018: £nil).

Financial risk management objectives and policies

Guinness Property operates within a financially volatile environment with low profit margins and varying financial obligations against relatively fixed prices. Over the past three years, since the move to Price per Property and Price per Empty Homes contracts, Guinness Property has met financial challenges.

The key financial risk is the risk of failure to maintain a profitable operating position. This is being managed through a programme of Transformational Change led by an Interim Director and supported by a Transformation Team. This will take place throughout 2019/20.

Credit Risk

Guinness Property delivers services exclusively to its parent company, The Guinness Partnership Limited through a service contract with pre-determined pricing arrangements. The up-front agreement of prices and auto matching of approved PO's for works completed through TGP's purchase to pay process means that credit risk is effectively managed.

Liquidity and cash flow

Guinness Property operates 12 month cash flow forecasts and monitors daily cash movements against the forecast to ensure that it always maintains adequate balances to meet its impending financial obligations.

Board of Directors

The Board of Directors who held office during the year are detailed on page 23.

Statement of Responsibilities of the Board of Directors

The Board of Directors are responsible for preparing the Directors Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Board of Directors to prepare financial statements for each financial year. Under that law the Board of Directors has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law including Financial Reporting Standard 102. Under Company law the Board of Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- That director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Following a competitive tender exercise, BDO LLP were appointed as auditor of the Group. A resolution to re-appoint them will be proposed at the next AGM.

Approved by the Board of Directors and signed on behalf of the Board by

Catriona Simons, Chair

Date 17th July 2019

Independent Auditor's Report to members of CITY RESPONSE LIMITED

Opinion

We have audited the financial statements of City Response Limited ("the Company") for the year ended 31 March 2019 which comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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 Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Responsibilities of the Board of Directors, the Directors are 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 Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company 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 at the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Julia Poulter (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

Date: 7th August 2019

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

Statement of Comprehensive Income
For the year ended 31 March 2019

	Note	2019	2018
		£'000	**£'000**
Turnover	3	49,397	46,486
Cost of sales		(40,872)	(38;274)
Gross profit		**8,525**	**8,212**
Operating costs		(8,747)	(8,000)
Operating (Loss) / Profit	6	**(222)**	**212**
Interest receivable and similar income		6	3
Interest payable and similar charges	4	(16)	(6)
Other Comprehensive Expenditure:			
Re-measurement of pension scheme	5	(505)	6
(Loss) / Profit for the year before tax	6	**(737)**	**215**
Corporation tax	8	-	(42)
Total comprehensive (expenditure) / income for the year		**(737)**	**173**

All amounts relate to continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

Statement of Financial Position
At 31 March 2019

	Note	2019	2018
		£'000	£'000
Fixed assets:			
Tangible fixed assets	9	401	373
Current assets:			
Stocks	10	585	767
Debtors due within one year	11	3,132	4,678
Cash and cash equivalents		5,453	2,055
		9,170	7,500
Creditors: amounts falling due within one year	12	(7,071)	(5,107)
Net current assets		**2,099**	**2,393**
Creditors: amounts falling due after one year	13	-	(421)
Pension Liability	14	(892)	-
Net assets		**1,608**	**2,345**
Capital and reserves			
Called-up share capital	15	2,000	2,000
Revenue reserves		500	732
Accumulated other comprehensive expenditure		(892)	(387)
Total capital and reserves		**1,608**	**2,345**

The notes on pages 12 to 22 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 17 July 2019 and signed on its behalf by:

Catriona Simons
Chair

Company Number: 04471280

Statement of Changes in Equity
For the year ended 31 March 2019

	Called-up share capital	Revenue reserves	Total
	£'000	£'000	£'000
At 1 April 2018	2,000	345	2,345
Loss and total comprehensive expenditure for the period	-	(232)	(232)
Other Comprehensive Expenditure for the period	-	(505)	(505)
At 31 March 2019	**2,000**	**(392)**	**1,608**

	Called-up share capital	Revenue reserves	Total
	£'000	£'000	£'000
At 1 April 2017	2,000	172	2,172
Profit and total comprehensive income for the period	-	560	560
Other Comprehensive Expenditure for the period	-	(387)	(387)
At 31 March 2018	**2,000**	**345**	**2,345**

Notes to the Financial Statements

1. Company Information

City Response Limited is a private Company, limited by shares and is incorporated in the United Kingdom under the Companies Act (No 04471280). Its registered office is 30 Brock Street, Regent's Place, London, NW1 3FG. The nature of the Company's operations and its principal activities are set out in the Strategic Report and the Director's Report on pages 2 to 5.

2. Principal Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS 102), and the Companies Act 2006. The financial statements have been prepared on the historic cost basis and in accordance with the accounting policies set out below.

The financial statements are presented in Sterling (£'000).

The Company has adopted the following disclosure exemptions:

- The requirement to produce its own statement of cash flows and related notes;
- The requirement to disclose transactions with other Group entities; and
- The requirement for financial instrument disclosures as equivalent disclosures have been provided at Group level.

Going concern

These financial statements have been prepared on a going concern basis as the Company has financial resources, together with a long term partnering contract with its parent undertaking. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current year's financial results.

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that, with the continued support of The Guinness Partnership Group, the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimates.

The SHPS defined benefit pension liability has been revalued and is after taking account of changes in financial assumptions underlying the present value of the defined benefit obligation and also actuarial gains and losses. These changes have been charged to Other Comprehensive Expenditure in the Statement of Comprehensive Income.

The company makes an estimate of the recoverable value of stock. It is assessed that no provision is required due to the ageing of stocks.

The company has assessed its leases as being operating leases. All costs in relation to operating leases are taken to the Statement of Comprehensive income when incurred.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. For incomplete works, turnover is recognised by reference to the stage of completion. The stage of completion is measured by comparing the costs incurred for work performed to date to the

2. Principal Accounting Policies (continued)

total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Stock

Stock is valued at the lower of cost and estimated selling price less cost to complete and sell, after making due allowance for obsolete and slow moving stocks.

Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. The threshold for capitalising an asset is £1,000. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold and property	Straight line over the life of the lease
Plant and machinery	25% reducing balance
Motor vehicles*	Straight line over the life of the lease
Fixture and fittings	25% reducing balance
Computer equipment	33.3% on cost

**The Company does not own any motor vehicles, but does capitalise materials to fit out all vehicles that are leased under operating leases.*

Taxation

There are no deferred taxation liabilities.

Pensions

In the preparation of these financial statements, the requirements set out in: "Amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland: Multi-employer defined benefit plans" have been adopted early. This has resulted in changes to the accounting policy for the SHPS multi-employer scheme from the start of the reporting period. This means that accounting for SHPS has not been consistently applied as compared to reporting in prior years. Further information on the impact of early adopting these requirements is set out in note 14.

The group participates in the multi-employer defined benefit Social Housing Pension Scheme (SHPS). For financial years ending on or after 31 March 2019, the way in which the defined benefit pension obligation in SHPS is stated in the financial statements has changed. Previously there has been insufficient information available to account for these obligations on a defined benefit basis (i.e. stating assets and obligations). As a result, and as required by FRS 102, the obligation has been accounted for by stating the present value of agreed future deficit repayment contributions. For financial years ending on or after 31 March 2019 sufficient information is available to account for the obligations on a defined benefit basis. The information provided during the year gives the liability at 31 March 2018 however, as this information only became available in the current year and after the financial statements for the prior year had been authorised for issue, the change in accounting has been recorded on the first day of the current year, with no restatement of comparatives, in accordance with the requirements set out in: "Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland: Multi-employer defined benefit plans". Whilst comparative figures have not been restated, the information provided about the liability at 1 April 2018 has been included in the pension note as it provides useful information to a reader of the accounts.

2. Principal Accounting Policies (continued)

The true comparative information is represented by the SHPS deficit reduction creditor as set out in the comparatives to the creditors' notes.

The liability recognised for the present value of the deficit agreement £370k has been derecognised and the net pension deficit at 31 March 2018 £892k has been recognised through other comprehensive income in the year.

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

Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less.

3. Turnover

Turnover relates to the rendering of repair and refurbishment services to the parent Company and other Companies within the Group. All turnover arose within the United Kingdom. Revenue streams consist of Responsive Repairs, Planned Maintenance, Empty Homes recommissioning and the major refurbishment of assets.

4. Interest and similar charges

	2019	2018
	£'000	£'000
Defined benefit pension discount charge	16	6
	16	6

5. Pension cost recognised in other comprehensive income

	2019	2018
	£'000	£'000
Re-measurements - impact of change in assumptions	505	(6)
	505	**(6)**

6. Profit/ (loss) on ordinary activities before taxation

	2019	2018
	£'000	£'000
Profit/ (loss) on ordinary activities before taxation is stated after charging:		
Pension costs	443	288
Auditor's remuneration in their capacity as auditor	29	15
Depreciation of tangible fixed assets	219	207
Other operating lease rentals	1,217	1,815

7. Directors and employees

Employee costs, including directors' remuneration, during the year were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	18,302	15,890
Social security costs	1,543	1,486
Pension costs – regular contributions	443	288
	20,288	**17,664**

	2019	2018
	£'000	£'000
Temporary staff via agencies	**1,409**	**1,350**

The average number of employees (excluding agency staff) during the year was:

	2019	2018
	Number	Number
Operatives	410	359
Apprentices	32	38
Administrative	67	71
Management	62	81
	571	**549**

7. Directors and employees (continued)

The amounts set out above exclude two members of the Senior Management Team of Guinness Property plus executive support (headcount of three) as they are employed by, and remunerated by, the parent undertaking.

The Company is a member of a defined contribution scheme. The pension cost charge represents contributions payable by the Company to the scheme and amounted to £442k (2018: £288k).

An ongoing annual deficit payment is required in respect of an existing SHPS defined benefit scheme. For the year ending 31 March 2019 the deficit payment will be £82k (2018: £80k). Full details of the pension's schemes are included in the accounts of the parent undertaking.

The amounts set out below only include remuneration of non-executive directors remunerated by City Response Ltd (all of whom resigned during the year). As at March 2019 the Board comprises three Executive Directors (including the Chair) who are employed and remunerated by the parent undertaking and their remuneration is disclosed in the consolidated financial statements of the parent.

	2019	2018
	£'000	£'000
Emoluments	8	8

During 2019, retirement benefits were not accrued to any director (2018: nil) in respect of defined benefit pension schemes. Included within the emoluments above is £nil (2018: £nil) in respect of defined benefit pension payments. The amounts set out above include remuneration in respect of the highest paid director as follows:

	2019	2018
	£'000	£'000
Emoluments	4	4

8. Taxation

The tax charge is based on the profit for the year and represents:

	2019	2018
Current tax	£'000	£'000
UK corporation tax	-	-
Adjustments to tax charge in respect of prior periods	-	42
Total current tax	-	42
Deferred tax: origination and reversal of timing differences	-	-
Total Tax	-	42

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2018: 19%). The differences are explained as follows:

Tax reconciliation	2019 £'000	2018 £'000
Profit/(loss) on ordinary activities before taxation	(737)	215
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(140)	41

Taxation (continued)

Effects of:		
Fixed asset differences	1	-
Group relief surrendered	(43)	-
Adjust opening / closing deferred tax to average rate of 19%	19	-
Deferred tax not recognized	163	-
Other short term timing differences	-	1
Total tax charge	**-**	**42**

9. Tangible fixed assets

	Leasehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2018	307	152	223	92	581	1,355
Additions	-	-	252	-	35	287
Disposals	-	-	-	-	(39)	(39)
At 31 March 2019	**307**	**152**	**475**	**92**	**577**	**1,603**
Depreciation						
At 1 April 2018	(275)	(111)	(142)	(85)	(369)	(982)
Charge for the year	(5)	(11)	(78)	(2)	(124)	(220)
Disposals	-	-	-	-	-	-
At 31 March 2019	**(280)**	**(122)**	**(220)**	**(87)**	**(493)**	**(1,202)**
Net book value						
At 31 March 2019	**27**	**30**	**255**	**5**	**84**	**401**
At 31 March 2018	32	41	81	7	212	373

10. Stocks and work in progress

	2019	2018
	£'000	£'000
Raw Materials	**585**	**767**

Stock recognised in cost of sales during the year as an expense was £12,333k (2018: £11,390k).

11. Debtors

	2019	2018
	£'000	£'000
Trade debtors	27	27
Amounts due from group companies	3,015	4,575
Prepayments and accrued income	90	69
Other debtors	-	7
	3,132	**4,678**

12. Creditors – amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	1,542	1,020
Amounts due to group companies	3,233	186
Taxation and social security	460	451
Corporation tax	-	42
Other creditors	119	130
Deferred income	94	-
Accruals	1,623	3,278
	7,071	**5,107**

13. Creditors – amounts falling due after one year

	2019	2018
	£'000	£'000
Other creditors	-	57
Pension liability (see note 14)	-	364
	-	**421**

Other creditors falling due after one year relate to subcontractors working on major refurbishments. Guinness Property holds retentions of 5% of the works completed, half of which is payable on practical completion and the remainder twelve months afterwards.

14. Pension liability

Social Housing Pension Scheme

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

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

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

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

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

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

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Group's fair share of the Scheme's total assets to calculate the Group's net deficit or surplus at the accounting period start and end dates.

The information presented for 2018 in relation to SHPS scheme reflects the initial position recognised at 1 April 2018.

Present value of defined benefit obligation

	2019 £'000	2018 £'000
Fair value of plan assets	2,359	2,205
Present value of defined benefit obligation	3,251	2,948
Surplus/ (deficit) in plan	(892)	(743)
Defined benefit (liability) to be recognised	(892)	(743)

Reconciliation of open and closing balances of the defined benefit obligation	**2019**
	£'000
Defined benefit obligation at the start of the period	2,948
Current service cost	-
Expenses	4
Interest expense	76
Actuarial losses due to scheme experiences	25
Actuarial losses due to changes in demographic assumptions	8
Actuarial losses due to changes in financial assumptions	240
Benefits paid and expenses	(50)
Defined benefit obligation at the end of the period	3,251

Reconciliation of open and closing balances of the fair value of plan assets	**2019**
	£'000
Fair value of plan assets at start of period	2,205
Interest income	58
Experience on plan assets- gain	59
Contributions by employer	87
Benefits paid and expenses	(50)
Fair value of plan assets at end of period	2,359

Amounts recognised in other comprehensive income are as follows:

	2019
	£'000
Included in administrative expenses:	
Current service cost	-
Past service cost	4
	4
Amounts included in other finance costs	
Net interest cost	18
	18

Analysis of actuarial loss recognised in Other Comprehensive Income

	2019 £'000
Actual return less interest income included in net interest income	59
Experience gains and losses arising on the scheme liabilities	(25)
Changes in assumptions underlying the present value of the scheme liabilities	(248)
	(214)

Composition of plan assets	2019 £'000	2018 £'000
Global Equity	397	435
Absolute Return	204	269
Distressed Opportunities	43	21
Credit Relative Value	43	-
Alternative Risk Premia	136	84
Fund of Hedge Funds	11	73
Emerging Market Debt	81	89
Risk Sharing	71	20
Insurance-Linked Securities	68	58
Property	53	101
Infrastructure	124	57
Private Debt	32	20
Corporate Bond Fund	110	91
Long Lease Property	35	-
Secured Income	84	82
Over 15 Year Gilts	-	-
Liability Driven Investment	862	803
Net Current Assets	5	2
Total plan assets	2,359	2,205

Principal actuarial assumptions used at the balance sheet date	2019 %	2018 %
Discount rate	**2.36**	**2.6**
Inflation (RPI)	**3.24**	**3.14**
Inflation (CPI)	**2.24**	**2.14**
Salary Growth	**3.24**	**3.14**
Allowance for commutation of pension for cash at retirement	**75%**	**75%**
Mortality rates		
for a male aged 65 now	**21.8**	
at 65 for a male member aged 45 now	**23.5**	
for a female aged 65 now	**23.2**	
at 65 for a female member aged 45 now	**24.7**	

15. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
2,000,100 ordinary shares of £1 each	**2,000,100**	**2,000,100**

Share capital represents the nominal value of equity shares.

16. Capital commitments

There are no capital commitments as at 31 March 2019 (2018: £nil).

17. Leasing commitments

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods is:

	Land and Buildings			Other
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	101	105	743	1,237
Between two and five years	361	406	1,312	1,051
Later than five years	51	107	-	-
Total	**513**	**618**	**2,055**	**2,288**

The value of lease payments recognised during the year as an expense was £1,217k (2018: £1,815k).

18. Contingent liabilities

Guinness Property currently undertakes major refurbishment work on behalf of Guinness Developments Limited (GDL). Unlike traditional construction contracts, GDL does not withhold retentions for the making good of defects for the defect liability period (twelve months) after handing over the project as complete. As the liability for rectification of defects does not occur until practical completion, Guinness Property will not recognise any liability for defect remedy until practical completion is agreed. Any liability is contingent upon there being a defect which requires remedy for a period of twelve months after practical completion.

19. Parent undertaking

The parent undertaking of the Company at 31 March 2019 was The Guinness Partnership Limited, which is also considered to be the ultimate controlling party. Copies of the Group annual report and financial statements are available from 30 Brock Street, Regent's Place, London, NW1 3FG.

Board of Directors

Malcolm Rogers	(resigned 24/09/2018)
Ian Beck	(resigned 31/12/2018)
Lee Bolton	(resigned 31/12/2018)
Paul Roberts	(resigned 14/01/2019)
Ian Joynson	
Catriona Simons	
Bob Tarry	(resigned 31/12/2018)
Philip Day	(appointed 14/01/2019)
Secretary	Mark Sutton (resigned July 2018)
	Angela Drum (appointed July 2018)

Shareholding Member

The Guinness Partnership Limited

Advisors

External Auditors:	BDO LLP
Registered Office:	30 Brock Street, Regent's Place, London, NW1 3FG