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

Homes and Communities Agency No L1230

Great Places Housing Association

Report and Financial Statements
For the Year ended 31 March 2017

GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2017

CONTENTS

ASSOCIATION INFORMATION

Board

Chairman	A. Davison
Deputy Chair	J. Rayner
Other Members	C. Cashman
	J. Fitzgerald
	J. Green
	M. Harrison
	B. Nevin
	D. Robinson
	R. Sear (to 24.04.17)

Executive Officers

Chief Executive	M. Harrison
Company Secretary	P. Elvy

Registered office

Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Web site

www.greatplaces.org.uk

Registered Numbers

HCA No: L1230
Co-operative and Community
Benefit Society No: 19564R

External Auditors

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Internal Auditors

PWC
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers

The Royal Bank of Scotland plc
P.O. Box 356
38 Mosley Street
Manchester
M60 2BE

REPORT OF THE BOARD

The Board presents its report and the audited financial statements for the year ended 31 March 2017. 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 ("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 2017 was £10,915K (2016: £10,423K). At the year-end revenue reserves amounted to £97,030K (2016: £85,895K). The total comprehensive income for the year ended 31 March 2017 was £7,417K (2016: £7,723K).

In respect of the year ended 31 March 2017 a gift aid payment of £280K (2016: £500K) was received on 31 March 2017 from Plumlife Homes Limited and further gift aid payments were agreed by Terra Nova Developments Limited at their board meeting on 21 March 2017 of £45K (2016: £110K) and by Cube Great Places Limited on 16 March 2017 of £454K (2016: £957K).

Housing property assets
Details of changes to the Association's property assets are shown in note 12 of the financial statements.

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

Donations
During the years ended 31 March 2017 and 2016 the Association has 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 reappraises, a full and comprehensive policy of diversity, inclusion and equal opportunities.

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.

REPORT OF THE BOARD

Board members and executive directors

The Board members and the executive directors of the Association at 31st March 2017 are set out on page 1 of these financial statements. Details of all the members and directors that have served during the period from 1st April 2016 up to the date of these statements have been signed are disclosed in note 11.

The Board members are drawn from a wide background bringing together professional, commercial and local experience. In recognition of the increasing challenges and responsibilities facing the Board and the time and effort they put into performing their duties, Great Places remunerates its Board members and formalises these arrangements through individual Board member service contracts.

The Association's executive directors are the members of the Group's senior management team and are remunerated by GPHG. They hold no interest in the Association's shares and act as executives within the authority delegated by the Board. Details of the periods of service and of the emoluments of the executive directors are included in the financial statements of GPHG.

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

Other benefits

The executive directors are entitled to other benefits such as the provision of a car (or car allowance) and health care insurance. A bonus arrangement exists for the executive directors, but has not been triggered in either 2015/16 or 2016/17. Further information on the emoluments of the executive directors is included in note 11 to the audited financial statements.

Executive Pensions

The executive directors are members of the Social Housing Pension Scheme. They participate in the scheme on the same terms as all other eligible staff and the Association contributes to the scheme on behalf of its employees.

Staff Pension costs

The Association participates in four defined benefit pension schemes, the Social Housing Pension Scheme (SHPS – 84 staff participate), the Pension Trust Growth Plan (PTGP – 2 staff participate), the South Yorkshire Pension Fund (SYPF – 8 participants) and the Greater Manchester Pension fund (GMPF - 7 participants).

SHPS operate a Career Average (80ths) scheme which is open to all employees.

The most recent formal actuarial valuation of SHPS was undertaken as at 30 September 2014, at which date the scheme has reported a deficit of £1,323M (70% funded) compared to £1,035M (67% funded) at September 2011. This deficit is for the SHPS scheme as a whole and is not GPHA's deficit.

The Association pays deficit reduction contributions over periods that will end between October 2020 and October 2026. These payments and liabilities reflect the deficit reduction plans implemented by SHPS. See notes 27 and 34.

A SHPS defined contribution scheme is also available (143 participants) – this is also open to all new employees as well as having formed the basis for auto-enrolment from November 2013. The scheme requires contributions of either 3% or 5% from both employee and employer.

SYPF is a final salary related scheme open to employees that work on the Sheffield stock transfer estates. GMPF is a final salary related scheme open to employees that work on the Oldham PFI.

REPORT OF THE BOARD

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 being operated 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 existence of the Audit and Assurance Committee, with appropriate terms of reference;
    - An independent internal audit function; and
    - The external auditors;
- Financial and non-financial performance monitoring and management;
- Appropriate communications structures;
- Effective tenant 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 (approved by Board in October 2015) reinforced by a comprehensive Risk Policy (approved by Board in October 2016) and methodology which is monitored via routine risk reporting to every Board meeting, with detailed 6 monthly reviews, and additional scrutiny provided by Audit and Assurance Committee members;
- A refined Executive structure, supported by a strengthened Director team, reflecting key business and strategic priorities, which operate within a framework that effectively identifies and manages the risk of achieving those priorities;
- The prioritisation of 10 Critical Success Factors (CSF's) linked to corporate priorities which include minimum and aspirational stretch targets, which help to ensure our performance management framework is focused on what matters most and on providing focus and assurance;
- 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 approve all 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;

REPORT OF THE BOARD

- 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 Homes and Communities Agency 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, triennial governance review completed by David Tolson Partnership, health and safety review conducted by Housing Quality Network;
- 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 2016/17

During 2016/17 the following progress was made in this area:

- Board approved nine corporate strategies that were identified in the 2015-18 Corporate Plan – this leaves only two out of the identified 26 documents which are still to go through the approvals process during year three of the corporate plan. In order to ensure that any actions / milestones identified within the strategy are delivered, we have introduced an action plan tracker which is monitored by the Head of Business Assurance and reported to the Directors team on a quarterly basis;
- Financial performance is monitored by means of an Executive Director of Finance report which is submitted to every Board meeting, as are budget and business plan reports and management accounts;
- Introduction of a programme board with responsibility for oversight of the seven Building Greatness themes led by the Executive Director of Finance in order to support the achievement of further efficiencies;
- Appointment of a Head of Governance – with specific responsibilities around implementing the recommendations from the triennial governance review, reviewing the code of governance and the asset and liabilities register, and providing effective support to the Executive, Board and Committee members to enable them to effectively undertake their strategic role and drive forward the company to meet its corporate objectives;
- Enhancements to the risk management framework – with a new Risk Management Policy approved in October 2016, and an embedded framework of risk registers at strategic, operational and project level, including the articulation of our risk appetite statement and tolerance levels, and the identification of risk targets;

REPORT OF THE BOARD

- In order to fully assess the effectiveness of our governance arrangements and our compliance with the Code of Governance, Angela Lomax of David Tolson Partnerships Ltd. was commissioned to provide challenge and oversight taking into account best practice, regulatory expectations, board and committee effectiveness and value for money. This review concluded that: "G*overnance arrangements at Great Places are effective. Our observations of both the Board and Audit & Assurance Committee indicated high performing members, who are well engaged, contribute effectively and provide added value to the organisation".*

Audit work undertaken in 2016/17
During 2016/17, all internal audit and assurance work was undertaken by PWC, who follow a risk based internal audit approach.

Work carried out included 13 compliance audits across a broad range of service areas, and one collaborative assessment. The 13 compliance audits produced one high risk area (procurement contract management), seven medium risk areas (asbestos and water hygiene, complaints, supported housing data quality, distribution centre, governance, income management and Plumlife sales), four low risk areas (core financial controls, development, payroll and service charges) and one advisory area (asset management) where no recommendations were identified.

The collaborative assessment was an IT Risk Diagnostic report assessing progress against 35 indicators. This report had also been completed in the previous year and the report showed progress in 25 out of 35 areas. Internal audit follow up has also been conducted on four occasions during the year. Out of 105 recommendations checked, 87 were shown as fully implemented representing an 83% implementation rate.

In their internal audit annual report for 2016/17 PWC state that they "conclude that there are adequate and effective governance, risk management and control processes to enable the related risks to be managed and objectives met".

Our external auditors, BDO, have also confirmed that they have not identified any significant deficiencies in internal control during their audit and delivered an unqualified audit opinion on the financial statements.

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.

To assist the Audit and Assurance Committee in the review process, it has received the Chief Executive's report regarding the effectiveness of the system of internal control for the Group. The Chief Executive's report concludes:

- That there are suitable internal controls for maintaining adequate accounting records, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities;
- That no weaknesses have been identified which would have resulted in material misstatement or loss and which would have required disclosure in these financial statements; and

REPORT OF THE BOARD

- 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.

The Audit and Assurance Committee has conducted its own review of the effectiveness of the systems currently in place, has reported its findings to the Board and has confirmed that all necessary actions have been taken to remedy any significant failings or weaknesses.

The Board is therefore able to confirm that the system of internal controls is ongoing and has been in place for the year to 31 March 2017 and up to the date of the approval of these financial statements.

The Board also confirms that it is satisfied that there are ongoing processes in place to identify, evaluate, control and manage any significant risks faced by the organisation. These processes have been in place during the year under review, up to the date of the annual report and accounts and they are regularly reviewed by the Board.

The Board confirms that no weaknesses were found in the internal controls for the year ended 31 March 2017 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

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 April 2017) which demonstrates that the Association has funding facilities in place that will last for over 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 7th September 2017 at Southern Gate, Manchester.

External auditors
A resolution to re-appoint BDO LLP will be proposed at the AGM on 7th September 2017.

Statement of compliance
In preparing this Board report, the Board has complied with the HCA's Governance and Financial Viability Standard as set out in the Accounting Direction 2015.

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.

REPORT OF THE BOARD

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 2015. 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.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the 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 27th July 2017 and signed on its behalf by:

Phil 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 for the year ended 31 March 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors
As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2017 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 prepared in accordance with the requirements of 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 2015.

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 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;
- adequate accounting records have not been kept by the Association; or

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

- 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.

BDO LLP

BDO LLP, Statutory Auditor
Manchester
United Kingdom
Date: 01/08/2017

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

GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2017

STATEMENT OF COMPREHENSIVE INCOME

	Note	2017 £'000	2016 £'000
Turnover		**82,243**	81,214
(excluding amortisation of government grants and first tranche sales)			
Amortisation of government grants	4	**5,295**	5,223
First tranche sales	4	**13,168**	8,496
Total turnover	4	**100,706**	94,933
Operating costs	4	**(59,173)**	(61,494)
Cost of sales	4	**(11,884)**	(7,323)
Surplus on sale of fixed assets – housing properties	5	**2,458**	5,123
Surplus on sale of fixed assets – investment properties	5	**27**	-
Operating surplus	6	**32,134**	31,239
Interest receivable	7	**382**	551
Interest payable and financing costs	8	**(21,557)**	(21,721)
SHPS pension discount rate remeasurements	27	**(211)**	49
Gift aid from subsidiary undertakings	10	**508**	1,068
Movement in fair value of financial instruments	8	**167**	(75)
Movement in fair value of investment properties	13	**-**	380
Surplus on ordinary activities before taxation		**11,423**	11,491
Tax on surplus on ordinary activities	9	**-**	-
Surplus for the financial year		**11,423**	11,491
Actuarial gains on defined benefit pension schemes	34c	**(560)**	221
Movement in fair value of hedged financial instruments	8	**(2,938)**	(2,921)
Total other comprehensive income		**(3,498)**	(2,700)
Total comprehensive income for the year		**7,925**	8,791

All amounts relate to continuing activities.

The accompanying notes on pages 14 to 53 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board of Directors on 27th July 2017.

Board member	Board member	Secretary
A. Davison	C. Cashman	P. Elvy

GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2017

BALANCE SHEET

	Note	2017 £'000	2016 £'000
Tangible fixed assets			
Housing properties	12	**1,174,105**	1,136,067
Less: depreciation	12	**(146,872)**	(134,154)
Investment properties	13	**12,995**	13,085
Other tangible fixed assets	14	**8,887**	5,134
		1,049,115	1,020,132
Fixed asset investments			
Homebuy loans	15	**8,134**	8,796
Fixed asset investment	16	**548**	548
Investment in joint venture	16	**10**	10
Total fixed asset investments		**8,692**	9,354
Total fixed assets		**1,057,807**	1,029,486
Debtors: Amounts falling due after more than one year	18	**5,445**	3,868
Current assets			
Stock and work in progress	17	**6,684**	10,484
Debtors	18	**37,105**	36,239
Investments	19	**3,852**	2,704
Cash and cash equivalents		**46,933**	26,401
		94,574	75,828
Creditors: Amounts falling due within one year	20	**(53,182)**	(48,499)
Net current assets		**41,392**	27,329
Total assets less current liabilities		**1,104,644**	1,060,683
Creditors:			
Deferred capital grant due after more than one year	21	**(465,743)**	(471,781)
Other creditors falling due after more than one year	21	**(588,232)**	(547,043)
Pension liability	34c	**(1,182)**	(577)
Net assets		**49,487**	41,282
Capital and reserves			
Non-equity share capital	28	**-**	-
Cash flow hedge reserve		**(49,703)**	(46,765)
Designated reserve		**161**	153
Revaluation reserve		**1,999**	1,999
Income and expenditure reserve		**97,030**	85,895
Association's funds		**49,487**	41,282

The accompanying notes on pages 14 to 53 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 27th July 2017 and signed on its behalf by:

Board member	Board member	Secretary
A. Davison	C. Cashman	P. Elvy

GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2017

STATEMENT OF CHANGES IN RESERVES

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated Reserve £'000	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2016	**(46,765)**	**1,999**	**153**	**85,895**	**41,282**
Surplus for the year	**-**	**-**	**-**	**11,423**	**11,423**
Actuarial losses on defined benefit pension scheme	-	-	-	(560)	(560)
Movement in fair value of hedged financial instruments	(2,938)	-	-	-	(2,938)
Other comprehensive income for the year	**(2,938)**	**-**	**-**	**(560)**	**(3,498)**
Gift aid receipt (note 10)	-	-	-	280	280
Interest credited from income and expenditure reserve	-	-	8	(8)	-
Balance at 31 March 2017	**(49,703)**	**1,999**	**161**	**97,030**	**49,487**

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated Reserve £'000	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2015	**(43,844)**	**1,861**	**175**	**73,799**	**31,991**
Surplus for the year	**-**	**-**	**-**	**11,491**	**11,491**
Actuarial gains on defined benefit pension scheme	-	-	-	221	221
Movement in fair value of hedged financial instruments	(2,921)	-	-	-	(2,921)
Other comprehensive income for the year	**(2,921)**	**-**	**-**	**221**	**(2,700)**
Gift aid receipt (note 10)	-	-	-	500	500
Transfer to revaluation reserve from fair value movement on investment properties (note 13)	-	138	-	(138)	-
Transfer of expenditure from income and expenditure reserve	-	-	(25)	25	-
Interest credited from income and expenditure reserve	-	-	3	(3)	-
Balance at 31 March 2016	**(46,765)**	**1,999**	**153**	**85,895**	**41,282**

In line with emerging practice, gift aid received from a group entity that is not a subsidiary of the Association has been treated as a capital contribution rather than income in the statement of comprehensive income. The impact is to decrease the surplus for the year ended 31st March 2016 by £500K to £11,491K.

NOTES TO THE FINANCIAL STATEMENTS

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 Homes and Communities Agency 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 2014, “Accounting by registered social housing providers” 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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

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 2017 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.

Value Added Tax (VAT)

GPHA is VAT registered as part of the GPHG 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.

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (continued)

Reserves (continued)
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 as designated reserves. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

- 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 appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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 section 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.

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);
- First tranche sales of Low Cost Home Ownership 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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

Policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximately 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 reduce 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2017	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000
Social housing lettings	**83,504**	**-**	**(55,180)**	**28,324**
Other social housing activities				
Supporting people	2,307	-	(3,259)	(952)
Properties managed but owned by other organisations	974	-	(638)	336
First tranche shared ownership sales	13,168	(11,884)	-	1,284
Other	498	-	(39)	459
	16,947	**(11,884)**	**(3,936)**	**1,127**
Non-social housing activities				
Commercial property income	255	-	(57)	198
	255	**-**	**(57)**	**198**
	100,706	**(11,884)**	**(59,173)**	**29,649**
Profit on disposal of fixed assets (note 5)				2,485
				32,134

2016	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000
Social housing lettings	**82,110**	**-**	**(53,892)**	**28,218**
Other social housing activities				
Supporting people	2,640	-	(4,121)	(1,481)
Properties owned but managed by other organisations	945	-	(579)	366
First tranche shared ownership sales	8,496	(7,323)	-	1,173
SHPS Pension deficit remeasurement (note 27)	-	-	(2,641)	(2,641)
Other	489	-	(102)	387
	12,570	**(7,323)**	**(7,443)**	**(2,196)**
Non-social housing activities				
Commercial property income	253	-	(159)	94
	253	**-**	**(159)**	**94**
	94,933	**(7,323)**	**(61,494)**	**26,116**
Profit on disposal of fixed assets (note 5)				5,123
				31,239

NOTES TO THE FINANCIAL STATEMENTS

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

Particulars of income and expenditure from social housing lettings

	2017					2016
	General needs housing	**Supported housing and housing for older people**	**Key worker housing**	**Low cost home ownership**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Rent receivable net of identifiable service charges	58,617	7,762	949	2,487	69,815	68,630
Service charge income	2,140	3,314	-	220	5,674	5,616
Charges for support services	-	341	-	-	341	346
Net rental income	**60,757**	**11,417**	**949**	**2,707**	**75,830**	**74,592**
Amortisation of government grants	4,194	759	1	341	5,295	5,223
Other income	1,650	667	62	-	2,379	2,295
Turnover from social housing lettings	**66,601**	**12,843**	**1,012**	**3,048**	**83,504**	**82,110**
Management	16,534	458	494	-	17,486	15,496
Services	2,454	2,946	333	218	5,951	5,739
Routine maintenance	8,642	1,239	108	17	10,006	10,164
Planned maintenance	86	261	-	-	347	419
Major repairs expenditure	3,574	552	8	20	4,154	6,407
Bad debts	320	10	(7)	13	336	439
Property lease charges	208	28	-	-	236	327
Depreciation of housing properties:						
-annual charge	12,098	1,638	64	803	14,603	13,765
-accelerated on replacement of components	767	76	-	-	843	892
Impairment of housing properties	400	790	-	-	1,190	222
Other costs	27	1	-	-	28	22
Operating expenditure on social housing lettings	45,110	7,999	1000	1,071	55,180	53,892
Operating surplus on social housing lettings	**21,491**	**4,844**	**12**	**1,977**	**28,324**	**28,218**
Void losses	334	420	143	1	898	809

NOTES TO THE FINANCIAL STATEMENTS

5 Surplus on sale of fixed assets – housing properties

	Investment properties 2017	Shared ownership 2017	Other housing properties 2017	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	120	2,846	5,606	8,572	14,806
Carrying value of fixed assets	(93)	(1,616)	(1,956)	(3,665)	(5,225)
	27	1,230	3,650	4,907	9,581
Capital grant recycled (note 24)	-	(730)	(1,610)	(2,340)	(3,989)
Disposal proceeds fund (note 25)	-	-	(82)	(82)	(469)
	27	500	1,958	2,485	5,123

In line with emerging practice the surplus on disposal of fixed assets has been presented as part of the operating surplus. The impact in restating results for the year ended 31st March 2016 is to increase operating surplus by £5,123K, there is not impact on the overall surplus for that year.

6 Operating surplus

This is arrived at after charging:	2017	2016
	£'000	£'000
Depreciation of housing properties	14,680	13,842
Accelerated depreciation on component disposal	843	892
Depreciation of other tangible fixed assets	875	51
Impairment of housing properties	1,190	222
Amounts paid under operating leases – land and buildings	231	241
Auditors' remuneration (excluding VAT):		
- for the audit of the financial statements	27	26
- for other services relating to taxation	3	3

7 Interest receivable and other income

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

	2017	2016
	£'000	£'000
Interest receivable and similar income	241	248
Intercompany interest receivable	141	303
	382	551

NOTES TO THE FINANCIAL STATEMENTS

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 (SHG) 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.

	2017 £'000	2016 £'000
Finance leases	185	178
Loans and bank overdrafts	3,874	3,769
Intercompany loans	18,139	18,139
Unwinding of pension discount cost (note 27)	149	100
Other finance costs including non-utilisation and commitment fees and arrangement fees amortised or written off	948	933
	23,295	23,119
Interest payable capitalised on housing properties under construction	(1,738)	(1,398)
	21,557	**21,721**
Other financing costs		
(Gain)/Loss on fair value of non-hedged derivative instruments	(167)	75
Other financing costs through other comprehensive income		
Loss on fair value of hedged derivative instruments	2,938	2,921
	24,328	**24,717**

Capitalised interest was charged at rates of 0.25% (2016: 0.50%) receivable and 4.7356% (2016: 4.9016%) payable.

9 Tax on surplus on ordinary activities

Policy

Taxation
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.

NOTES TO THE FINANCIAL STATEMENTS

10 Gift aid

	2017	2016
	£'000	£'000
Gift aid received from subsidiary undertakings	508	1,068
Gift aid received from other group undertakings	280	500
	788	1,568

A gift aid payment of £280,000 (2016: £500,000) was received on 31 March 2017 in respect of the period ended 31 March 2017 from Plumlife Homes Limited.

Two further gift aid payments were declared by the Boards of Terra Nova Developments Limited (Terra Nova) and Cube Great Places Limited (Cube) of £45,000 (2015: £110,000) on 21 March 2017 and of £454,000 (2016: £957,728) on 16 March 2017 respectively. 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 March 2017 Terra Nova made a gift aid payment of £9,000 to reduce the corporation tax for the March 2016 year end.

11 Directors and members

The Chief Executive of Great Places Housing Group is a member of the Board, no other 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 (2016: £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 (2016: £nil).

Note: The Great Places Housing Association Board received remuneration of £18,042 (2016: £18,080) from Great Places Housing Group Limited, the Association's parent company. Detail of that remuneration is included in the accounts of Great Places Housing Group Limited.

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

	Association	
	2017	2016
	No.	No.
£60,001 to £70,000	2	-
£70,001 to £80,000	1	2

NOTES TO THE FINANCIAL STATEMENTS

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. 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 and 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 (PPE) 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 Statement of Financial Position 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:

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

Policies (continued)

Depreciation of housing properties (continued)

Structure	100 years
Roofs	60 years
Boilers	12 years
Kitchens	20 years
Heating systems, Bathrooms, windows and External doors	25 years
Lifts	25 years
Solar panels and Photovoltaic panels	25 years

Properties held under leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

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 (CGU's) 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 CGU's 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 CGU's 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.

Leased assets
Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Association's normal accounting policies.

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 are 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.

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
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2016	972,007	1,087	50,130	98,912	13,931	1,136,067
Additions	754	-	30,642	341	8,710	40,447
Components capitalised	10,257	-	-	2	-	10,259
Interest capitalised	-	-	812	-	926	1,738
Schemes completed	41,382	-	(41,382)	9,399	(9,399)	-
Disposals	(9,055)	-	(190)	(2,697)	-	(11,942)
Component disposals	(2,464)	-	-	-	-	(2,464)
Reclassification	(310)	-	190	120	-	-
At 31 March 2017	1,012,571	1,087	40,202	106,077	14,168	1,174,105
Depreciation and impairment						
At 1 April 2016	126,263	143	150	7,598	-	134,154
Charged in year	13,850	8	-	822	-	14,680
Component disposal	(1,622)	-	-	-	-	(1,622)
Impairment	1,190	-	-	-	-	1,190
Released on disposal	(1,129)	-	(150)	(251)	-	(1,530)
At 31 March 2017	138,552	151	-	8,169	-	146,872
Net book value						
At 31 March 2017	**874,019**	**936**	**40,202**	**97,908**	**14,168**	**1,027,233**
At 31 March 2016	**845,744**	**944**	**49,980**	**91,314**	**13,931**	**1,001,913**

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

Expenditure to works on existing properties	**2017**	**2016**
	£'000	**£'000**
Improvement works capitalised	10,259	8,140
Amounts charged to income statement	4,154	6,407
	14,413	14,547

Social housing grant	**2017**	**2016**
	£'000	**£'000**
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	524,882	525,473
Revenue grant	66,352	58,158
	591,234	583,631

Housing properties book value, net of depreciation	**2017**	**2016**
	£'000	**£'000**
Freehold land and buildings	748,737	737,401
Long leasehold land and buildings	278,496	264,512
	1,027,233	1,001,913

Impairment
An impairment charge of £1,190K (2016: £222K) was made in the year. This relates to twelve supported schemes across our supported portfolio (£790K) and one general needs scheme in Bolton (£400K) which we are planning to dispose of during the year to March 2018.

NOTES TO THE FINANCIAL STATEMENTS

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.

Valuation	2017	2016
	£'000	£'000
At the beginning of the year	13,085	12,705
Disposal in the year	(90)	-
Revaluations	-	380
At the end of the year	12,995	13,085

The investment properties were valued at 31 March 2017 by Thomson Associates, on the basis of Market Value, as defined in the Valuation Standards of the Royal Institution of Chartered Surveyors.

There was no movement in the valuation of these properties in the year to March 2017.

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

Historical cost of investment properties	2017	2016
	£'000	£'000
Gross cost	14,300	14,561
Accumulated depreciation based on historical cost	(5,144)	(5,066)
Historical cost net book value	9,156	9,495

NOTES TO THE FINANCIAL STATEMENTS

14 Tangible fixed assets - other

Policy

Other tangible fixed assets

Other fixed assets, other than investment properties, are stated at historical 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 other assets are:

Freehold and leasehold office property	50 to 60 years
Office equipment, fixtures and fittings	4 to 10 years
Fixtures and fittings	3 years
Computer and similar equipment	3 to 4 years
Motor vehicles	4 years

	Freehold offices £'000
Cost	
At 1 April 2016	6,102
Additions	4,628
Disposals	-
At 31 March 2017	10,730
Depreciation and impairment	
At 1 April 2016	968
Charged in year	875
Disposals	-
At 31 March 2017	1,843
Net book value	
At 31 March 2017	**8,887**
At 31 March 2016	**5,134**

NOTES TO THE FINANCIAL STATEMENTS

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.

	2017 £'000	2016 £'000
At the beginning of the year	8,796	9,586
Loans redeemed	(662)	(828)
Reclassification	-	38
At the end of the year	8,134	8,796

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.

	Joint Venture Reviva Urban Renewal Limited £'000s	Other Investments £'000s
At 31st March 2017 and 2016	10	548

Other investments comprise: Shared equity loans of £548,000 (2016: £548,000) these loans were funded by Great Places Housing Association (GPHA) and not the Homes and Communities Agency.

Reviva Urban Renewal Limited ("Reviva") is a company in which GPHA has a one third interest. The other parties to the joint venture are Mosscare Housing Limited and Irwell Valley Housing Association. Reviva made a profit of £nil for the period (2016: £nil), the Association's share of which is £nil (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

	2017 £'000	2016 £'000
Shared ownership		
-completed properties	1,381	2,854
-under construction	4,868	7,323
Materials stock	435	307
	6,684	10,484

The figures above include £142,511 (2016: £203,461) of capitalised interest.

18 Debtors

Policy

Social housing grant (SHG)
SHG due from the Homes and Communities Agency 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.

NOTES TO THE FINANCIAL STATEMENTS

18 Debtors (continued)

	2017	2016
	£'000	£'000
Due within one year		
Rent and service charges receivable	3,539	3,877
Less: provision for bad and doubtful debts	(1,952)	(2,177)
	1,587	1,700
Due from group undertakings	29,239	27,905
Trade debtors	552	387
Social housing grants receivable	858	729
Other debtors	4,172	4,820
Prepayments and accrued income	697	698
	37,105	36,239
Due after more than one year		
Due from subsidiary undertakings	5,445	3,868
	5,445	3,868

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 (historical 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 historical cost. Investments that are receivable within one year are not discounted.

	2017	2016
	£'000	£'000
Investments	3,852	2,704

The Association has £955K (2016: £678K) in a sinking fund account with THFC to cover a shortfall in security for the EIB £20m facility.

The Association has £1,127K (2016: £366K) in a designated interest bearing account charged to Barclays to cover a temporary shortfall in security.

The Association has £790K (2016: £780K) in a designated interest bearing account charged in respect of AHF PLC's £20.5m facility to cover 12 months interest.

The Association has £714K (2016: £706K) in a designated interest bearing account charged in respect of AHF PLC's £29.5m facility to cover 12 months interest.

NOTES TO THE FINANCIAL STATEMENTS

19 Current asset investments (continued)

The Association has £266K (2016: £174K) in a designated interest bearing account charged in respect of AHF PLC's £29.5m facility to cover a shortfall in security.

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 the Homes and Communities Agency 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.

	Note	2017 £'000	2016 £'000
Debt, net of arrangement fees	22a	1,652	3,094
Loan due to parent undertaking	22b	3,087	37
Obligations under finance leases	22c	74	73
Interest rate swap due to parent undertaking	22d	4,826	4,550
Trade creditors		1,594	1,524
Rent and service charges received in advance		2,212	1,874
Social housing grant received in advance		895	225
Deferred capital grant	23	5,536	5,303
Amounts owed to group undertakings		6,851	7,213
Recycled capital grant fund	24	2,863	-
Disposal proceeds fund	25	470	-
SHPS pension deficit	27	898	866
Other taxation and social security		227	212
Leaseholder sinking funds		6,300	5,712
Other creditors		6,179	7,464
Accruals and deferred income		9,518	10,352
		53,182	**48,499**

20 Creditors: amounts falling due within one year (continued)

Included within cash balances is £6,300K (2016: £5,712K) which is specifically held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities.

In line with emerging practice the SHPS deficit has been reclassified in the current year to creditors split between amounts payable in less than and greater than one year. This amount had previously been classified as a provision. The impact of restating the 2016 financial information is to increase creditors due in less than one year by £866K, creditors due in greater than one year by £6,753K and reduce provisions by £7,619K, there is no impact on net assets.

21 Creditors: amounts falling due after more than one year	**Note**	**2017**	**2016**
		£'000	**£'000**
Debt, net of arrangement fees	22a	91,329	92,672
Loan due to parent undertaking	22b	438,589	396,771
Obligations under finance leases	22c	3,125	3,199
Interest rate swap due to parent undertaking	22d	45,779	43,283
Deferred capital grant	23	465,743	471,781
Recycled capital grant fund	24	3,084	3,866
Disposals proceeds fund	25	82	470
SHPS pension deficit	27	6,215	6,753
Other creditors		29	29
		1,053,975	**1,018,824**

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.

NOTES TO THE FINANCIAL STATEMENTS

22 Debt analysis (continued)

		2017	2016
a)	**Loans are repayable as follows:**	**£'000**	**£'000**
	In one year or less or on demand	1,652	3,094
	In more that one year, but not more than two years	1,701	1,647
	In more that two years, but not more than five years	5,503	5,294
	In more than five years	90,909	92,821
		99,765	102,856
	Less: loan arrangement fees	(6,784)	(7,090)
		92,981	**95,766**

The weighted average interest rate of these loans at 31st March 2017 is 3.742% (2016: 3.984%). This loan is split between fixed and variable interest rates as detailed below:

	2017	2016
	£'000	**£'000**
Fixed rate	82,447	84,952
Variable rate	17,318	17,904
	99,765	**102,856**

Housing loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest.

Fresh PLC (formerly Housing Corporation loans), building society, bank and debenture loans are secured by fixed charges over individual properties.

		2017	2016
b)	**Loan due to parent undertaking**	**£'000**	**£'000**
	In one year or less or on demand	3,087	37
	In more that one year, but not more than two years	8,148	934
	In more than two years, but not more than five years	24,572	28,992
	In more than five years	405,869	366,845
		441,676	**396,808**

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

	2017	2016
	£'000	**£'000**
Bond	201,676	201,713
Fixed rate	56,000	56,000
Variable rate (fixed by SWAPS see note 22d)	127,000	127,000
Variable rate	57,000	12,095
	441,676	**396,808**

On 22nd October 2012 Great Places Housing Group Limited issued a £200m bond. £150m was immediately on lent to Great Places Housing Association and £50m was retained. The bond has a 30 year term at a fixed interest rate of 4.81%.

NOTES TO THE FINANCIAL STATEMENTS

22 Debt analysis (continued)

b) Loan due to parent undertaking (continued)

On 5th December 2013, Great Places released part of the £50m retained bond. 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 9th 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%.

	2017	2016
c) Obligations under finance leases:	**£'000**	**£'000**
In one year or less or on demand	74	73
In more that one year, but not more than two years	76	74
In more that two years, but not more than five years	266	236
In more than five years	2,783	2,889
	3,199	**3,272**

	2017	2016
d) Interest rate swaps fair values due to parent undertaking:	**£'000**	**£'000**
In one year or less or on demand	4,826	4,550
In more that one year, but not more than two years	4,826	4,550
In more that two years, but not more than five years	13,455	13,038
In more than five years	27,498	25,695
	50,605	**47,833**

The Association's parent, Great Places Housing Group Limited (GPHG), 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 GPHG has interest rate swaps in place against have been on lent to the Association under an Inter-group loan agreement. Under the terms of this agreement the Association has indemnified GPHG in relation to any costs in relation to the interest rate swaps or similar hedging arrangements, therefore it is the Association who 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.

NOTES TO THE FINANCIAL STATEMENTS

22 Debt analysis (continued)

e) **Debenture stocks**	**2017**	**2016**
Included in the loan balances above are the following balances:	**£'000**	**£'000**
THFC (indexed 2) Ltd. – 5.5% Index-linked stock, 2024		
Balance as at 31 March	447	483
THFC Ltd – 11.5% Debenture stock, 2016		
Balance as at 31 March	-	1,500
THFC Ltd - 8.625% Debenture stock, 2023		
Balance as at 31 March	750	750

Fresh PLC (formerly Housing Corporation loans), building society, bank and debenture loans are secured by fixed charges over individual properties.

The Debenture loan noted below is repayable by a single payment, as follows:

Lender	Stock	Repayment date
THFC Ltd	8.625% Debenture, 2023	13 October 2023

23 Deferred capital grant

Policy

Government grants
Government grants include grants receivable from the Home and Communities Agency (the HCA), 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 2014. 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 (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income statement.

NOTES TO THE FINANCIAL STATEMENTS

23 Deferred capital grant (continued)

	Social housing grant 2017 £'000	Homebuy grant 2017 £'000	Total 2017 £'000	Total 2016 £'000
At the beginning of the year	468,288	8,796	477,084	478,430
Grants received in the year	7,512	-	7,512	10,494
Grants recycled in the year following disposal	(2,422)	(637)	(3,059)	(4,817)
Grants written off on disposal in the year	(4,748)	(25)	(4,773)	(1,737)
Grant reinstated from other registered providers	25	-	25	-
Disposal of component grant	(5)	-	(5)	-
Grants amortised in the year:				
- social housing lettings	(5,295)	-	(5,295)	(5,223)
- other housing lettings	(29)	-	(29)	(29)
Transferred to properties for sale	-	-	-	(25)
Reclassification	(181)	-	(181)	(9)
At the end of the year	**463,145**	**8,134**	**471,279**	**477,084**

24 Recycled capital grant fund

Policy

On the occurrence of certain relevant events, primarily the sale of dwellings, the HCA 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 the HCA 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".

	2017 £'000	2016 £'000
At the beginning of the year	3,866	3,137
Grants recycled		
- housing properties	2,340	3,989
- homebuy	637	828
Interest accrued	17	21
Transfers from other group members	91	30
Development of properties	(1,004)	(4,139)
At the end of the year	**5,947**	**3,866**
Of which:		
Due within one year	2,863	-
Due greater than one year	3,084	3,866
	5,947	**3,866**

NOTES TO THE FINANCIAL STATEMENTS

25 Disposal proceeds fund

Policy

Receipts from Right to Acquire (RTA) sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the Disposal Proceeds Fund (DPF). Any sales receipts less eligible expenses held within the DPF, 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".

	2017	2016
	£'000	£'000
At the beginning of the year	470	733
Net sales proceeds recycled	82	469
Interest accrued	-	1
Development of properties	-	(733)
At the end of the year	**552**	**470**
Of which:		
Due within one year	470	-
Due greater than one year	82	470
	552	**470**

26 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 (historical 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 historical 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).

NOTES TO THE FINANCIAL STATEMENTS

26 Financial instruments (continued)

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

	2017 £'000	2016 £'000
Financial assets		
Financial assets measured at historical cost:		
- Homebuy loan investment	8,134	8,796
- Trade receivables	552	387
- Other receivables	41,301	39,022
- Investments	3,852	2,704
- Cash and cash equivalents	46,933	26,401
Total financial assets	**100,772**	**77,310**
Financial liabilities		
Financial liabilities measured at historical cost:		
- Loans payable	534,657	492,574
- Trade creditors	1,594	1,524
- Other creditors	45,823	45,036
- Finance leases	3,199	3,272
- Deferred capital grant	471,279	477,084
Derivative financial instruments designated as hedges of variable interest rate risk	49,704	46,765
Derivative financial instruments measured at fair value through income and expenditure	901	1,068
Total financial liabilities	**1,107,157**	**1,067,323**

Derivative financial instruments designated as hedges of variable interest rate risk comprised interest rate swaps.

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 £49,704k (2016: £46,765k) at the balance sheet date.

The cash flows arising from the interest rate swaps will continue until their maturity in the periods 20th November 2024 to 19th December 2037, coincidental with the repayment of the term loans. The change in fair value in the period was £2,938k (2016: £2,921k) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

One of our 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 £167k (2016: decrease of £75k).

NOTES TO THE FINANCIAL STATEMENTS

27 SHPS pension deficit

Policy

The Association has recognised a provision for the SHPS pension deficit and Pension Trust's Growth Plan (PTGP) additional contribution agreements entered into by the Association as required by FRS 102. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

Pension deficit contribution provision	**2017**	**2016**
	£'000	**£'000**
At the beginning of the year	7,619	5,529
Charged to income and expense:		
- Remeasurement - amendments to the contribution schedule	-	2,641
- Remeasurement - changes in assumptions	211	(49)
Unwinding of discount (interest expense - note 8)	149	100
Contribution paid	(866)	(602)
At the end of the year	**7,113**	**7,619**

The discount rate used in calculating the SHPS pension deficit contribution provision changed from 2.06% at 31 March 2016 to 1.33% at 31 March 2017, this led to the remeasurement of the provision above.

Further details of the SHPS and PTGP schemes and contribution agreements are given in notes 34a and 34b.

28 Non-equity share capital

	2017	**2016**
	£	**£**
Shares of £1 each issued and fully paid		
At the beginning of the year	15	17
Shares issued during the year	-	-
Shares surrendered during the year	-	(2)
At the end of the year	**15**	**15**

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.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial commitments

	2017 £'000	2016 £'000
Capital expenditure commitments were as follows:		
Expenditure contracted but not provided for in the accounts	39,332	53,173
Expenditure authorised by the board, but not contracted	117,419	44,828
	156,751	**98,001**

Capital commitments for the Association will be funded as follows:

	2017 £'000	2016 £'000
Existing loan facilities	50,000	38,050
First tranche and outright sales	34,361	13,996
Grants	23,667	9,170
Existing reserves	48,723	36,785
	156,751	**98,001**

30 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 register 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 2017, the value of grant received in respect of these properties that had not been disposed of was £13,120k (2016: £13,178k).

30 Contingent liabilities and cross guarantees (continued)

Cross guarantees

Following a refinancing exercise in December 2007 by Great Places Housing Group Limited, cross guarantees are in place with GPHA.

On 22nd October 2012 Great Places Housing Group Limited issued a £200m bond. £150m was immediately on lent to Great Places Housing Association and £50m was retained.

On 5th December 2013, Great Places released £31.78m of the retained bond; This was immediately on lent to Great Places Housing Association.

On 9th October 2014, Great Places released the remaining bond of £18.22m; This was immediately on lent to Great Places Housing Association.

These facilities are loans to GPHG 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 GPHG.

NOTES TO THE FINANCIAL STATEMENTS

31 Related parties

During the year the Association had intra-group transactions with its subsidiary Terra Nova Developments Limited, a non-regulated entity, incurring cost of £14,195,000 (2016: £22,377,000) relating to housing property design and build services.

The Association has a loan with its subsidiary, Cube Great Places Limited (Cube), a non-regulated entity. At the end of the year the value of the loan was £5,445,000 (2016: £3,868,000). Interest of £141,000 (2016: £303,000) 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.

32 Accommodation in management and development

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

	2017 No	2016 No
General housing		
- social rent	9,661	9,872
- affordable rent	3,418	2,853
Supported housing	1,274	1,285
Key worker housing	241	245
Low cost home ownership		
- shared ownership	61	245
Total owned	**14,655**	**14,500**
Accommodation managed for others		
- social housing	1,135	664
- non-social housing	164	164
Total managed	**15,954**	**15,328**
Accommodation in development at the year end	330	694

33 Accommodation managed by others

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

	2017 No	2016 No
Housing accommodation	1,642	1,516

NOTES TO THE FINANCIAL STATEMENTS

34 Employees

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 Great Manchester Pension Fund (GMPF).

For the SHPS and PTGP schemes, 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 deficit contributions to SHPS is also recognised in the income statement.

For the 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.

Employee numbers:

Average monthly number of employees expressed as full time equivalents:

	2017	**2016**
	No	**No**
Housing, support and care	313	325
Maintenance	8	-
	321	325

Employee costs:	**2017**	**2016**
	£'000	**£'000**
Wages and salaries	7,876	8,366
Social security costs	709	650
Other pension costs	466	613
SHPS provision movements	(506)	(551)
SHPS remeasurement	-	2,641
	8,545	11,719

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (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. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-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:

Deficit contributions

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st 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 1st 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 1st 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 1st April)

Note that the scheme’s previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

34 Employees (continued)

a) Social Housing Pension Scheme

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.

Reconciliation of opening and closing provisions

	2017 £'000	2016 £'000
Provision at start of period	7,526	5,459
Unwinding of the discount factor (interest expense)	147	99
Deficit contribution paid	(856)	(593)
Remeasurements - impact of any change in assumptions	208	(48)
Remeasurements - amendments to the contribution schedule	-	2,609
Provision at end of period	**7,025**	**7,526**

Income and expenditure impact

	2017 £'000	2016 £'000
Interest expense	147	99
Remeasurements – impact of any change in assumptions	208	(48)
Remeasurements – amendments to the contribution schedule	-	2,609

Assumptions

	2017 % per annum	2016 % per annum
Rate of discount	1.33	2.06

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.

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

a) Social Housing Pension Scheme

Deficit contribution schedule

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

Year ending	2017 £'000	2016 £'000
Year 1	888	856
Year 2	921	888
Year 3	955	921
Year 4	859	955
Year 5	755	859
Year 6	781	755
Year 7	701	781
Year 8	614	701
Year 9	633	614
Year 10	326	633
Year 11	-	326

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.

b) Pension Trust's Growth Plan

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

b) Pension Trust's Growth Plan

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 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. 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 2013 to 31 March 2023:	£13,900,000 per annum (payable monthly and increasing by 3% each on 1st April)

A further full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. 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 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each year on 1st April
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each year on 1st April

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.

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

b) Pension Trust's Growth Plan

Reconciliation of opening and closing provisions

	2017 £'000	2016 £'000
Provision at start of period	93	70
Unwinding of discount factor (interest expense)	2	1
Deficit contribution paid	(10)	(8)
Remeasurements - impact of any change in assumptions	3	(2)
Remeasurements - amendments to the contribution schedule	-	32
Provision at end of period	88	93

Income and expenditure impact

	2017 £'000	2016 £'000
Interest expense	2	1
Remeasurements – impact of any change in assumptions	3	(2)
Remeasurements – amendments to the contribution schedule	-	32

Assumptions

	2017 % per annum	2016 % per annum
Rate of discount	1.32	2.07

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:

	2017 £'000	2016 £'000
Year 1	10	10
Year 2	10	10
Year 3	10	10
Year 4	11	10
Year 5	11	11
Year 6	11	11
Year 7	12	11
Year 8	12	12
Year 9	6	12
Year 10	-	6

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

b) Pension Trust's Growth Plan

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.

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. At 31 March 2017 there were 15 active members of the Schemes employed by the Association.

The Association's contribution to the LGPS for the year ended 31 March 2017 was £54,000 (2016: £54,000) and the employer's contribution rate is 12.4% (2016: 12.4%) for SYPA and 18.8% (2016: 18.2%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £51,000.

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.

A full actuarial valuation was carried out at 31 March 2016 and supplementary figures were provided for 31 March 2017 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 31/03/17	As at 31/03/16
Rate of increase in salaries	3.2% - 3.45%	3.5% - 3.85%
Discount rate for scheme liabilities	2.6%	3.5% - 3.7%
Rate of increase in pensions	2.2% - 2.4%	2.1% - 2.2%
Inflation (CPI)	2.2%	2.1%

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

c) Local Government Pension Schemes

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
Current pensioners	21.5 – 22.9	24.1 – 25.7
Future pensioners	23.7 – 25.1	26.2 – 28.0

Amounts recognised in the balance sheet:	**2017**	**2016**
	£'000	**£'000**
Present value of funded obligations	(4,492)	(2,936)
Fair value of plan assets	3,310	2,359
Net liability	(1,182)	(577)

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

	2017	**2016**
	£'000	**£'000**
Current service cost	105	112
Administrative expenses	1	1
Total charge to operating costs	106	113
Interest on plan assets	(86)	(76)
Interest on pension scheme liabilities	104	102
Total charge to other finance costs	18	26

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

	2017	**2016**
	£'000	**£'000**
Actuarial (loss)/gain on liabilities	(1,362)	294
Remeasurements of plan assets	802	(73)
Total other comprehensive income	(560)	221

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

c) Local Government Pension Schemes

Changes in present value of defined benefit obligation:	2017	2016
	£'000	£'000
Opening defined benefit obligation	(2,936)	(3,008)
Current service cost	(105)	(112)
Benefits/transfers paid	42	18
Interest on pension liabilities	(104)	(102)
Actuarial (loss)/gain on liabilities	(1,362)	294
Member contributions	(27)	(26)
Closing defined benefit obligation	(4,492)	(2,936)

	2017	2016
Changes in fair value of plan assets:	**£'000**	**£'000**
Opening fair value of plan assets	2,359	2,274
Remeasurements of plan assets	802	(73)
Interest on plan assets	86	76
Benefits/transfers paid	(42)	(18)
Administrative expenses	(1)	(1)
Employer contributions	79	75
Member contributions	27	26
Closing fair value of plan assets	3,310	2,359

	2017	2016
Analysis of the movement in the deficit during the year:	**£'000**	**£'000**
Deficit in the fund at the beginning of year	(577)	(734)
Movement in year:		
Current service costs	(105)	(112)
Employer contributions	79	75
Net interest	(18)	(26)
Remeasurement of plan assets	802	(73)
Administrative expenses	(1)	(1)
Actuarial (loss)/gain on liabilities	(1,362)	294
Deficit at end of year	(1,182)	(577)

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

	2017		2016	
	£'000		£'000	
Equities	2,228	67.0%	1,553	66.0%
Bonds	611	19.0%	445	19.0%
Property	245	7.0%	204	9.0%
Cash/Liquidity	89	3.0%	70	3.0%
Other	137	4.0%	87	3.0%
Total	3,310	100.0%	2,359	100.0%

NOTES TO THE FINANCIAL STATEMENTS

35 Ultimate controlling party

The ultimate controlling party of the Association is Great Places Housing Group Limited ('Great Places'), 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 can be obtained from Great Places Housing Group Limited, Southern Gate, 729 Princess Road, Manchester, M20 2LT, or via its website at www.greatplaces.org.uk.

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