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

Regulator of Social Housing No L1230

Great Places Housing Association

Report and Financial Statements

For the Year ended 31 March 2018

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)
	S. Young (from 12.10.17)
Executive Officers	
Chief Executive	M. Harrison
Company secretary	P. Elvy
Registered office	2a Derwent Avenue Manchester M21 7QP
Web site	www.greatplaces.org.uk
Registered Numbers	Regulator of Social Housing No: L1230 Co-operative and Community Benefit Society No: 19564R
External Auditors	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT
Internal Auditors	PWC No 1 1 Hardman Square Manchester M3 3EB
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 2018. 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 2018 was £10,562k (2017: £11,423k). At the year-end revenue reserves amounted to £108,576k (2017: £97,030k). The total comprehensive income for the year ended 31 March 2018 was £17,471k (2017: £7,925k).

In respect of the year ended 31 March 2018 a gift aid payment of £598k (2017: £280k) was received on 27 March 2018 from Plumlife Homes Limited and from Cube Great Places Limited on 26 March 2018 of £300k (2017: £454k).

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 other suppliers. The Association has a policy of paying contractors in accordance with contractual terms, utilities upon receipt of invoice and other suppliers by at least the end of the month following the invoice date.

Donations

During the years ended 31 March 2018 and 2017 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.

Board members and executive directors

The Board members and the executive directors of the Association at 31 March 2018 are set out on page 3 of these financial statements as well as details of all the members and directors that have served during the period from 1 April 2017 up to the date of these statements have been signed.

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 the Group.

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 2016/17 or 2017/18. 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 three defined benefit pension schemes, the Social Housing Pension Scheme (SHPS – 63 staff participate), the South Yorkshire Pension Fund (SYPF – 8 participants) and the Greater Manchester Pension fund (GMPF - 6 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 11.b) and 27.

A SHPS defined contribution scheme is also available (128 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.

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:

<u>Operational controls</u>

- Effective recruitment and selection processes are in place to ensure suitable people are employed (including the completion of Disclosure and Barring Service checks for staff working with vulnerable people), with senior managers responsible for ensuring that standards of conduct and behaviour are maintained to the highest levels;
- Annual appraisals (based around our Competency Framework) and monthly reviews are undertaken to maintain high standards of performance, and revised HR processes are in place to address any gaps or failings;
- Formal policies and procedures are in place for both financial and operational activities. These include (but are not exclusive to) Financial Regulations (updated in March 2018), Scheme of Delegation, Probity Policy (including conflicts of interest), Acceptable Use of Business Systems Policy, Data Protection Policy (updated in May 2018 to reflect GDPR requirements), Health and Safety Policy and Procurement Policies;
- Appropriate separations of duties are in place across key operational functions e.g. purchase to pay process to mitigate risks around fraud;

- Role based access controls are in place to ensure colleagues only have access to systems and data that is pertinent to their requirements;
- A managed “Strategies, Policies and Procedures” site is available on the intranet to ensure that colleagues are following the correct processes which have been approved by the appropriate management forums, and reviewed as per our document control framework;
- The Scheme of Delegation sets out the levels of financial approvals across the organisation and these are replicated in our P2P invoicing system to ensure that authorisation levels are fixed. This protects against unauthorised use of company assets, as well as aiding effective service delivery;
- Financial forecasts and budgets are in place which allow the management team to monitor spend in terms of achieving budgets in the short, medium and long term;
- A rigorous approvals process is in place (as per 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.

Risk management and compliance checks

- The Risk and Assurance Strategy was approved by Board in December 2017 and is reinforced by a comprehensive Risk Management Policy (approved by Board in October 2016) which explains our approach to risk identification, assessment and mitigation;
- The strategic risk register is reported to every Board meeting, supplemented by detailed 6 monthly reviews, focusing compound risk and progress towards target risk and additional scrutiny provided by Audit and Assurance Committee members;
- The risk appetite is reviewed annually (last done in December 2017) to ensure Board set a clear direction on our acceptance of risk both strategically and at a corporate priority level;
- An annual review of the Sector Risk Profile produced by the Regulator of Social Housing is undertaken to ensure our risk register addresses all of the key areas of concern identified across the sector;
- Departmental and project risk registered are maintained to ensure we effectively identify and manage operational risks to the business;
- Appropriate tenant involvement structures to ensure the customers voice is taken into account, including our tenant scrutiny group “Insight” and our mystery shoppers;
- A range of surveys are undertaken e.g. customer satisfaction, employee satisfaction, stock condition – including detailed analysis of the results, and actions to address areas of concern. This includes survey work carried out by tenant inspectors to provide a reality check that what we do corresponds to what we say;
- Appropriate independent oversight of compliance within specific areas of the business such as Repairs, Asset Management and Compliance, Development spend, sales exposure, and Independence & Wellbeing contract performance, alongside cross-cutting areas such as Data Protection, Health & Safety, etc.;
- Routine data reconciliations are undertaken to ensure contract registers for compliance functions are accurate and comprehensive;
- Whistleblowing and anti-fraud policies are in place, and a register of all actual or potential fraud which is reported to Audit & Assurance Committee, and to the regulator via an annual report;
- An asset and liability register is in place to provide easy access to documentation in the event that the organisation becomes financially insecure.

External

- Annual audit programmes are undertaken and reports are presented to Board from both internal and external auditors, and meetings are held with both without officers present to allow them to raise any concerns;
- Routine Stability Checks and In Depth Assessments by the Regulator of Social Housing;
- Compliance reports and regulatory judgements issued by Homes England and the Regulator of Social Housing, along with other regulatory bodies, are reviewed by the Audit and Assurance Committee and referred on to Board where appropriate;
- An annual audit of our development activity by Homes England;
- A full range of insurances are in place to safeguard assets which are regularly reviewed to ensure they are fit for purpose;
- A range of 3rd party auditing is undertaken to provide additional assurance over compliance with statutory functions such as gas and electrical safety;
- External accreditations and assurance reviews are undertaken where appropriate e.g. credit rating reviews from Moody's and Fitch, triennial governance review completed by David Tolson Partnership, stock condition survey data validation by Dysons.

Progress during 2017/18

During 2017/18 the following steps were taken to enhance the control environment, and the level of assurance that the Board can take from it:

- Significant work was undertaken during the year to strengthen controls relating to data protection in line with the requirements of the new General Data Protection Regulations (GDPR);
- An updated Code of Governance was adopted which took into account the recommendations from the triennial governance review, provided a stronger focus on Committee and Board's strategic role, and introduced a revised schedule of reserved matters to ensure Board oversight is concentrating on the right issues;
- The Asset and Liability register was enhanced. This accurately records our position, and provides easy access to documentation for relevant agencies in the event that the company becomes financially insecure;
- New Financial Regulations were approved in March 2018 which set out our obligations and commitments in relation to all accounting practices and financial management issues;
- A Tax Strategy was agreed in February 2018 in line with best practice to document our obligations as a responsible corporate taxpayer in line with HM Revenue and Customs legislation and guidelines, based on professionally executed tax compliance and legitimate tax planning;
- Updated HR procedures were introduced to manage the induction of new colleagues to ensure that all appropriate training is delivered within a defined period of time;
- The IT infrastructure was upgraded to mitigate risks from cyber-attacks and we were accredited with the Cyber Essentials certificate in September 2017 to recognise the strength of our approach;
- Dysons were commissioned to carry out an independent validation of our stock condition data and the schedules of rates and lifecycles that we base business plan assumptions on.

Audit work undertaken in 2017/18

During 2017/18, all internal audit and assurance work was undertaken by Pricewaterhouse Coopers LLP (PwC) employing a risk based internal audit approach following their appointment in April 2015, and contract extension in February 2017 (extended until March 2019).

Work carried out under this framework included 13 assurance reviews across a broad range of service areas, and 1 advisory review (an IT Risk Diagnostic). The 13 assurance reviews produced:

- 3 medium risk areas (Safeguarding, Responsive Repairs, Data Quality – General Needs)
- 10 low risk areas (Risk Management, Core Financial Controls / Continuous Auditing x2, Cube, Market Rent, Treasury Management, Occupational Health & Safety, Electrical Safety, Voids, Compliance with the Tenant Involvement & Empowerment Standard)

In total, 29 findings were identified. Only 1 recommendation was identified to be high risk (relating to the Data Quality audit and requiring our systems to be upgraded to meet GDPR requirements – this work is still in progress) with 62% of findings being classified as low risk.

Internal audit follow up has also been conducted on 4 occasions during the year with 94% of recommendations fully implemented.

In their internal audit annual report for 2017/18 which will be submitted alongside this report to the June Audit and Assurance Committee meeting, PwC state that, although their work identified low, medium and high risk rated findings, they "believe that these are isolated to the specific systems and processes and when taken in aggregate are not considered pervasive to the system of internal control as a whole."

Our external auditors, BDO, have also concluded a full programme of work based on their planning report presented to Audit & Assurance Committee in March 2018. This programme focused on; revenue recognition, management override, fraud and error, consideration of related party transactions, consideration of laws and regulations, going concerns and covenant compliance, carrying values of fixed asset housing properties and impairment, classification and valuation of financial instruments, and housing properties expenditure. This programme has not identified any non-compliance with group accounting policies or applicable accounting frameworks.

Internal controls assurance conclusion

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

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

I confirm that the organisation has 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. I also confirm that no weaknesses have been identified from external audit which would have resulted in material misstatement or loss and which would have required disclosure in the financial statements.

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

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 2018) which demonstrates that the Association has funding facilities in place that will meet planned development expenditure over the next three years and that it is fully able to service its debt facilities whilst continuing to comply with all its funders' covenants. Therefore, the Board continues to adopt the going concern basis in the financial statements.

Annual general meeting

The annual general meeting will be held on 6 September 2018 at 2A Derwent Avenue, Manchester.

External auditors

A resolution to re-appoint BDO LLP will be proposed at the AGM on 6 September 2018.

Statement of compliance

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

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.

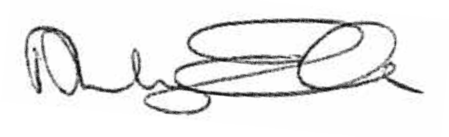
The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

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 26 July 2018 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 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on pages 10 and 11, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

BDO LLP

BDO LLP
Statutory Auditor
Manchester

2/08/2018.

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

STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 £'000	2017 £'000
Turnover			
(excluding amortisation of government grants and first tranche sales)		82,407	82,243
Amortisation of government grants	4	5,378	5,295
First tranche sales	4	7,584	13,168
Total turnover	4	**95,369**	**100,706**
Operating costs	4	(58,901)	(59,173)
Cost of sales	4	(6,791)	(11,884)
Surplus on sale of fixed assets – housing properties	5	1,781	2,458
Surplus on sale of fixed assets – investment properties	5	34	27
Surplus on sales of fixed assets – offices	5	247	-
Operating surplus	6	**31,739**	**32,134**
Interest receivable	7	698	382
Interest payable and financing costs	8	(23,546)	(21,557)
SHPS pension discount rate remeasurements	27	90	(211)
Gift aid from subsidiary undertakings	10	315	508
Movement in fair value of financial instruments	8	496	167
Movement in fair value of investment properties	13	770	-
Surplus on ordinary activities before taxation		**10,562**	**11,423**
Tax on surplus on ordinary activities	9	-	-
Surplus for the financial year		**10,562**	**11,423**
Actuarial gains/(losses) on defined benefit pension schemes	11.a)	387	(560)
Movement in fair value of hedged financial instruments	8	6,522	(2,938)
Total other comprehensive income		**6,909**	**(3,498)**
Total comprehensive income for the year		**17,471**	**7,925**

All amounts relate to continuing activities.

The accompanying notes on pages 18 to 55 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board of Directors on 26 July 2018.

Board member	Board member	Secretary
A. Davison	J. Raynor	P. Elvy

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2018

STATEMENT OF FINANCIAL POSITION

	Note	2018 £'000	2017 £'000
Tangible fixed assets			
Housing properties	12	1,037,192	1,027,233
Investment properties	13	13,675	12,995
Other tangible fixed assets	14	6,890	8,887
		1,057,757	**1,049,115**
Fixed asset investments			
Homebuy loans	15	7,551	8,134
Fixed asset investment	16	548	548
Investment in joint venture	16	10	10
Total fixed asset investments		**8,109**	**8,692**
Total fixed assets		**1,065,866**	**1,057,807**
Debtors: Amounts falling due after more than one year	18	**8,766**	**5,445**
Current assets			
Stock and work in progress	17	6,628	6,684
Debtors	18	30,792	37,105
Investments	19	4,039	3,852
Cash and cash equivalents		70,558	46,933
		112,017	94,574
Creditors: Amounts falling due within one year	21	(54,109)	(53,182)
Net current assets		**57,908**	**41,392**
Total assets less current liabilities		**1,132,540**	**1,104,644**
Creditors:			
Deferred capital grant due after more than one year	21	(466,002)	(465,743)
Other creditors falling due after more than one year	21	(598,077)	(588,232)
Pension liability	11.d)	(905)	(1,182)
Net assets		**67,556**	**49,487**
Capital and reserves			
Non-equity share capital	28	-	-
Cash flow hedge reserve		(43,181)	(49,703)
Designated reserve		162	161
Revaluation reserve		1,999	1,999
Income and expenditure reserve		108,576	97,030
Association's funds		**67,556**	**49,487**

The accompanying notes on pages 18 to 55 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 26 July 2018 and signed on its behalf by:

Board member	Board member	Secretary
A. Davison	J. Raynor	P. Elvy

GREAT PLACES HOUSING ASSOCIATION

Year ended 31 March 2018

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 2017	(49,703)	1,999	161	97,030	49,487
Surplus for the year	-	-	-	10,562	10,562
Actuarial losses on defined benefit pension scheme	-	-	-	387	387
Movement in fair value of hedged financial instruments	6,522	-	-	-	6,522
Other comprehensive income for the year	**6,522**	**-**	**-**	**387**	**6,909**
Gift aid receipt (note 10)	-	-	-	598	598
Interest credited from income and expenditure reserve	-	-	1	(1)	-
Balance at 31 March 2018	**(43,181)**	**1,999**	**162**	**108,576**	**67,556**

	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 gains 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**

1. Legal status

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

2. Accounting policies

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

Basis of accounting

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

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

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

This information is included in the consolidated financial statements of Great Places Housing Group Limited as at 31 March 2018 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.

2 - Accounting policies continued

Reserves

The Association designates those reserves which have been set aside for uses which, in the judgement of the Directors, prevent them from being regarded as part of the free reserves of the Association. The only reserve which constitutes free reserves is the Income and Expenditure reserve.

The Association has a reserve that is designated for use in the support, training and development of apprentice maintenance employees. The revaluation reserve is created from surpluses on the revaluation of investment properties held by the Association.

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

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.
- 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.

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 categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty

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

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

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

Financial instruments – borrowings – Negative compensation and funding indemnity clauses

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

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

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

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

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

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

Policies

Income

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

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

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

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

Leased assets

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

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

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

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

Grants

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

Capital grant is released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected.

Property managed by agents

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

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

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.

The social housing lettings can be broken down as follows:

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

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**
Surplus on sale of fixed assets (note 5)				2,485
				32,134

On the table on page 24 repair costs were restated to amend the allocation of the property services recharge across the repair lines and to correctly show gas servicing costs as planned rather than routine maintenance in line with other regulatory returns.

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

	General needs housing	Supported housing	Key worker housing	Low cost home ownership	Total 2018	Total 2017 restated
	£'000	£'000	£'000	£'000	£'000	£'000
Rent net of identifiable service charges	59,632	7,553	565	2,819	70,569	69,815
Service charge income	2,010	3,415	-	172	5,597	5,674
Charges for support services	-	418	-	-	418	341
Amortisation of government grants	4,269	759	-	350	5,378	5,295
Other income	1,660	658	70	-	2,388	2,379
Turnover from social housing lettings	**67,571**	**12,803**	**635**	**3,341**	**84,350**	**83,504**
Management	12,954	1,001	17	259	14,231	17,486
Service charge costs	2,331	3,042	196	176	5,745	5,951
Routine maintenance	6,163	1,389	(183)	21	7,390	6,917
Planned maintenance	2,731	277	9	-	3,017	2,832
Major repairs expenditure	4,531	238	1	(15)	4,755	4,758
Bad debts	457	53	(41)	(4)	465	336
Property lease charges	220	9	-	-	229	236
Depreciation of housing properties:						
-annual charge	12,820	1,757	42	880	15,499	14,603
-accelerated on replacement of components	823	84	-	5	912	843
Impairment of housing properties	995	2,211	-	-	3,206	1,190
Other costs	40	1	-	-	41	28
Operating expenditure on social housing lettings	**44,065**	**10,062**	**41**	**1,322**	**55,490**	**55,180**
Operating surplus on social housing lettings	23,506	2,741	594	2,019	28,860	28,324
Void losses	364	384	141	-	889	898

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

a) Accommodation in management and development

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

	2018 No	2017 No
General housing		
- social rent	9,064	9,361
- affordable rent	3,767	3,418
Supported housing	1,550	1,574
Key worker housing	55	241
Low cost home ownership		
- shared ownership	575	564
Total owned	**15,011**	**15,158**
Accommodation managed for others		
- social housing	682	632
- non-social housing	164	164
Total managed	**15,857**	**15,954**
Accommodation in development at the year end	384	330

b) 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:

	2018 No	2017 No
Housing accommodation	1,789	1,642

5. Surplus on sale of fixed assets

	Investment properties	Offices	Shared ownership	Other housing properties	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	128	3,301	3,300	6,789	13,518	8,572
Carrying value of fixed assets	(94)	(3,054)	(1,765)	(3,237)	(8,150)	(3,665)
	34	247	1,535	3,552	5,368	4,907
Capital grant recycled (note 24)	-	-	(920)	(2,386)	(3,306)	(2,340)
Disposal proceeds fund (note 25)	-	-	-	-	-	(82)
	34	247	615	1,166	2,062	2,485

6. Operating surplus

This is arrived at after charging:

	2018 £'000	2017 £'000
Depreciation of housing properties	15,576	14,680
Accelerated depreciation on component disposal	912	843
Depreciation of other tangible fixed assets	124	875
Impairment of housing properties	3,206	1,190
Amounts paid under operating leases – land and buildings	229	231
Auditors' remuneration (excluding VAT):		
- for the audit of the financial statements	27	27
- 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.

	2018 £'000	2017 £'000
Interest receivable and similar income	304	241
Intercompany interest receivable	394	141
	698	382

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.

8 - Interest payable and financing costs continued

	2018 £'000	2017 £'000
Finance leases	188	185
Loans and bank overdrafts	4,083	3,874
Intercompany loans	18,361	18,139
Unwinding of pension discount cost (note 27)	88	149
Other finance costs including non-utilisation and commitment fees and arrangement fees amortised or written off	1,626	948
	24,346	23,295
Interest payable capitalised on housing properties under construction	(800)	(1,738)
	23,546	**21,557**
Other financing costs		
(Gain) on fair value of non-hedged derivative instruments (note 26)	(496)	(167)
Other financing costs through other comprehensive income		
(Gain)/Loss on fair value of hedged derivative instruments (note 26)	(6,522)	2,938
	16,528	**24,328**

Capitalised interest was charged at rates of 0.25% until November 2017 and then 0.50% from then on (2017: 0.25%) receivable and 4.6882% (2017: 4.7356%) 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.

10. Gift aid

	2018 £'000	2017 £'000
Gift aid received from subsidiary undertakings	315	508
Gift aid received from other group undertakings	598	280
	913	788

A gift aid payment of £598k (2017: £280k) was received on 27 March 2018 in respect of the year ended 31 March 2018 from Plumlife Homes Limited.

A gift aid payment was also received from Cube Great Places Limited (Cube) of £300k (2017: £454k) on 26 March 2018. 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 2018 Terra Nova Developments Limited (Terra Nova) also made a gift aid payment of £15k (2017: £54k) to reduce the corporation tax for the March 2017 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 (2017: £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 (2017: £nil).

Note: The Great Places Housing Association Board received remuneration of £18k (2017: £18k) 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.

a) 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 future deficit contributions to SHPS are recognised as a liability.

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.

11 - Directors and members a) employees continued

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

	2018 No.	2017 No.
£60,001 to £70,000	1	2
£70,001 to £80,000	2	1

Average monthly number of employees expressed as full time equivalents, is as follows:

	2018 No	2017 No
Housing, support and care	259	313
Maintenance	9	8
Administration	1	-
	269	321

Employee costs are as follows:

	2018 £'000	2017 £'000
Wages and salaries	7,404	7,876
Social security costs	627	709
Other pension costs	473	466
	8,504	9,051

b) 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.

11 - Directors and members b) Social Housing Pension Scheme continued

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

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

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.

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 liability:

	2018 £'000	2017 £'000
Liability at start of period	7,025	7,526
Unwinding of the discount factor (interest expense)	87	147
Deficit contribution paid	(887)	(856)
Remeasurements - impact of any change in assumptions	(89)	208
Liability at end of period	**6,136**	**7,025**

Income and expenditure impact:

	2018 £'000	2017 £'000
Interest expense	87	147
Remeasurements – impact of any change in assumptions	(89)	208

11 - Directors and members b) Social Housing Pension Scheme continued

Assumptions:

	2018 % per annum	2017 % per annum
Rate of discount	1.72	1.33

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:

Year ending	2018 £'000	2017 £'000
Year 1	921	888
Year 2	955	921
Year 3	859	955
Year 4	755	859
Year 5	781	755
Year 6	701	781
Year 7	614	701
Year 8	633	614
Year 9	326	633
Year 10	-	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.

c) 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.

11 - Directors and members c) Pension Trust's Growth Plan continued

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.

A 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:	£12.9m per annum (payable monthly and increasing by 3% each year on 1st April)
From 1 April 2016 to 30 September 2028:	£55k per annum (payable monthly and increasing by 3% each year on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

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

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Reconciliation of opening and closing liability:

	2018	**2017**
	£'000	**£'000**
Liability at start of period	88	93
Unwinding of the discount factor (interest expense)	1	2
Deficit contribution paid	(10)	(10)
Remeasurements - impact of any change in assumptions	(1)	3
Liability at end of period	**78**	**88**

11 - Directors and members c) Pension Trust's Growth Plan continued

Income and expenditure impact:

	2018 £'000	2017 £'000
Interest expense	1	2
Remeasurements – impact of any change in assumptions	(1)	3

Assumptions:

	2018 % per annum	2017 % per annum
Rate of discount	1.71	1.32

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:

	2018 £'000	2017 £'000
Year 1	10	10
Year 2	10	10
Year 3	11	10
Year 4	11	11
Year 5	11	11
Year 6	12	11
Year 7	12	12
Year 8	6	12
Year 9	-	6

The Association must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income statement i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

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

d) 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 2018 there were 15 active members of the Schemes employed by the Association.

11 - Directors and members d) Local Government Pension Schemes continued

The Association's contribution to the LGPS for the year ended 31 March 2018 was £72k (2017: £54k) and the employer's contribution rate is 13.3% (2017: 12.4%) for SYPA and 20.0% (2017: 18.8%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £58k.

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 2017 and supplementary figures were provided for 31 March 2018 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 31/03/18	**As at 31/03/17**
Rate of increase in salaries	3.2% - 3.35%	3.2% - 3.45%
Discount rate for scheme liabilities	2.7%	2.6%
Rate of increase in pensions	2.2% - 2.4%	2.2% - 2.4%
Inflation (CPI)	2.1%	2.2%

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 – 23.0	24.1 – 25.8
Future pensioners	23.7 – 25.2	26.2 – 28.1

Amounts recognised in the balance sheet:

	2018	**2017**
	£'000	**£'000**
Present value of funded obligations	(4,411)	(4,492)
Fair value of plan assets	3,506	3,310
Net liability	(905)	(1,182)

11 - Directors and members d) Local Government Pension Schemes continued

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

	2018 £'000	2017 £'000
Current service cost	130	105
Past service cost	(21)	-
Administrative expenses	1	1
Total charge to operating costs	110	106
Interest on plan assets	(87)	(86)
Interest on pension scheme liabilities	117	104
Total charge to other finance costs	30	18

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

	2018 £'000	2017 £'000
Actuarial gain/(loss) on liabilities	352	(1,362)
Remeasurements of plan assets	35	802
Total other comprehensive income/(loss)	387	(560)

Changes in present value of defined benefit obligation:

	2018 £'000	2017 £'000
Opening defined benefit obligation	(4,492)	(2,936)
Current service cost	(130)	(105)
Past service cost	(21)	-
Benefits/transfers paid	20	42
Interest on pension liabilities	(117)	(104)
Actuarial gain/(loss) on liabilities	352	(1,362)
Member contributions	(23)	(27)
Closing defined benefit obligation	(4,411)	(4,492)

Changes in fair value of plan assets:

	2018 £'000	2017 £'000
Opening fair value of plan assets	3,310	2,359
Remeasurements of plan assets	35	802
Interest on plan assets	87	86
Benefits/transfers paid	(20)	(42)
Administrative expenses	(1)	(1)
Employer contributions	72	79
Member contributions	23	27
Closing fair value of plan assets	3,506	3,310

11 - Directors and members d) Local Government Pension Schemes continued

Analysis of the movement in the deficit during the year:

	2018 £'000	2017 £'000
Deficit in the fund at the beginning of year	(1,182)	(577)
Movement in year:		
Current service costs	(130)	(105)
Past service cost	(21)	-
Employer contributions	72	79
Net interest	(30)	(18)
Remeasurement of plan assets	35	802
Administrative expenses	(1)	(1)
Actuarial gain/(loss) on liabilities	352	(1,362)
Deficit at end of year	(905)	(1,182)

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

	2018		2017	
	£'000	%	£'000	%
Equities	2,119	60%	2,228	67%
Bonds	663	19%	611	19%
Property	286	8%	245	7%
Cash/Liquidity	266	8%	89	3%
Other	172	5%	137	4%
Total	3,506	100.0%	3,310	100%

12. Tangible fixed assets – housing properties

Policies

Housing properties

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

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

12 - Tangible fixed assets – housing properties continued

Shared ownership properties and staircasing

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

Low cost home ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset. The remaining element, is classed as Property, Plant and Equipment (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 balance sheet as a liability. Where the donation is from a non-public source, the value of the donation is included as income.

Depreciation of housing properties

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

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

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

12 - Tangible fixed assets – housing properties continued

Impairment

The housing property portfolio for the Association is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or Cash Generating Units (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.

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 2017	1,012,571	1,087	40,202	106,077	14,168	1,174,105
Additions	514	-	12,929	338	11,148	24,929
Components capitalised	11,626	3	-	47	-	11,676
Interest capitalised	-	-	245	-	555	800
Schemes completed	37,509	-	(37,509)	11,418	(11,418)	-
Disposals	(4,376)	-	-	(2,879)	(1,489)	(8,744)
Component disposals	(1,915)	-	-	(7)	-	(1,922)
Reclassification	(26)	-	137	(154)	-	(43)
At 31 March 2018	1,055,903	1,090	16,004	114,840	12,964	1,200,801
Depreciation and impairment						
At 1 April 2017	138,552	151	-	8,169	-	146,872
Charged in year	14,679	9	-	888	-	15,576
Component disposal	(981)	-	-	(1)	-	(982)
Impairment	3,206	-	-	-	-	3,206
Released on disposal	(823)	-	-	(240)	-	(1,063)
At 31 March 2018	154,633	160	-	8,816	-	163,609
Net book value at 31 March 2018	**901,270**	**930**	**16,004**	**106,024**	**12,964**	**1,037,192**
Net book value at 31 March 2017	**874,019**	**936**	**40,202**	**97,908**	**14,168**	**1,027,233**

12 - Tangible fixed assets – housing properties continued

Expenditure to works on existing properties

	2018 £'000	2017 £'000
Improvement works capitalised	11,676	10,259
Amounts charged to income statement	4,755	4,758
	16,431	15,017

Housing properties book value, net of depreciation

	2018 £'000	2017 £'000
Freehold land and buildings	748,987	748,737
Long leasehold land and buildings	288,205	278,496
	1,037,192	1,027,233

Impairment

An impairment charge of £3,206k (2017: £1,190k) was made in the year. This relates to one supported scheme in Liverpool (£2,210k) and one general needs scheme in Bolton (£996k) both schemes we are planning to dispose of during the year to 31 March 2019.

Interest capitalised

Cumulative interest capitalised in housing properties above is £8,391k (2017: £7,591k).

13. Tangible fixed assets – investment properties

Policies

Investment properties

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

Leased assets

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

Valuation	2018 £'000	2017 £'000
At the beginning of the year	12,995	13,085
Disposal in the year	(90)	(90)
Revaluations	770	-
At the end of the year	13,675	12,995

13 - Tangible fixed assets – investment properties continued

The investment properties were valued at 31 March 2018 by Aspin and Company Chartered Surveyors, on the basis of Market Value, as defined in the Valuation Standards of the Royal Institution of Chartered Surveyors. The surplus on revaluation of investment properties is £770k. There has been no movement in the revaluation reserve as this was a reversal of a previous negative revaluation.

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

Historical cost of investment properties	**2018**	**2017**
	£'000	**£'000**
Gross cost	14,040	14,300
Accumulated depreciation based on historical cost	(5,218)	(5,144)
Historical cost net book value	8,822	9,156

14. Tangible fixed assets - other

Policy

Other tangible fixed assets

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

Freehold and leasehold office property	50 to 60 years

	Freehold offices
	£'000
Cost	
At 1 April 2017	10,730
Additions	1,154
Disposals	(4,061)
At 31 March 2018	7,823
Depreciation and impairment	
At 1 April 2017	1,843
Charged in year	124
Disposals	(1,034)
At 31 March 2018	933
Net book value at 31 March 2018	**6,890**
Net book value at 31 March 2017	8,887

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.

	2018 £'000	2017 £'000
At the beginning of the year	8,134	8,796
Loans redeemed	(626)	(662)
Reclassification	43	-
At the end of the year	7,551	8,134

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 2018 and 2017	10	548

Other investments comprise shared equity loans of £548k (2017: £548k). These loans were funded by Great Places Housing Association (GPHA) and not Homes England.

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 St Vincent's Housing Group and Irwell Valley Housing Association. Reviva has been dormant throughout the last three years and has not traded.

17. Stock and work in progress

Policies

Properties for sale

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

Materials stock

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

	2018 £'000	2017 £'000
Shared ownership		
-completed properties	2,133	1,381
-under construction	4,043	4,868
Materials stock	452	435
	6,628	6,684

The figures above include £215k (2017: £143k) of capitalised interest.

18. Debtors

Policy

Social housing grant (SHG)

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

Debtors

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

Recoverable amount of rental and other trade receivables

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

18 – Debtors continued

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.

	2018 £'000	2017 £'000
Due within one year		
Rent and service charges receivable	3,706	3,539
Less: provision for bad and doubtful debts	(2,127)	(1,952)
	1,579	1,587
Due from group undertakings	18,535	29,239
Trade debtors	766	552
Social housing grants receivable	6,229	858
Other debtors	3,011	4,172
Prepayments and accrued income	672	697
	30,792	37,105
Due after more than one year		
Due from subsidiary undertakings	8,766	5,445
	8,766	5,445

19. Current asset investments

Policy

Investments

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

	2018 £'000	2017 £'000
Investments	4,039	3,852

19 - Current asset investments continued

The Association has £1,862K (2017: £955K) in a sinking fund account with THFC to cover security withdrawal requirements for the THFC EIB £20m facility.

The Association has £799K (2017: £790K) in a designated interest bearing account charged in respect of AHF PLC's £20.5m facility to cover 12 months interest.

The Association has £145k (2017: £nil) in a designated interest bearing account charged in respect of AHF PLC's £20.5m facility to cover security withdrawal requirements.

The Association has £704K (2017: £714K) in a designated interest bearing account charged in respect of AHF PLC's £29.5m facility to cover 12 months interest.

The Association has £529K (2017: £266K) in a designated interest bearing account charged in respect of AHF PLC's £29.5m facility to cover security withdrawal requirements.

The Association has £nil (2017: £1,127k) in a designated interest bearing account charged to Barclays to cover a temporary 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 Homes England is included as a current liability.

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

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

20 - Creditors: amounts falling due within one year continued

	Note	2018 £'000	2017 £'000
Debt, net of arrangement fees	22.a)	554	1,652
Loan due to parent undertaking	22.b)	9,812	3,087
Obligations under finance leases	22.c)	76	74
Interest rate swap due to parent undertaking	22.d)	3,301	4,826
Deferred capital grant	23	5,529	5,536
Recycled capital grant fund	24	1,977	2,863
Disposal proceeds fund	25	552	470
SHPS pension deficit liability	27	931	898
Trade creditors		1,402	1,594
Rent and service charges received in advance		1,798	2,212
Social housing grant received in advance		870	895
Amounts owed to group undertakings		4,769	6,851
Other taxation and social security		196	227
Leaseholder sinking funds		6,897	6,300
Other creditors		8,713	6,179
Accruals and deferred income		6,732	9,518
		54,109	**53,182**

Included within cash balances is £6,897K (2017: £6,300K) which is specifically held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities.

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

	Note	2018 £'000	2017 £'000
Debt, net of arrangement fees	22.a)	72,495	91,329
Loan due to parent undertaking	22.b)	469,866	438,589
Obligations under finance leases	22.c)	3,049	3,125
Interest rate swap due to parent undertaking	22.d)	40,285	45,779
Deferred capital grant	23	466,002	465,743
Recycled capital grant fund	24	7,070	3,084
Disposals proceeds fund	25	-	82
SHPS pension deficit liability	27	5,283	6,215
Other creditors		29	29
		1,064,079	**1,053,975**

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.

a) Loans repayable

	2018	2017
Loans are repayable as follows:	**£'000**	**£'000**
In one year or less or on demand	554	1,652
In more that one year, but not more than two years	504	1,701
In more that two years, but not more than five years	1,704	5,503
In more than five years	77,088	90,909
	79,850	99,765
Less: loan arrangement fees	(6,801)	(6,784)
	73,049	**92,981**

The weighted average interest rate of these loans at 31st March 2018 is 4.08% (2017: 3.76%). This loan is split between fixed and variable interest rates as detailed below:

	2018	2017
	£'000	**£'000**
Fixed rate	79,198	82,447
Variable rate	652	17,318
	79,850	**99,765**

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

Fresh PLC, bank and debenture loans are secured by fixed charges over individual properties.

22 - Debt analysis continued

b) Loan due to parent undertaking

	2018	2017
Loan due to parent undertaking	**£'000**	**£'000**
In one year or less or on demand	9,812	3,087
In more that one year, but not more than two years	8,568	8,148
In more than two years, but not more than five years	26,375	24,572
In more than five years	434,923	405,869
	479,678	**441,676**

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

	2018	2017
	£'000	**£'000**
Bond	294,262	201,676
Fixed rate	57,448	56,000
Variable rate (fixed by SWAPS see note 22.d)	127,000	127,000
Variable rate	968	57,000
	479,678	**441,676**

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

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%.

On 19th March 2018, Great Places tapped its existing bond issue for £145m, including £70m retained for later sale. £75m was immediately on lent to Great Places Housing Association. The bond matures in October 2042, in line with the 2012 issue, and achieved a spread of 1.40% over the gilt yield to provide a fixed rate of funding at an all in cost of 3.34%.

c) Obligations under finance leases

	2018	2017
Obligations under finance leases:	**£'000**	**£'000**
In one year or less or on demand	76	74
In more that one year, but not more than two years	79	76
In more that two years, but not more than five years	252	266
In more than five years	2,718	2,783
	3,125	**3,199**

22 - Debt analysis continued

d) Interest rate swaps fair values due to parent undertaking

	2018	2017
Interest rate swaps fair values due to parent undertaking:	**£'000**	**£'000**
In one year or less or on demand	3,301	4,826
In more that one year, but not more than two years	3,244	4,826
In more that two years, but not more than five years	9,210	13,455
In more than five years	27,831	27,498
	43,586	**50,605**

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.

e) Debenture stocks

Included in the loan balances above are the following balances:

	2018	2017
	£'000	**£'000**
THFC (indexed 2) Ltd. – 5.5% Index-linked stock, 2024		
Balance as at 31 March	400	447
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 to THFC Ltd, 8.625% Debenture, 2023 is repayable by a single payment on 13 October 2023.

23. Deferred capital grant

Policy

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Grant in relation to newly acquired or existing housing properties is accounted for using accruals model set out in FRS 102 and the Housing SORP 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.

	Social housing grant 2018 £'000	Homebuy grant 2018 £'000	Total 2018 £'000	Total 2017 £'000
At the beginning of the year	463,145	8,134	471,279	477,084
Grants received in the year	9,287	-	9,287	7,512
Grants recycled in the year following disposal	(3,336)	(621)	(3,957)	(3,059)
Grants written off on disposal in the year	(128)	(5)	(133)	(4,773)
Grant reinstated	462	-	462	25
Disposal of component grant	-	-	-	(5)
Grants amortised in the year:				
- social housing lettings	(5,378)	-	(5,378)	(5,295)
- other housing lettings	(29)	-	(29)	(29)
Transferred to properties for sale	-	-	-	-
Reclassification	(43)	43	-	(181)
At the end of the year	**463,980**	**7,551**	**471,531**	**471,279**

Social housing grant

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

	2018 £'000	2017 £'000
Capital grant	525,183	524,882
Revenue grant	71,873	66,352
	597,056	591,234

24. Recycled capital grant fund

Policy

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

	2018	2017
	£'000	£'000
At the beginning of the year	5,947	3,866
Grants recycled		
- housing properties	3,306	2,340
- homebuy	621	637
Interest accrued	28	17
Transfers from other group members	31	91
Development of properties	(886)	(1,004)
At the end of the year	**9,047**	**5,947**
Of which:		
Due within one year	1,977	2,863
Due greater than one year	7,070	3,084
	9,047	**5,947**

25. Disposal proceeds fund

Policy

Receipts from Right to Acquire (RTA) sales prior to April 2017 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".

	2018	2017
	£'000	£'000
At the beginning of the year	552	470
Net sales proceeds recycled	-	82
At the end of the year	**552**	**552**
Of which:		
Due within one year	552	470
Due greater than one year	-	82
	552	**552**

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 (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historic cost. Loans that are payable within one year are not discounted.

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

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

	2018 £'000	2017 £'000
Financial asset		
Financial assets measured at historic cost:		
- Homebuy loan investment	7,551	8,134
- Trade receivables	766	552
- Other receivables	38,792	41,998
- Investments	4,039	3,852
- Cash and cash equivalents	70,558	46,933
Total financial assets	**121,706**	**101,469**
Financial liabilities		
Financial liabilities measured at historic cost:		
- Loans payable	552,727	534,657
- Trade creditors	1,402	1,594
- Other creditors	45,817	45,823
- Finance leases	3,125	3,199
- Deferred capital grant	471,531	471,279
Derivative financial instruments designated as hedges of variable interest rate risk	43,181	49,704
Derivative financial instruments measured at fair value through income and expenditure	405	901
Total financial liabilities	**1,118,188**	**1,107,157**

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 £43,181k (2017: £49,704k) at the balance sheet date.

26 - Financial instruments continued

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 decrease in the liability of £6,522k (2017: increase in the liability of £2,938k) 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 £496k (2017: £167k).

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. Liabilities 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	**2018**	**2017**
	£'000	**£'000**
At the beginning of the year	7,113	7,619
Charged to income and expense:		
- Remeasurement - changes in assumptions	(90)	211
Unwinding of discount (interest expense - note 8)	88	149
Contribution paid	(897)	(866)
At the end of the year	**6,214**	**7,113**
Of which:		
Payable within one year	931	898
Payable after more than one year	5,283	6,215
	6,214	**7,113**

The discount rate used in calculating the SHPS pension deficit contribution provision changed from 1.33% at 31 March 2017 to 1.72% at 31 March 2018, this led to the remeasurement of the provision above.

Further details of the SHPS and PTGP schemes and contribution agreements are given in notes 11.b) and 11.c).

28. Non-equity share capital

	2018 £	2017 £
Shares of £1 each issued and fully paid		
At the beginning of the year	15	15
Shares issued during the year	1	-
Shares surrendered during the year	(1)	-
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.

29. Financial commitments

Capital expenditure commitments were as follows:

	2018 £'000	2017 £'000
Expenditure contracted but not provided for in the accounts	34,748	39,332
Expenditure authorised by the board, but not contracted	57,127	117,419
	91,875	**156,751**

Capital commitments for the Association will be funded as follows:

	2018 £'000	2017 £'000
Existing loan facilities	9,191	50,000
First tranche and outright sales	24,918	34,361
Grants	26,962	23,667
Existing reserves/cash	30,804	48,723
	91,875	**156,751**

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 registered providers which had social housing grant (SHG) attached. In line with the SORP these transactions were recorded at fair value and the SHG is not shown on the balance sheet of the Association. The Association has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2018, the value of grant received in respect of these properties that had not been disposed of was £13,094k (2017: £13,120k).

30 - Contingent liabilities and cross guarantees continued

Cross guarantees

Following the refinancing exercise in December 2007 by Great Places Housing Group Limited ('GPHG'), cross guarantees are in place with Great Places Housing Association ('GPHA'). 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. The guarantee structure also covers the interest rate swaps entered into by GPHG. As disclosed in note 22.b), £480m (2017: £442m) of the Group's loans are on lent to GPHA under this arrangement.

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 £1,088k (2017: £14,195k) 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 £8,766k (2017: £5,445k). Interest of £393k (2017: £141k) 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. Ultimate controlling party

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

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