Co-operative and Community Benefit Society (FCA) No 19564R

Regulator of Social Housing No L1230

Great Places Housing Association

Report and Financial Statements

For the Year ended 31 March 2019

CONTENTS

ASSOCIATION INFORMATION

Board

Chair	A. Davison
Deputy Chair	J. Rayner
Other Members	C. Amyes (from 18/10/2018)
	C. Cashman
	J. Fitzgerald
	J. Green
	M. Hanson (from 18/10/2018)
	M. Harrison
	B. Nevin
	D. Robinson
	S. Young

Executive Directors

Chief Executive	M. Harrison
Executive Director of Finance and Company Secretary	P. Elvy
Executive Director of Growth and Assets	P. Bojar
Executive Director of Customer Services	G. Cresswell
Executive Director of People and Culture	A. Dean (from 01/04/2019)

Registered office: 2a Derwent Avenue
Manchester
M21 7QP

Web site: www.greatplaces.org.uk

Registered Numbers: Regulator of Social Housing No: L1230
Co-operative and Community Benefit Society No: 19564R

External Auditors:	**Internal Auditors:**	**Bankers:**
BDO LLP	PwC	The Royal Bank of Scotland plc
3 Hardman Street	No. 1	P.O. Box 356
Spinningfields	1 Hardman Street	38 Mosley Street
Manchester	Manchester	Manchester
M3 3AT	M3 3EB	M60 2BE

REPORT OF THE BOARD

The Board presents its report and the audited financial statements for the year ended 31 March 2019. A fuller review of Great Places Housing Association ("GPHA" or "the Association") is included within the Strategic Report of its parent Great Places Housing Group Limited ("GPHG" or "the Group").

Principal activities

Great Places Housing Association's principal activities include the development and management of social housing properties for the Great Places Housing Group.

Business review

The surplus after tax for the year ended 31 March 2019 was £12,364k (2018: £10,562k). At the year-end revenue reserves amounted to £113,576k (2018: £108,576k). The total comprehensive income for the year ended 31 March 2019 was £2,814k (2018: £17,471k).

In respect of the year ended 31 March 2019 gift aid payments of £870k (2018: £598k) were received on 25 March 2019 from Plumlife Homes Limited, £409k (2018: £300k) from Cube Homes Limited on 25 March 2019 and £12k (2018: £15k) from Terra Nova Developments Ltd on 28 March 2019.

Housing property assets

Details of changes to the Association's property assets are shown in note 12 of the financial statement, Tangible fixed assets – housing properties.

Trade creditors

The Association's trade creditors fall into three main categories – contractors engaged under formal contracts, utilities and other suppliers. The Association has a policy of paying contractors in accordance with contractual terms, utilities upon receipt of invoice and other suppliers by the latest of the end of the month following the invoice date.

Donations

During the years ended 31 March 2019 and 31 March 2018 the Association made no political contributions and any charitable donations were made during the course of its ordinary activities.

Post balance sheet events

There have been no events since the year-end that have had a significant effect on the Association's financial position.

Equality, diversity and inclusion

The Association has and continually re-appraises, a full and comprehensive policy of equality, diversity and inclusion.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Association has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

Board members and executive directors

The Board members and the executive directors of the Association at 31 March 2019 are set out on page 3 of these financial statements as well as details of all the members and directors that have served during the period from 1 April 2018 up to the date these statements have been signed.

Insurance policies indemnify the Board members and officers against liability when acting for the Group.

REPORT OF THE BOARD

Risk management

Our risk management strategy is designed to manage risks in the best way possible and reduce their potential for damage to an acceptable level, whilst avoiding the adoption of a risk-averse appetite which stifles innovation and growth.

During 2018/19 our corporate risk register has been aligned to our Corporate Plan to ensure there is clear visibility of the threats that could prevent us from achieving the challenging and ambitious targets that we have identified. This resulted in a new risk register framed around the three core themes within the Corporate Plan: Great Homes, Great Communities, Great People, alongside identification of the core underpinning issues which could threaten the organisation's governance and financial strength. These risks include:

Great Homes

1. Failure in the development programme which adversely affects our ability to achieve our targeted stock numbers
2. Failure to achieve the growth objectives as articulated in the Corporate Plan
3. Failure of the sales programme to generate income for the organisation
4. Ineffective asset management and divestment programme which maximises the value of our stock

Great Communities

1. Failure to deliver service which maximise the customer experience and set us out as a top performing organisation
2. Failure to safeguard vulnerable customers
3. Inability to retain independence and wellbeing services
4. Failure to recognise the impact of customer poverty and welfare reform on the inability to pay rent
5. Failure to deliver a repairs and facilities management service which maintains our stock and maximises its value
6. Failure to remove threats to customer health and safety

Great People

1. Inability to recruit and retain colleagues to enable us to deliver on our corporate objectives
2. Failure to engage colleagues and motivate them to perform to their potential and deliver on corporate objectives
3. Failure to reduce or remove threats to colleague health and safety
4. Failure to improve organisational efficiency via our business transformation / continuous improvement programmes

Underpinning Risks

1. Inability to manage the treasury requirements of the business
2. Failure to generate the required surplus needed to maintain our financial strength
3. Failure to achieve value for money and use social assets effectively
4. Failure to use technology service effectively to drive innovation and efficient working across the business
5. Failure to achieve compliance against the Regulatory expectations for the organisation
6. Failure to implement effective internal controls to manage the risks facing the business
7. Failure to effectively manage major incidents and business continuity events

In addition to the corporate risk register, we maintain a watch list which provides the Board and the Senior Management Team with visibility of issues on the horizon, primarily externally driven, which we cannot articulate at this time due to their nature. Such issues include: Brexit, the Homes England Infrastructure Fund, and the outcomes of the Social Housing Green Paper.

As and when these issues become more concrete, an assessment is undertaken about whether they need to be factored into the corporate risks register, or dismissed as non-material.

This process is inherently linked with our approach to keeping risk management "live" within the business. Our Board receive regular risk updates alongside six monthly deep dive reports focussing on compound risk and our progress towards target risk scores, supplemented by the role of the Audit and Assurance Committee in scrutinising a selection of risks at each meeting to receive assurance on the effectiveness of the current controls and mitigation strategies.

Internal controls assurance

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public assets and money are safeguarded and properly accounted for, and that they are being used economically, efficiently and effectively.

A wide range of internal control mechanisms are in place and operate to help the organisation meet its strategic objectives, to operate within the law, to make effective use of public money and to report activities accurately. These bring together information from all significant parts of the business and provide assurance to the Board that an effective system of internal controls is in place. The most significant sources are through:

- Our approach to assurance, based around the 3 lines of defence model;
  - The 1st line of defence describes controls operated by day to day management
  - the 2nd line covers more independent checks carried out by other internal teams
  - the 3rd line incorporates external assurance obtained from auditors or regulators
- The existence of the Audit and Assurance Committee, with appropriate terms of reference;
- An independent internal audit function;
- The external auditors;
- Financial and non-financial performance monitoring and management;
- Appropriate communications structures;
- Effective customer scrutiny arrangements;
- Effective strategies, policies and procedures; and
- External stakeholders, including the regulator and accreditation bodies.

Internal Controls Framework

To assess the effectiveness of the internal control system, a comprehensive framework is in place consisting of sources of assurance that bring together information from all significant parts of the business. The main forms of assurance are:

- Our Risk and Assurance Strategy reinforced by a comprehensive Risk Policy (approved by Board in October 2018) and methodology which is monitored via routine risk reporting to every Board meeting, with detailed six monthly reviews, and additional scrutiny provided by Audit and Assurance Committee members;
- The prioritisation of Critical Success Factors ("CSFs") linked to corporate plan targets which include targets and, where appropriate aspirational stretch targets, which help to ensure our performance management framework is focused on what matters most and on providing focus and assurance;

REPORT OF THE BOARD

- Appointment of experienced and suitably qualified staff to take responsibility for important business functions. Annual appraisals (based around our Competency Framework) and monthly reviews to maintain high standards of performance, and revised HR processes to address any gaps or failings;
- A managed "Strategies, Policies and Procedures" site on the intranet to ensure that documents are signed off by the appropriate management forums, and are reviewed regularly. Board review and approval of key corporate strategies. The Whistleblowing and Anti-fraud Policies, and a register of all actual or potential frauds, are reported to Audit and Assurance Committee, and to the regulator via an annual report;
- Financial forecasts and budgets which allow the Board and the management team to monitor key financial risks and spend in terms of achieving budgets in the short, medium and long term;
- Annual audit reports to Board from both internal and external auditors, and meetings with Audit and Assurance Committee members without officers present to allow them to raise any concerns;
- Compliance reports and regulatory judgements issued by the Regulator of Social Housing and other regulatory bodies;
- A full range of insurances in place to safeguard assets which are regularly reviewed to ensure they are fit for purpose;
- A rigorous approvals process (and scheme of delegations contained within the Code of Governance) to ensure that all significant new initiatives, major commitments, development schemes and investment projects are subject to formal authorisation procedures by the Executive Team, the Board, or the Committees of the Board;
- External accreditations and assurance reviews e.g. credit rating reviews from Moody's and Fitch;
- Governance arrangements which provide for the Board to be able to create time-bound "Task and Finish" groups through which a small number of Board members can provide additional insight and guidance on specific issues or projects; and
- Health and safety infrastructure with architecture of meetings from local to strategic.

Progress during 2018/19

During 2018/19 the following steps were taken to enhance the control environment, and the level of assurance that the Board can take from it:

- Significant work was undertaken during the year to strengthen controls relating to data protection in line with the requirements of the new General Data Protection Regulations ("GDPR");
- A recruitment exercise was undertaken to bring two new non-Executive Directors onto the Board to enhance the skills profile of the Board;
- The Assurance Map was updated to bring it in line with the revised risk register, and the Corporate Plan;
- The Asset and Liability register was enhanced. This accurately records our position, and provides easy access to documentation for relevant agencies in the event that the company becomes financially insecure;
- An updated Anti-fraud Policy was developed which references our obligations under legislation;
- An updated Anti-money Laundering Policy was developed in line with the National Housing Federation guidance which provides additional advice for colleagues on the associated risks;
- Updated Delegated Authorities were agreed to ensure there are appropriate systems of control and segregation of duties in the approvals process;
- A revised Treasury Management Strategy and Policy were approved;
- A new Risk and Assurance Policy was approved, bringing together two separate documents into one cohesive policy which outlines our broad approach to internal control;

- The Business Transformation review of the Finance team was concluded, which introduced additional roles into the team to allow for more systemic controls and segregation of duties; and
- A self-assessment workshop was held to identify risk exposure across the business in relation to the Criminal Finances Act, and an action plan agreed to minimise the points identified.

Audit work undertaken in 2018/19

During 2018/19, all internal audit and assurance work was undertaken by PwC employing a risk based internal audit approach. They have provided this work since their appointment in April 2015, and at the March 2019 Audit and Assurance Committee meeting, the Committee approved their re-appointment for a period of three years, covering April 2019 to 31 March 2022.

Work carried out under this framework included 12 assurance reviews across a broad range of service areas, and one advisory review (an IT Risk Diagnostic). The 12 assurance reviews produced:

- 4 medium risk outcomes (GDPR, IT Disaster Recovery, Fire Risk Assessments, Divestment & Disposals)
- 8 low risk outcomes (Asset Management, Business Intelligence, Asset & Liabilities Register, Core Financial Controls, Distribution Centre, Independence & Wellbeing, Human Resources and Allocations & Lettings)

In total, 30 findings were identified. Only one recommendation was identified to be high risk (a reliance on spreadsheets for tracking our Fire Safety audits) and 57% of findings were classified as low risk.

Internal audit follow up has also been conducted on four occasions during the year with 85% of recommendations fully implemented (this includes 100% implementation during quarters three and four).

In their internal audit annual report for 2018/19 PwC state that, “Our work has identified there are robust controls in place within Great Places to ensure that actions agreed as a result of Internal Audit reviews are implemented in a timely way and that evidence to support their implementation is recorded on the audit issue tracking system.”

Internal controls assurance conclusion

The Board can take assurance that the organisation is reacting appropriately to the challenges it is facing and has acted proactively to identify, investigate and communicate issues and management actions in an accessible, transparent manner.

The system of internal control is a significant part of Great Places’ governance arrangements and is designed to manage risk to a reasonable level rather than to eliminate all risk. It can, therefore, only provide reasonable rather than absolute assurance.

The Board confirms that the organisation has suitable internal controls for maintaining adequate accounting records, for safeguarding the assets of the Association, and for taking reasonable steps to prevent and detect fraud and other irregularities. The Board also confirms that no weaknesses have been identified from external audit which would have resulted in material misstatement or loss and which would have required disclosure in the financial statements.

The Board has reviewed the effectiveness of the system of internal control, including the sources of assurance agreed by the Board as being appropriate for that purpose. The Board is satisfied that there is sufficient evidence to confirm that adequate systems of internal control have existed and have operated throughout the year, and that those systems have been aligned to the management of significant risks facing the organisation.

REPORT OF THE BOARD

Strategic Report

The Association has decided not to include a Strategic Report, on the basis that a Group Strategic Report has been included in the financial statements of its parent company Great Places Housing Group Limited.

Going concern

After making enquiries, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. In particular, assurance is provided by the Association's latest business plan (approved May 2019) which demonstrates that the Association has funding facilities in place that will meet planned development expenditure over the next three years and that it is fully able to service its debt facilities whilst continuing to comply with all its funders' covenants. Therefore, the Board continues to adopt the going concern basis in the financial statements.

Annual general meeting

The annual general meeting will be held on 19 September 2019 at 2a Derwent Avenue, Manchester.

External auditors

A resolution to re-appoint BDO LLP will be proposed at the AGM on 19 September 2019.

Statement of compliance

In preparing this Board report, the Board has complied with the Regulator of Social Housing's Governance and Financial Viability Standard as set out in the Accounting Direction 2019.

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

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

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

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

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

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

REPORT OF THE BOARD

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

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

In so far as each of the Board members is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The report of the Board was approved by the Board on 25 July 2019 and signed on its behalf by:

P. Elvy

Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION

We have audited the financial statements of Great Places Housing Association ("the Association") for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves 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 Association's affairs as at 31 March 2019 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report and, 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,

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION

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 we are required by the Co-operative or 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 for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the 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

As explained more fully in the statement of the responsibilities of the Board set out on page 9, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION

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
Statutory Auditor
Manchester
1 August 2019

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

STATEMENT OF COMPREHENSIVE INCOME

	Note	2019 £'000	2018 £'000
Turnover (excluding amortisation of government grants, first tranche sales and outright sales)		82,312	82,407
Amortisation of government grants	23	5,418	5,378
First tranche sales and outright sales	4	10,957	7,584
Total turnover	4	**98,687**	**95,369**
Operating costs	4	(57,839)	(58,901)
Cost of sales	4	(9,249)	(6,791)
Surplus on sale of fixed assets	5	3,306	2,062
Operating surplus	6	**34,905**	**31,739**
Interest receivable	7	1,414	698
Interest payable and financing costs	8	(25,322)	(23,546)
SHPS/PTGP pension re-measurement	27	(1)	90
Gift Aid from subsidiary undertakings	10	421	315
Movement in fair value of financial instruments	8	234	496
Movement in fair value of investment properties	13	713	770
Surplus on ordinary activities before taxation		**12,364**	**10,562**
Tax on surplus on ordinary activities	9	-	-
Surplus for the financial year		12,364	10,562
Actuarial (losses)/gains on defined benefit pension schemes	27	(1,865)	387
Re-measurement of SHPS obligation	27	(6,121)	-
Movement in fair value of hedged financial instruments	8	(1,564)	6,522
Other comprehensive income		**(9,550)**	**6,909**
Total comprehensive income for the year		**2,814**	**17,471**

All amounts relate to continuing activities.

The accompanying notes on pages 17 to 57 form part of these financial statements.

Board member
C. Amyes

Board member
C. Cashman

Secretary
P. Elvy

STATEMENT OF FINANCIAL POSITION

	Note	2019 £'000	2018 £'000
Tangible fixed assets			
Housing properties	12	1,047,309	1,037,192
Investment properties	13	14,178	13,675
Other tangible fixed assets	14	6,861	6,890
		1,068,348	**1,057,757**
Fixed asset investments			
Homebuy loans	15	6,892	7,551
Fixed asset investments	16	480	548
Investment in joint venture	16	10	10
Total fixed asset investments		**7,382**	**8,109**
Total fixed assets		**1,075,730**	**1,065,866**
Debtors: Amounts falling due after one year	18	17,684	8,766
Current assets			
Stock and work in progress	17	6,404	6,628
Debtors	18	28,754	30,792
Investments	19	5,837	4,039
Cash and cash equivalents		56,789	70,558
		97,784	112,017
Creditors: Amounts falling due within one year	20	(52,964)	(54,109)
Net current assets		**44,820**	**57,908**
Total assets less current liabilities		**1,138,234**	**1,132,540**
Creditors:			
Deferred capital grant due after more than one year	21	(463,258)	(466,002)
Other creditors falling due after more than one year	21	(588,324)	(598,077)
Pension liability	27	(15,412)	(905)
Net assets		**71,240**	**67,556**
Capital and reserves			
Share capital (non-equity)	29	-	-
Income and expenditure reserve		113,576	108,576
Revaluation reserve		2,252	1,999
Designated reserve		157	162
Cash flow hedge reserve		(44,745)	(43,181)
Association's funds		**71,240**	**67,556**

The accompanying notes on pages 17 to 57 form part of these financial statements. The financial statements were authorised for issue and approved by the Board on 25 July 2019 and signed on its behalf by:

Board member
C. Amyes

Board member
C. Cashman

Secretary
P. Elvy

STATEMENT OF CHANGES IN RESERVES

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated reserve £'000	Income and expenditure reserve £'000	Total £'000
As at 1 April 2018	(43,181)	1,999	162	108,576	67,556
Surplus for the year	-	-	-	12,364	12,364
Actuarial losses on defined benefit pension scheme	-	-	-	(1,865)	(1,865)
Re-measurement of SHPS obligation	-	-	-	(6,121)	(6,121)
Movement in fair value of hedged financial instruments	(1,564)	-	-	-	(1,564)
Gift Aid receipt (note 10)	-	-	-	870	870
Interest credited from income and expenditure reserve	-	-	1	(1)	-
Transfers	-	253	(6)	(247)	-
As at 31 March 2019	**(44,745)**	**2,252**	**157**	**113,576**	**71,240**

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated reserve £'000	Income and expenditure reserve £'000	Total £'000
As at 1 April 2017	(49,703)	1,999	161	97,030	49,487
Surplus for the year	-	-	-	10,562	10,562
Actuarial gains on defined benefit pension scheme	-	-	-	387	387
Movement in fair value of hedged financial instruments	6,522	-	-	-	6,522
Gift Aid receipt (note 10)	-	-	-	598	598
Interest credited from income and expenditure reserve	-	-	1	(1)	-
Transfers	-	-	-	-	-
As at 31 March 2018	**(43,181)**	**1,999**	**162**	**108,576**	**67,556**

1. Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider.

2. Accounting policies

Major accounting policies are detailed within the relevant note from note 4 onwards.

Basis of accounting

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

The Association is a Public Benefit Entity (PBE) and has applied the provisions for FRS102 specifically applicable to PBEs.

The Association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Basic Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Great Places Housing Group Limited as at 31 March 2019 and these financial statements may be obtained from their registered office.

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

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 27.

2. Accounting policies (continued)

Reserves

The Association designates those reserves which have been set aside for uses which, in the judgement of the Directors, prevent them from being regarded as part of the free reserves of the Association. The only reserve which constitutes free reserves is the Income and Expenditure reserve. The Association has a reserve that is designated for use in the support, training and development of apprentice maintenance employees. The revaluation reserve is created from surpluses on the revaluation of investment properties held by the Association.

The Association has a cash flow hedge reserve which is used for the effective hedges that are in place for the standalone interest rate swap agreements. Where an effective hedge is in place the fair value movement on the swap is recognised in the cash flow hedge reserve. Where there is no effective hedge it is recognised in the revenue reserve.

Value Added Tax (VAT)

GPHA is VAT registered as part of the Great Places Housing Group Limited registration. A large proportion of its income, rents and service charges, is exempt for VAT purposes thus giving rise to a partial exemption calculation. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Service charges

The Association has both fixed and variable service charges for its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

- whether there are indicators of impairment of the Association’s tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value - Social Housing (“EUV-SH”) or depreciated replacement cost.

- the anticipated costs to complete on a development scheme is based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the Director’s best estimate of sales value based on economic conditions within the area of development.

- the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- whether leases entered into by the Association either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty

Tangible fixed assets (see notes 12 to 14). Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment properties are professionally valued annually by an external firm of chartered surveyors on the basis of either Market Value – Vacant Possession ("MV-VP") or Market Value – Subject to Tenancies ("MV-ST"). The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing MV-VP needs to be made.

Financial instruments – borrowings – Negative compensation and funding indemnity clauses

The Association's loan facilities have been assessed as basic financial instruments. The Association's fixed rate loan facilities allow early payment of the principal and accrued interest in relation to fixed interest tranches. There is an indemnity clause that requires the borrower to pay a compensation premium to the lender if market rates have fallen since the inception of the loan. There is also a clause that means that if market rates have increased, the borrower (i.e. the Association) would benefit from a compensation premium.

The Association does not consider that the clause allowing the Association to potentially receive a compensation premium upon early repayment of some or all of the fixed rate loan liability makes this financial instrument "non-basic" or "other" as outlined in FRS 102 section 11. The Association considers that this particular loan clause is specifically compliant with sections 11.9b and 11.9c of FRS 102 and that the substance of this loan arrangement was that it was always intended to be a simple fixed rate loan arrangement.

Rental and other trade receivables (debtors) (see note 18)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

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

Policies

Income

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

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Sales of first tranche Low Cost Home Ownership and other housing properties developed for sale;
- Service charge receivable;
- Revenue grants; and
- Proceeds from the sale of land and property.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales is recognised at the point of the legal completion of the sale.

Proceeds from the sale of land or property are recognised at completion of the sale.

Leased assets

Where assets are financed by leasing agreements that give rights similar to ownership (finance leases), the assets are treated as if they have been purchased outright. The assets leased by the Association under finance leases are Investment Properties and are therefore accounted for under FRS 102 as Investment Properties. The corresponding leasing commitments are shown as amounts payable to the lessor.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. The annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

Grants

Grants in respect of revenue expenditure are credited to the income statement when the conditions for receipt of agreed grant funding are met.

Capital grant is released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected.

Property managed by agents

Where the Association carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the income and expenditure account of the Association.

Where the agency carries the financial risk, the income statement includes only that income and expenditure which relates to the Association.

4. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

In both cases, where revenue grants are claimed by the Association, these are included as income in the income statement and expenditure to the extent that they are passed to the agent.

	Turnover	Cost of sales	Operating costs	2019 Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings	**84,301**	**-**	**(55,103)**	**29,198**
Other social housing activities				
Supporting people	1,636	-	(1,430)	206
Properties owned but managed by others	953	-	(711)	242
First tranche shared ownership sales	10,957	(9,249)	-	1,708
Other	589	-	(564)	25
	14,135	**(9,249)**	**(2,705)**	**2,181**
Non-social housing activities				
Commercial property income	251	-	(31)	220
	98,687	**(9,249)**	**(57,839)**	**31,599**
Surplus on disposal of fixed assets (note 5)				3,306
				34,905

	Turnover	Cost of sales	Operating costs	2018 Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings	**84,350**	**-**	**(55,490)**	**28,860**
Other social housing activities				
Supporting people	1,692	-	(2,490)	(798)
Properties owned but managed by others	962	-	(607)	355
First tranche shared ownership sales	7,584	(6,791)	-	793
Other	525	-	(173)	352
	10,763	**(6,791)**	**(3,270)**	**702**
Non-social housing activities				
Commercial property income	256	-	(141)	115
	256	**-**	**(141)**	**115**
	95,369	**(6,791)**	**(58,901)**	**29,677**
Surplus on disposal of fixed assets (note 5)				2,062
				31,739

4. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

	General needs housing	Supported housing*	Key worker housing	Low cost home ownership	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	59,978	7,258	209	3,016	70,461	70,569
Service charge income	1,961	3,476	-	180	5,617	5,597
Charges for support services	-	463	-	-	463	418
Amortisation of government grants	4,304	729	-	356	5,389	5,378
Other income	1,548	763	60	-	2,371	2,388
Turnover from social housing lettings	**67,791**	**12,689**	**269**	**3,552**	**84,301**	**84,350**
Management	10,264	2,953	1	1,126	14,344	14,231
Service charge costs	2,316	3,229	83	185	5,813	5,745
Routine maintenance	6,025	1,351	14	11	7,401	7,390
Planned maintenance	3,054	439	-	1	3,494	3,017
Major repairs expenditure	4,167	767	3	82	5,019	4,755
Bad debts	682	129	(17)	(5)	789	465
Property lease charges	229	8	-	-	237	229
Depreciation of housing properties:						
-annual charge	14,194	1,620	25	938	16,777	15,499
-accelerated on disposal of components	835	25	-	-	860	912
Impairment of housing properties	-	365	-	-	365	3,206
Other costs	3	1	-	-	4	41
Operating expenditure on social housing lettings	**41,769**	**10,887**	**109**	**2,338**	**55,103**	**55,490**
Operating surplus on social housing lettings	**26,022**	**1,802**	**160**	**1,214**	**29,198**	**28,860**
Void losses	258	324	63	2	647	889

*** Supported Housing includes Housing for Older People**

5. Surplus on sale of fixed assets

	Shared ownership	Other housing properties	Investment properties	Open Market Home Buy	Total 2019	Total 2018
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Disposal proceeds (net of costs)	4,482	6,028	230	698	**11,438**	13,518
Carrying value of fixed assets	(2,489)	(1,386)	(210)	-	**(4,085)**	(8,150)
	1,993	**4,642**	**20**	**698**	**7,353**	5,368
Capital grant recycled (note 24)	(989)	(2,434)	**-**	(624)	**(4,047)**	(3,306)
	1,004	**2,208**	**20**	**74**	**3,306**	2,062

6. Operating surplus

This is arrived at after charging:

	2019	2018
	£'000	**£'000**
Depreciation of housing properties	16,856	15,576
Accelerated depreciation on component disposal	860	912
Impairment of housing properties	365	3,206
Depreciation of other tangible fixed assets	119	124
Amounts paid under operating leases:		
-Land and buildings	237	229
-Vehicles	12	31
-Photocopiers and printers	-	3
Auditors' remuneration (excluding VAT)		
-for the audit of the financial statements	28	27
-for other services relating to taxation	5	3

7. Interest receivable and other income

Policy

Interest receivable is credited to the income statement in the year.

	2019	2018
	£'000	**£'000**
Interest receivable and similar income	551	304
Loan interest recharged to group companies	863	394
	1,414	698

8. Interest payable and financing costs

Policies

Interest payable

Interest is capitalised on borrowings to finance developments up to the date of practical completion if it represents either:

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

Other interest payable is charged to the income statement in the year.

Leased assets

The interest element of rental obligations is charged to the income statement over the period of the lease in proportion to the balance of capital repayments outstanding.

	2019	2018
	£'000	£'000
Intra group loans	20,918	18,360
Loans and bank overdrafts	3,319	4,056
Net interest payable on pension liabilities	345	88
Finance leases	195	188
Payable on recycled grant	77	28
Other finance costs including non utilisation fees, commitment fees and arrangement fees amortised or written off	1,161	1,626
	26,015	24,346
Interest payable capitalised on housing properties under construction	(693)	(800)
	25,322	**23,546**
Other financing costs (note 22d)		
Gain on fair value of non-hedged derivative instruments	(234)	(496)
Other financing costs through other comprehensive income		
Loss/(gain) on fair value of hedged derivative instruments	1,564	(6,522)
	26,652	**16,528**

Capitalised interest was charged at rates of 0.50% until July 2018 and then at 0.75% (2018: 0.25% until November 2017 and then 0.50%) receivable and 4.7854% (2018: 4.6882%) payable.

9. Tax on surplus on ordinary activities

The Association has been granted exemption from taxation under the provision of Section 505 of the Income and Corporation Taxes Act 1988 because of its charitable status.

10. Gift aid

A gift aid payment of £870k (2018: £598k) was received on 25 March 2019 in respect of the year ended 31 March 2019 from Plumlife Homes Limited.

A gift aid payment was also received from Cube Homes Limited of £409k (2018: £300k) on 25 March 2019. It is therefore deemed for the purposes of s338 of the Income & Corporation Taxes Act 1988 to be a charge on income in the respective accounting period. In the year to 31 March 2019, Terra Nova Developments Limited also made a gift aid payment of £12,198 (2018: £15,081).

	2019	2018
	£'000	£'000
Gift Aid from subsidiary undertakings	421	315
Gift Aid from other group undertakings	870	598
	1,291	**913**

11. Directors and members

The Chief Executive of Great Places Housing Group is a member of the Board, no other executive directors of the Association are members of the Board.

The senior executive officer who served during the year was the Chief Executive who is an employee of Great Places Housing Group Limited and there were no emoluments paid to him by Great Places Housing Association (2018: £nil). The senior executive officer's emoluments are disclosed in the accounts of Great Places Housing Group Limited.

No emoluments were paid to the members of the Board during the year by Great Places Housing Association Limited (2018: £nil).

The full time equivalent number of staff whose remuneration is £60,000 or more (including pension contributions) is disclosed below:

	2019	2018
	No.	No.
£60,001 to £70,000	1	1
£70,001 to £80,000	1	2

12. Tangible fixed assets – housing properties

Policies

Housing properties

Housing properties are principally properties which are available for rent and are stated at cost less depreciation and impairment. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised. Works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Association disposes of a long lease on low cost home ownership units for a share ranging between 35% and 75% of value. The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset. The remaining element, is classed as Property, Plant and Equipment and included in completed housing properties at cost, less any provisions needed for depreciation or impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Donated land

Land donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation and an amount equivalent to the increase in value between market value and cost is added to other grants and recognised in the balance sheet as a liability. Where the donation is from a non-public source, the value of the donation is included as income.

Depreciation of housing properties

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Structure	100 years	Heating systems	25 Years
Roofs	60 Years	External doors	25 Years
Bathrooms	25 Years	Solar and photovoltaic panels	25 Years
Windows	25 Years	Kitchens	20 Years
Lifts	25 years	Boilers	12 Years

12. Tangible fixed assets – housing properties (continued)

Impairment

The housing property portfolio for the Association is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or Cash Generating Units ("CGUs") for which impairment is indicated to their recoverable amounts. Initially the Association compares the fair value less costs to sell by reference to EUV-SH. If this is lower than the net book value, the CGUs are then assessed for their value in use by calculating a Depreciated Replacement Cost ("DRC") for each CGU.

The DRC will be based upon the lower of:

- the cost of constructing an equivalent asset on the same site together with the original land costs; or
- the cost of acquiring an equivalent asset on the open market.

The Association defines CGUs as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger generating units. Where the recoverable amount of an asset or CGU is lower than its carrying value an impairment is recorded through to the income statement.

Stock swaps

Housing properties acquired from other social landlords in exchange for non-monetary assets, or a combination of monetary and non-monetary assets, are measured at fair value. Where there is government grant associated with housing properties acquired as part of the stock swap, the obligation to repay or recycle the grant transfers to the Association. The fair value of the properties is included within property, plant and equipment and accordingly no grant is disclosed within creditors. In the event of the housing properties being disposed, the Association is responsible for the recycling of the grant. Where there is government grant associated with housing properties disposed of as part of the stock swap, the obligation to repay or recycle transfers to the social landlord to whom they were transferred.

Impairment

An impairment charge of £365k (2018: £3,206k) was made in the year. This relates to one supported housing scheme in Liverpool which is pending a sale.

Interest capitalised

Cumulative interest capitalised in housing properties overleaf is £9,084k (2018: £8,391k).

12. Tangible fixed assets – housing properties (continued)

	Social housing properties held for letting	Other social housing properties held for letting	Housing properties for letting under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total housing properties 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 April 2018	1,055,903	1,090	16,004	114,840	12,964	1,200,801
Additions	276	-	17,362	138	8,810	26,586
Components capitalised	8,250	-	-	-	-	8,250
Interest capitalised	-	-	251	-	442	693
Schemes completed	9,764	-	(9,764)	6,919	(6,919)	-
Disposals	(6,236)	-	-	(3,765)		(10,001)
Component disposals	(3,204)	-	-	-	-	(3,204)
As at 31 March 2019	1,064,753	1,090	23,853	118,132	15,297	1,223,125
Depreciation and impairment						
As at 1 April 2018	154,633	160	-	8,816	-	163,609
Charged in year	15,901	8	-	947	-	16,856
Component disposal	(2,343)	-	-	-	-	(2,343)
Released on disposal	(2,357)	-	-	(314)	-	(2,671)
Impairment charge	365	-	-	-	-	365
As at 31 March 2019	166,199	168	-	9,449	-	175,816
NBV as at 31 March 2019	**898,554**	**922**	**23,853**	**108,683**	**15,297**	**1,047,309**
NBV as at 31 March 2018	901,270	930	16,004	106,024	12,964	1,037,192

Expenditure to works on existing properties

	2019	2018
	£'000	£'000
Amounts capitalised	8,250	11,676
Amounts charged to income statement	5,019	4,755
	13,269	**16,431**

Housing properties book value, net of depreciation

	2019	2018
	£'000	£'000
Freehold land and buildings	751,420	748,987
Long leasehold land and buildings	295,889	288,205
	1,047,309	**1,037,192**

13. Tangible fixed assets – investment properties

Policies

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from either Market Value – Vacant Possession ("MV-VP") or Market Value – Subject to Tenancies ("MV-ST"). The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing MV-VP needs to be made. No depreciation is provided. Changes in fair value are recognised in the income statement.

Leased assets

Assets held under finance leases are included in the balance sheet as investment properties.

	2019	2018
	£'000	£'000
Valuation		
At the beginning on the year	13,675	12,995
Disposals	(210)	(90)
Revaluation	713	770
At the end of the year	**14,178**	**13,675**

The investment properties were valued at 31 March 2019 by Aspin and Company Chartered Surveyors, on the basis of Market Value, as defined in the Valuation Standards of the Royal Institution of Chartered Surveyors. The surplus on revaluation of investment properties is £713k. Of this £253k has been credited to the revaluation reserve as it represents an increase to the original property values rather than a reversal of a previous negative revaluation.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019	2018
	£'000	£'000
Historical cost of completed investment properties		
Gross cost	13,518	14,040
Accumulated depreciation based on historical cost	(5,285)	(5,218)
Historical cost net book value	**8,233**	**8,822**

14. Tangible fixed assets - other

Policy

Other tangible fixed assets

Other fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for Freehold and leasehold office property assets are 50 to 60 years.

	Freehold offices £'000
Cost	
As at 1 April 2018	7,823
Additions	90
As at 31 March 2019	**7,913**
Depreciation and Impairment	
As at 1 April 2018	933
Charged in year	119
As at 31 March 2019	**1,052**
NBV as at 31 March 2019	**6,861**
NBV as at 31 March 2018	6,890

15. Investments – Homebuy loans

Policy

Homebuy loans

Homebuy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest and any impairment loss is recognised in the income statement to the extent that it cannot be offset against the Homebuy grant. Grant relating to Homebuy equity is recognised as deferred income until the loan is redeemed and the grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent that the proceeds permit. The Association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the property. If there is a fall in the value of the property the shortfall in proceeds is offset against the recycled grant.

	2019 £'000	2018 £'000
At the beginning of the year	7,551	8,134
Loans redeemed	(659)	(626)
Reclassification	-	43
At the end of the year	**6,892**	**7,551**

16. Fixed asset investment

Policy

Investment in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are accounted for at cost less any accumulated impairment.

	Fixed asset investments £'000s	Joint Venture £'000s
As at 1 April 2018	548	10
Disposal	(68)	-
As at 31 March 2019	480	10

Other investments comprise shared equity loans of £480k (2018: £548k). These loans were funded by Great Places Housing Association (GPHA) and not Homes England. The joint venture is with Reviva Urban Renewal Limited ("Reviva") which is a company in which GPHA has a one third interest. The other parties to the joint venture are Mosscare St Vincent's Housing Group and Irwell Valley Housing Association. Reviva has been dormant throughout the last three years and has not traded.

17. Stock and work in progress

Policies

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal. They are also reviewed for impairment as part of determining the net realisable value.

Materials stock

Stock is stated at the lower of cost and net realisable value. Costs comprise parts and materials for use by our in house repairs team for the repair of our housing properties and stocks are valued at purchase price using the first in, first out method. Materials stock is held in the Distribution Centre and in the van fleet.

	2019 £'000	2018 £'000
Shared ownership properties:		
- completed	3,352	2,133
- under construction	2,536	4,043
Materials stock	516	452
	6,404	**6,628**

The figures above include £85k (2018: £215k) of capitalised interest.

18. Debtors

Policy

Social housing grant

SHG due from Homes England is included as a current asset.

Debtors

Debtors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Recoverable amount of rental and other trade receivables

The Association estimates the recoverable amount of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements

The Association has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate. The association has reviewed its social housing rent arrears where a formal repayment schedule is in place and has determined that the net book value adjustment for these arrangements are not material so no adjustment has been made for these other than any bad debt provision provided.

	2019 £'000	2018 £'000
Due within one year		
Rent and service charges receivable	5,241	3,706
Provision for bad and doubtful debts	(2,526)	(2,127)
	2,715	1,579
Due from group undertakings	19,677	18,535
Trade debtors	448	766
Social housing grant receivable	1,476	6,229
Others debtors	3,650	3,011
Prepayments and accrued income	788	672
	28,754	**30,792**
Due after more than one year		
Due from subsidiary undertakings (note 33)	17,684	8,766
	17,684	**8,766**

Amounts due in less than one year from group undertakings are interest free and due on demand.

19. Current asset investments

Policy

Investments

All investments held by the Association are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historic cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historic cost. Investments that are receivable within one year are not discounted. The association has the following ring-fenced funds with counterparties:

	2019	2018
	£'000	£'000
THFC EIB £20m facility to cover security withdrawal	2,620	1,862
AHF PLC's £20.5m facility to cover 12 months interest	804	799
AHF PLC's £20.5m facility to cover security withdrawal	397	145
AHF PLC's £29.5m facility to cover 12 months interest	708	704
AHF PLC's £29.5m facility to cover security withdrawal	1,308	529
	5,837	**4,039**

20. Creditors: amounts falling due within one year

Policies

Creditors

Creditors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Social housing grant (SHG)

SHG received in advance from Homes England is included as a current liability.

Holiday pay accrual

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

Leaseholder sinking funds

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

	2019	2018
	£'000	£'000
Debt, net of arrangement fees (note 22a)	363	554
Loan due to parent undertaking (note 22b)	8,575	9,812
Obligations under finance lease (note 22c)	78	76
Interest rate swap due to parent undertaking (note 22d)	3,602	3,301
Deferred capital grant (note 23)	5,587	5,529
Recycled capital grant fund (note 24)	4,247	1,977
Disposal proceeds fund (note 25)	-	552
Pension deficit (note 27)	11	931
Trade creditors	608	1,402
Rent and service charges received in advance	1,806	1,798
Social housing grant received in advance	1,716	870
Owed to group undertakings	6,127	4,769
Other taxation and social security	204	196
Leaseholder sinking funds	7,916	6,897
Other creditors	7,290	8,713
Accruals and deferred income	4,834	6,732
	52,964	**54,109**

Included within cash balances is £7,916k (2018: £6,897k) which is held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities.

Amounts due in less than one year from group undertakings are interest free and due on demand.

21. Creditors: amounts falling due after more than one year

	2019	2018
	£'000	£'000
Debt, net of arrangement fees (note 22a)	71,638	72,495
Loan due to parent undertaking (note 22b)	464,120	469,866
Obligations under finance lease (note 22c)	2,970	3,049
Interest rate swap due to parent undertaking (note 22d)	41,314	40,285
Deferred capital grant (note 23)	463,258	466,002
Recycled capital grant fund (note 24)	8,200	7,070
Pension deficit (note 27)	53	5,283
Other creditors	29	29
	1,051,582	**1,064,079**
Creditors due after more than one year excluding deferred capital grant	**588,324**	**598,077**

22. Debt analysis

Policies

Derivative instruments and hedge accounting

The Association holds floating rate loans which expose the Association to interest rate risk. To mitigate against this risk the Association uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Association has designated each of the swaps, other than the one held with Credit Suisse, against existing drawn floating rate debt. To the extent the hedge is effective, movements in fair value adjustments are recognised in other comprehensive income. For the Credit Suisse swap which is not effectively hedged, any movements in fair value are recognised in the income statement for the year.

Loan issue costs

The cost of raising loan finance is initially capitalised and offset against the loan principal and is amortised to the income statement on a straight line basis over the term of the loan.

22. Debt analysis (continued)

a) Loans repayable

	2019	2018
	£'000	£'000
In one year or less or on demand	363	554
In more than one year, but not more than two years	386	504
In more than two years, but not more than five years	2,061	1,704
In more than five years	75,962	77,088
	78,772	79,850
Less: Loan arrangement fees	(6,770)	(6,801)
	72,002	**73,049**

The weighted average interest rate of these loans at 31 March 2019 is 4.04% (2018: 4.08%). This loan is split between fixed and variable interest rates as detailed below:

	2019	2018
	£'000	£'000
Fixed rate	78,771	79,198
Variable rate	1	652
	78,772	**79,850**

Bond issue premium and discount	2019	2018
	£'000	£'000
AHF 2014 bond issue proceeds	20,500	20,500
Premium on AHF 2014 issue	111	114
	20,611	**20,614**

Housing loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest. Finance for Residential Social Housing PLC (Fresh), bank and debenture loans are secured by fixed charges over individual properties.

22. Debt analysis (continued)

Loan due to parent undertaking

	2019	2018
	£'000	£'000
In one year or less or on demand	8,575	9,812
In more than one year, but not more than two years	8,593	8,568
In more than two years, but not more than five years	25,475	26,375
In more than five years	430,052	434,923
	472,695	**479,678**

The loan due to parent undertaking is split between fixed and variable interest rates as detailed below:

	2019	2018
	£'000	£'000
Bond	293,728	294,262
Fixed rate	51,000	57,448
Variable rate (fixed by swaps see note 22c)	127,000	127,000
Variable rate	967	968
	472,695	**479,678**

On 22 October 2012 Great Places Housing Group Limited ("Great Places") issued a £200m bond of which £50m was retained. £150m was immediately on lent to Great Places Housing Association. The bond has a 30 year term at a fixed interest rate of 4.811%.

On 5 December 2013, Great Places released part of the £50m retained bond which was immediately on lent to Great Places Housing Association. The release resulted in the issue of £31.78m of bonds at a spread of 1.04% over the gilt yield to provide a fixed rate funding at an all in cost of 4.574%.

On 9 October 2014, Great Places released the final part of the retained bond of £18.22m at a spread of 1.02% over the gilt yield to provide a fixed rate funding at an all in cost of 4.002% which was immediately on lent to Great Places Housing Association.

On 19 March 2018, Great Places tapped its existing bond for £145m, including £70m retained for later sale. £75m was immediately on lent to Great Places Housing Association. The bond matures in October 2042, in line with the 2012 issue, and achieved a spread of 1.40% over the gilt yield to provide a fixed rate of funding at an all in cost of 3.334%.

22. Debt analysis (continued)

b) Obligations under finance leases

	2019	2018
	£'000	£'000
In one year or less or on demand	78	76
In more than one year, but not more than two years	81	79
In more than two years, but not more than five years	261	252
In more than five years	2,628	2,718
	3,048	**3,125**

c) Interest rate swaps fair values due to parent undertaking

	2019	2018
	£'000	£'000
In one year or less or on demand	3,602	3,301
In more than one year, but not more than two years	3,431	3,244
In more than two years, but not more than five years	10,293	9,210
In more than five years	27,590	27,831
	44,916	**43,586**

The Association's parent, Great Places, has entered into a number of standalone interest rate swap agreements in order to fix the Group's exposure to LIBOR interest rate movements. The loans, which Great Places has interest rate swaps in place against, have been on lent to the Association under an Intra-group loan agreement. Under the terms of this agreement the Association has indemnified Great Places in relation to any costs in relation to the interest rate swaps or similar hedging arrangements, therefore it is the Association that ultimately recognises any fair value gains and losses in its income statement.

The notional amount of the swap agreements is £127m against 1, 3 and 6 month LIBOR rates and the fixed swap rates are between 2.19% and 4.965% with maturity dates between 2019 and 2037. Further details are given in the Financial Instrument note 26. The swap fair values have been obtained from swap counterparties and verified by the Association's treasury advisors at each reporting date. The repayment profile set out above is calculated based on expected future swap payments required based on estimated LIBOR rates.

d) Debenture stocks

The debenture loan to THFC Ltd, 8.625% Debenture, 2023 is repayable by a single payment on 13 October 2023. Included in the loan balances above are the following balances:

	2019	2018
	£'000	£'000
THFC (Indexed 2) Ltd: 5.5% Index-linked stock, 2024	-	400
THFC Ltd: 8.625% Debenture stock, 2023	750	750

22. Deferred capital grant

Policy

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Grant in relation to newly acquired or existing housing properties is accounted for using accruals model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the income statement on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the SORP the useful life of the housing property structure has been used and, where applicable, its individual components (excluding land).

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

	Social housing grant	Homebuy grant	Total 2019	Total 2018
	£'000	£'000	£'000	£'000
At the beginning of the year	463,980	7,551	471,531	471,279
Grants received in the year	7,010	-	7,010	9,287
Grants recycled in the year	(3,553)	(624)	(4,177)	(3,957)
Grants disposed in the year	(576)	(35)	(611)	(133)
Grants disposed in the year (previously amortised)	510	-	510	-
Grant reinstated from other registered providers	-	-	-	462
Grants amortised in the year:				
- social housing lettings	(5,389)	-	(5,389)	(5,378)
- other housing lettings	(29)	-	(29)	(29)
At the end of the year	**461,953**	**6,892**	**468,845**	**471,531**

	2019	2018
Of which:		
Due within one year	5,587	5,529
Due after more than one year	463,258	466,002
	468,845	**471,531**

Social housing grant

Total accumulated social housing grant received or receivable at 31 March:

	2019	2018
	£'000	£'000
Capital grant	526,674	525,183
Revenue grant	77,392	71,873
	604,066	**597,056**

23. Recycled capital grant fund

Policy

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

	2019	2018
	£'000	£'000
At the beginning of the year	9,047	5,947
Grants recycled		
- housing properties	2,434	2,386
- Shared ownership	989	920
- homebuy	624	621
Interest accrued	77	28
Transfers from other group members	90	31
Development of properties	(814)	(886)
At the end of the year	**12,447**	**9,047**
Of which:		
Due within one year	4,247	1,977
Due greater than one year	8,200	7,070
	12,447	**9,047**

24. Disposal proceeds fund

Policy

Receipts from Right to Acquire sales prior to April 2017 were required to be retained in a ring fenced fund that can only be used for providing replacement housing. The Association is required to continue to operate the fund and comply with the regulator's Disposal Proceeds Funds Requirements until the fund is exhausted, which it now is.

	2019	2018
	£'000	£'000
At the beginning of the year	552	552
Development of properties	(552)	-
At the end of the year	**-**	**552**

25. Financial instruments

Policy

Financial instruments which meet the criteria of a basic financial instrument as defined in section 11 of FRS 102 are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historic cost. Loans that are payable within one year are not discounted.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the income statement. At each year end, the instruments are revalued to fair value, with the movements posted to the income statement, unless hedge accounting is applied.

The Association's financial instruments may be analysed as follows:

	2019	2018
	£'000	£'000
Financial assets		
Financial assets measured at historical cost:		
- Homebuy loans	6,892	7,551
- Trade receivables	448	766
- Other receivables	45,991	38,792
- Current asset investments	2,620	1,862
- Cash and cash equivalents	56,789	70,558
Total financial assets	**112,740**	**119,529**

	2019	2018
	£'000	£'000
Financial liabilities		
Financial liabilities measured at historical cost:		
- Loans payable	544,697	552,727
- Trade creditors	608	1,402
- Other creditors	42,433	45,817
- Finance leases	3,048	3,125
- Deferred capital grant	468,845	471,531
Derivative financial instruments hedged*	44,745	43,181
Derivative financial instruments non-hedged**	171	405
Total financial liabilities	**1,104,547**	**1,118,188**

**Derivative financial instruments designated as hedges of variable interest rate risk derived from SWAPS*

*** non-hedged financial instruments are measured at fair value through profit and loss.*

26. Financial instruments (continued)

The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102 and had a fair value of £44,745k (2018: £43,181k) at the balance sheet date.

The cash flows arising from the interest rate swaps will continue until their maturity in the periods 20 November 2024 to 19 December 2037, coincidental with the repayment of the term loans. The change in fair value in the period resulted in an increase in the liability of £1,564k (2018: decrease of £6,522k) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

One of the swaps with Credit Suisse is not effectively hedged and is therefore measured at fair value through the income statement in line with FRS 102, the change in fair value in the period for this swap was an increase of £234k (2018: increase of £496k).

27. Pensions

Policy

Pensions

The Association participates in four funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ("SHPS"), Pension Trust Growth Plan ("PTGP"), and two Local Government Pension Schemes ("LGPS") one administered by the South Yorkshire Pension Authority ("SYPA") and the second administered by the Greater Manchester Pension Fund ("GMPF"). At 31 March 2019 there were 271 active members of the SHPS scheme, 2 active members of the PTGP scheme, 3 active members of the SYPA scheme and 3 active members of the GMPF scheme.

For PTGP scheme, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period. The net present value of the Association's future deficit contributions to PTGP are recognised as a liability. The SHPS liability was also previously accounted for this way. This treatment changed in the year as outlined in note 27a.

For the SHPS and LGPS schemes, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted as appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Association.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

The Association also participates in a defined contribution scheme operated by the Social Housing Pension Scheme. Contributions payable under this scheme are charged in the income statement in the period to which they relate.

27. Pensions (continued)

Actuarial gains and losses on defined benefit pension schemes

	2019	2018
	£'000	£'000
SHPS	(1,636)	-
The Growth Plan - PTGP	7	-
Local Government Pension Schemes	(236)	387
Total other comprehensive income	**(1,865)**	**387**

PTGP and SHPS (up to 31 March 2018) past service liability

	2019	2018
	£'000	£'000
Liability at the beginning of the year	6,214	7,113
Transferred to Other Comprehensive Income	(6,136)	-
Unwinding of discount factor (interest expense)	1	88
Deficit contribution paid	(9)	(897)
Re-measurement - impact of any change in assumptions	1	(90)
Re-measurement - amendments to the contribution schedule	(7)	-
Liability at the end of the year	**64**	**6,214**
Of which:		
Due within one year	11	931
Due greater than one year	53	5,283
	64	**6,214**

Pension Liability – actuarial basis

	2019	2018
	£'000	£'000
SHPS:		
Present value of funded obligations	(53,684)	-
Fair value of plan assets	39,480	-
Net liability (note 27a)	(14,204)	-
LGPS:		
Present value of funded obligations	(4,931)	(4,411)
Fair value of plan assets	3,723	3,506
Net liability (note 27c)	(1,208)	(905)
Pension liability	**(15,412)**	**(905)**

27. Pensions (continued)

a) Social Housing Pension Scheme

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 2 From 1 April 2016 to 30 September 2023:	28.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)

The Group's contribution to the SHPS for the year ended 31 March 2019 was £950k (2018: £900k). We estimate that the contributions to be paid in the next financial year will be £1,302k.

In previous years, it was not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Sufficient information has now been made available therefore the scheme has been transitioned to defined benefit accounting, in line with the amendments to FRS102 issued May 2019. These amendments to Section 28 require the difference between any liability for the contributions payable arising from an agreement to fund a deficit and the net defined liability recognised when applying defined benefit accounting to be recognised in other comprehensive income. The effective date for these amendments is accounting period beginning on or after 1 January 2020, however Great Places has chosen to early adopt.

27. Pensions (continued)

The earliest date that sufficient information was available from The Pensions Trust was 31 March 2018. In accordance with the revised FRS 102 paragraph 28.11C, the relevant date to apply the adjustment in other comprehensive income is 1 April 2018. When applying defined benefit accounting for the first time the following adjustments are needed to remove the liability for the present value of the deficit funding agreement and recognise the net pension deficit.

	2019
	£'000
Deficit funding agreement liability previously recognised at 31 March 2018	6,136
Net pension deficit on actuarial basis	12,257
Charge to Other Comprehensive Income	**6,121**

Financial Assumptions:

In calculating the scheme assets and liabilities, the fund actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible that actual outcomes will differ from those indicated. The main assumptions used by the actuary were:

	2019
	% per annum
Discount rate	2.35%
Inflation rate (RPI)	3.25%
Inflation rate (CPI)	2.25%
Salary Growth	3.25%
Allowance for commutation of pension for cash at retirement	75%

	2019	**2018**
	% per annum	**% per annum**
Discount rate	2.35%	2.35%
Inflation rate (RPI)	3.25%	3.15%
Inflation rate (CPI)	2.25%	2.15%
Salary Growth	3.25%	3.15%
Allowance for commutation of pension for cash at retirement	75%	75%

Mortality Assumptions:

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

Life expectancy at age 65 (Years)	**Males**	**Females**
People retiring in 2019	21.8	23.5
People retiring in 2039	23.2	24.7

27. Pensions (continued)

Analysis of the amount charged/(credited) to the statement of comprehensive income:

	2019 £'000	2018 £'000
Current service cost	366	-
Administrative expenses	10	-
Total charge to operating costs	**376**	**-**
Interest on plan assets	(962)	-
Interest on pension scheme liabilities	1,280	-
Total charge to other finance costs	**318**	**-**

Analysis of the amount charged/(credited) to other comprehensive income:

	2019 £'000	2018 £'000
Actuarial loss on liabilities	(3,603)	-
Re-measurement of plan assets	1,967	-
Total other comprehensive income	**(1,636)**	**-**

Changes in present value of defined benefit obligation:

	£'000	£'000
Opening defined benefit obligation	(49,762)	-
Current service cost	(366)	-
Expenses	(10)	-
Past service cost	-	-
Interest on pension liabilities	-	-
Actuarial loss on liabilities	(3,603)	-
Member contributions	(14)	
Closing defined benefit obligation	**(53,684)**	**-**

27. Pensions (continued)

Changes in fair value of plan assets:

	2019	2018
	£'000	£'000
Opening fair value of plan assets	37,505	-
Re-measurement of plan assets	1,967	-
Interest on plan assets	962	-
Benefits/transfers paid	(1,351)	-
Employer contributions	383	-
Member contributions	14	-
Closing fair value of plan assets	**39,480**	**-**

Analysis of the movement in the deficit during the year:

	2019	2018
	£'000	£'000
Deficit in the fund at the beginning of year	(12,257)	-
Movement in year:		
Current service costs	(366)	-
Employer contributions	383	-
Net interest	(318)	-
Administrative expenses	(10)	-
Re-measurement of plan assets	1,967	-
Actuarial (loss)/gain	(3,603)	-
Deficit at end of year	**(14,204)**	**-**

27. Pensions (continued)

b) Pension Trust's Growth Plan

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

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

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243k per annum (payable monthly and increasing by 3% each on 1 April)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

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.

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. 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.

	2019	2018
	£'000	£'000
Liability at the beginning of the year	78	88
Unwinding of discount factor (interest expense)	1	1
Deficit contribution paid	(9)	(10)
Re-measurement - impact of any change in assumptions	1	(1)
Re-measurement - amendments to the contribution schedule	(7)	-
Liability at the end of the year	**64**	**78**
Of which:		
Due within one year	11	10
Due greater than one year	53	68
	64	**78**

27. Pensions (continued)

Income and expenditure impact

	2019 £'000	2018 £'000
Interest expense	1	1
Re-measurement – impact of any change in assumptions	1	(1)
Re-measurement – amendments to the contribution schedule	7	-

Assumptions

	2019 % per annum	2018 % per annum
Rate of discount	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.

Deficit contribution schedule:

The following schedule details the deficit contributions agreed between the Association and the scheme at each year end period:

	2019 £'000	2018 £'000
Year 1	11	10
Year 2	11	10
Year 3	11	11
Year 4	12	11
Year 5	12	11
Year 6	10	12
Year 7	-	12
Year 8	-	6

The Association 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 statement i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the Association's balance sheet liability.

27. Pensions (continued)

c) Local Government Pension Schemes

The Association participates in two Local Government Pension Schemes ("LGPS"), one administered by South Yorkshire Pensions Authority ("SYPA") and one by Greater Manchester Pension Fund ("GMPF"). They are both defined benefit multi-employer benefit schemes administered under the Regulations governing the Local Government Pension Scheme. In accordance with accounting standards, the Association has grouped the disclosures of the two local government pension schemes in line with FRS 102. In addition the full requirements of FRS102 have been adopted.

At 31 March 2019 there were 6 active members of the Schemes employed by the Association. The Association's contribution to the LGPS for the year ended 31 March 2019 was £84k (2018: £72k) and the employer's contribution rate is 14.2% (2018: 13.3%) for SYPA and 20.6% (2018: 20.0%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £67k.

A full actuarial valuation was carried out at 31 March 2017 and supplementary figures were provided for 31 March 2019 by a qualified independent actuary.

Financial Assumptions:

In calculating the scheme assets and liabilities, the fund actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible outcomes will differ from those indicated. The main assumptions used by the actuary were in the range:

	As at 31 March 2019	As at 1 April 2018
Financial Assumptions		
Rate of increase in salaries	3.3% - 3.45%	3.2% - 3.35%
Discount rate for scheme liabilities	2.4% - 2.5%	2.70%
Rate of increase in pensions	2.3% - 2.5%	2.2% - 2.4%
Inflation (CPI)	2.20%	2.10%

Mortality Assumptions:

The post retirement mortality assumptions used to value the benefit obligation are based on the PA92 tables. Based on these assumptions the average range of future life expectations at age 65 are summarised below:

	Males	Females
Mortality Assumptions		
Current pensioners	21.5 - 23.1	24.1 - 25.9
Future pensioners	23.7 - 25.3	26.2 - 28.3

27. Pensions (continued)

Amounts recognised in the balance sheet:

	2019	2018
	£'000	£'000
Present value of funded obligations	(4,931)	(4,411)
Fair value of plan assets	3,723	3,506
Net liability	**(1,208)**	**(905)**

Analysis of the amount charged/(credited) to the income statement:

	2019	2018
	£'000	£'000
Current service cost	103	130
Past service costs	-	(21)
Administrative expenses	1	1
Settlement/curtailments	24	-
Total charge to operating costs	**128**	**110**
Interest on plan assets	(95)	(87)
Interest on pension scheme liabilities	118	117
Total charge to other finance costs	**23**	**30**

Analysis of the amount charged/(credited) to other comprehensive income:

	2019	2018
	£'000	£'000
Actuarial (loss)/gain on liabilities	(372)	352
Re-measurement of plan assets	136	35
Total other comprehensive income	**(236)**	**387**

27. Pensions (continued)

Changes in present value of defined benefit obligation:

	2019	2018
	£'000	£'000
Opening defined benefit obligation	(4,411)	(4,492)
Current service cost	(103)	(130)
Past service costs	-	(21)
Benefits/transfers paid	116	20
Curtailment	(24)	-
Interest on pension liabilities	(118)	(117)
Actuarial (loss)/gain on liabilities	(372)	352
Member contributions	(19)	(23)
Closing defined benefit obligation	**(4,931)**	**(4,411)**

Changes in fair value of plan assets:

	2019	2018
	£'000	£'000
Opening fair value of plan assets	3,506	3,310
Re-measurement of plan assets	136	35
Interest on plan assets	95	87
Benefits/transfers paid	(116)	(20)
Administrative expenses	(1)	(1)
Employer contributions	84	72
Member contributions	19	23
Closing fair value of plan assets	**3,723**	**3,506**

27. Pensions (continued)

Analysis of the movement in the deficit during the year:

	2019	2018
	£'000	£'000
Deficit in the fund at the beginning of year	(905)	(1,182)
Movement in year:		
Current service costs	(103)	(130)
Employer contributions	84	72
Past service costs	-	(21)
Net interest	(23)	(30)
Curtailment	(24)	-
Administrative expenses	(1)	(1)
Re-measurement of plan assets	136	35
Actuarial (loss)/gain	(372)	352
Deficit at end of year	**(1,208)**	**(905)**

Major categories of plan assets as a percentage of total plan assets:

	2019		2018	
	£'000	%	£'000	%
Equities	2,201	59.2%	2,119	60.4%
Bonds	722	19.4%	663	18.9%
Property	332	8.9%	286	8.2%
Cash/Liquidity	203	5.4%	266	7.6%
Other	265	7.1%	172	4.9%
Total	**3,723**	**100.0%**	**3,506**	**100.0%**

28. Employees

The average number of employees, including the Executive Management Team, expressed as full time equivalents during the year was as follows:

	2019	2018
	No	No
Housing, support and care	226	259
Maintenance	20	9
Administration	4	1
	250	**269**

Employee costs are as follows:

	2019	2018
	£'000	£'000
Wages and salaries	7,443	7,404
Social security costs	610	627
Other pension costs	397	473
	8,450	**8,504**

29. Non-equity share capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up. Shares in the Association issued to members are not transferable. Upon a shareholder ceasing to be a member, his/her share is forfeited and the value is credited to the revenue reserve.

	2019	2018
	£	£
Shares of £1 each issued and fully paid		
At the beginning of the year	15	15
Shares issued during the year	2	1
Shares surrendered during the year	(3)	(1)
At the end of the year	**14**	**15**

30. Financial commitments

Capital expenditure commitments were as follows:

	2019	2018
	£'000	£'000
Expenditure contracted but not provided for in the accounts	47,095	34,748
Expenditure authorised by the Board, but not contracted	59,125	57,127
	106,220	**91,875**

Capital commitments for the Association will be funded as follows:

	2019	2018
	£'000	£'000
Existing loan facilities	21,637	9,191
First tranche and outright sales	24,343	24,918
Grants	20,762	26,962
Existing reserves	39,478	30,804
	106,220	**91,875**

31. Accommodation in management and development

At the end of the year, number of units in management for each class of accommodation was as follows:

	2019	2018
General housing		
- social housing	8,754	9,064
- affordable housing	4,110	3,767
Supported housing	1,534	1,550
Key worker housing	52	55
Low cost home ownership	502	575
Total owned	**14,952**	**15,011**
Accommodation managed for others		
- social housing	701	682
- non-social housing	-	184
Total managed	**15,653**	**15,877**
Accommodation in development at year end	453	384

At the end of the year, number of units owned by the Association but managed by others on its behalf was as follows:

	2019	2018
Housing accommodation	1,900	1,789

32. Contingent liabilities and cross guarantees

Policy

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

The Association has acquired a number of properties from other registered providers which had social housing grant (SHG) attached. In line with the SORP these transactions were recorded at fair value and the SHG is not shown on the balance sheet of the Association.

The Association has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2019, the value of grant received in respect of these properties that had not been disposed of was £13,018k (2018: £13,094k).

Cross guarantees

Following the refinancing exercise in December 2007 by Great Places Housing Group Limited ("Great Places"), cross guarantees are in place with Great Places Housing Association ("GPHA"). These facilities are loans to Great Places and then on-lent to GPHA under a guarantee structure; i.e. the loans are secured against the assets of both the Association and those of the Group.

The guarantee structure also covers the interest rate swaps entered into by Great Places. As disclosed in note 22b, £473m (2018: £480m) of the Group's loans are on lent to GPHA under this arrangement.

33. Related parties

During the year the Association had intra-group transactions with its subsidiary Terra Nova Developments Limited, a non-regulated entity, incurring costs of £3,620k (2018: £1,088k) relating to housing property design and build services.

The Association has a loan with its subsidiary, Cube Homes Limited ("Cube"), a non-regulated entity. At the end of the year the value of the loan was £17,684k (2018: £8,766k). Interest of £863k (2018: £393k) was charged by the Association to Cube on this loan during the year.

The Association has taken advantage of the exemption available under FRS 102 not to disclose transactions with regulated Group Companies.

34. Ultimate controlling party

The ultimate controlling party of the Association is Great Places Housing Group Limited, which is a company registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing under the Housing Act. The consolidated accounts of Great Places Housing Group Limited can be obtained from Great Places Housing Group Limited, 2a Derwent Avenue, Manchester, M21 7QP, or via its website at www.greatplaces.org.uk.

Great Places Housing Association is the parent company of Terra Nova Developments Limited and Cube Homes Limited, both of which traded during the year and are incorporated in the United Kingdom.