Co-operative and Community Benefit Society (FCA) No 30045R

Registered Housing Association No L4465

Great Places Housing Group Limited

Report and Financial Statements

For the Year ended 31 March 2017

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2017

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GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2017

ASSOCIATION INFORMATION

Board

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

Executive Directors

Chief Executive	M. Harrison
Executive Director of Growth and Assets	P. Bojar
Executive Director of Finance and Company Secretary	P. Elvy
Executive Director of Customer Services	G. Cresswell
Interim Director of Property Services	D. Wood (to 23/12/2016)

Registered office

Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Web site:
www.greatplaces.org.uk

Registered Numbers

HCA No: L4465
Co-operative and Community Benefit Society No: 30045R

External Auditors

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Internal Auditors

PWC
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers

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

CHAIRMAN'S REPORT

Great Places owns or manages close to 19,000 properties, providing homes to over 50,000 people with a range of tenures across the North West and Yorkshire. As I write this, the shadow of the devastating Grenfell Tower fire looms large over the housing sector in general. I recognise the responsibility we have as landlord not only to provide homes, but to ensure they are safe and secure for our customers. We will be sure to implement any relevant health and safety recommendations from the investigation into this appalling tragedy.

Great Places is an organisation that makes profit for a purpose, reinvesting our surpluses back into our portfolio of properties and providing great services as well as making a significant contribution to tackling the housing crisis through our development of new homes for affordable rent, shared ownership, market rent and outright sale.

In 2016/17 the Group generated turnover of £109M and a surplus of over £12M – both new record levels. We achieved 9 of our 11 critical success factors (beating stretch targets on 4 of them), with excellent performance in many measures including arrears (falling to a record low of 2.6%), repairs satisfaction in excess of 92%, 625 new homes built, re-let times reduced to 22 days and 197 households supported into work. Improvements are being actively pursued in overall customer satisfaction and staff sickness. Cube, our commercial subsidiary, contributed £1.4M of gift aid which was paid over to the Group in the last two years and which is a key factor in supporting our charitable activities.

During the year an independent review of our Governance arrangements was undertaken, which pleasingly reported a clean bill of health with just a small number of minor improvements identified and which we will implement during 2017. I'd like to take this opportunity to thank Richard Sear, who stepped down from the Board in April, for his valuable input over the last 4 years.

The budget in June 2015 introduced a four year period of 1% rent reductions that will reduce Great Places rental income by over £10M per annum by 2019. Our response is our "Building Greatness" programme, a values-led journey of change that will touch all parts of the business and deliver cultural changes as well as ensure the achievement of key financial targets.

Building Greatness has started to deliver the savings required to offset the rental shortfall, with over £2M of sustainable efficiencies achieved in 2016/17 through improvements to procurement, investment in systems and people, transformation of our business processes, driving out waste and duplication, improving effectiveness, productivity and value for money.

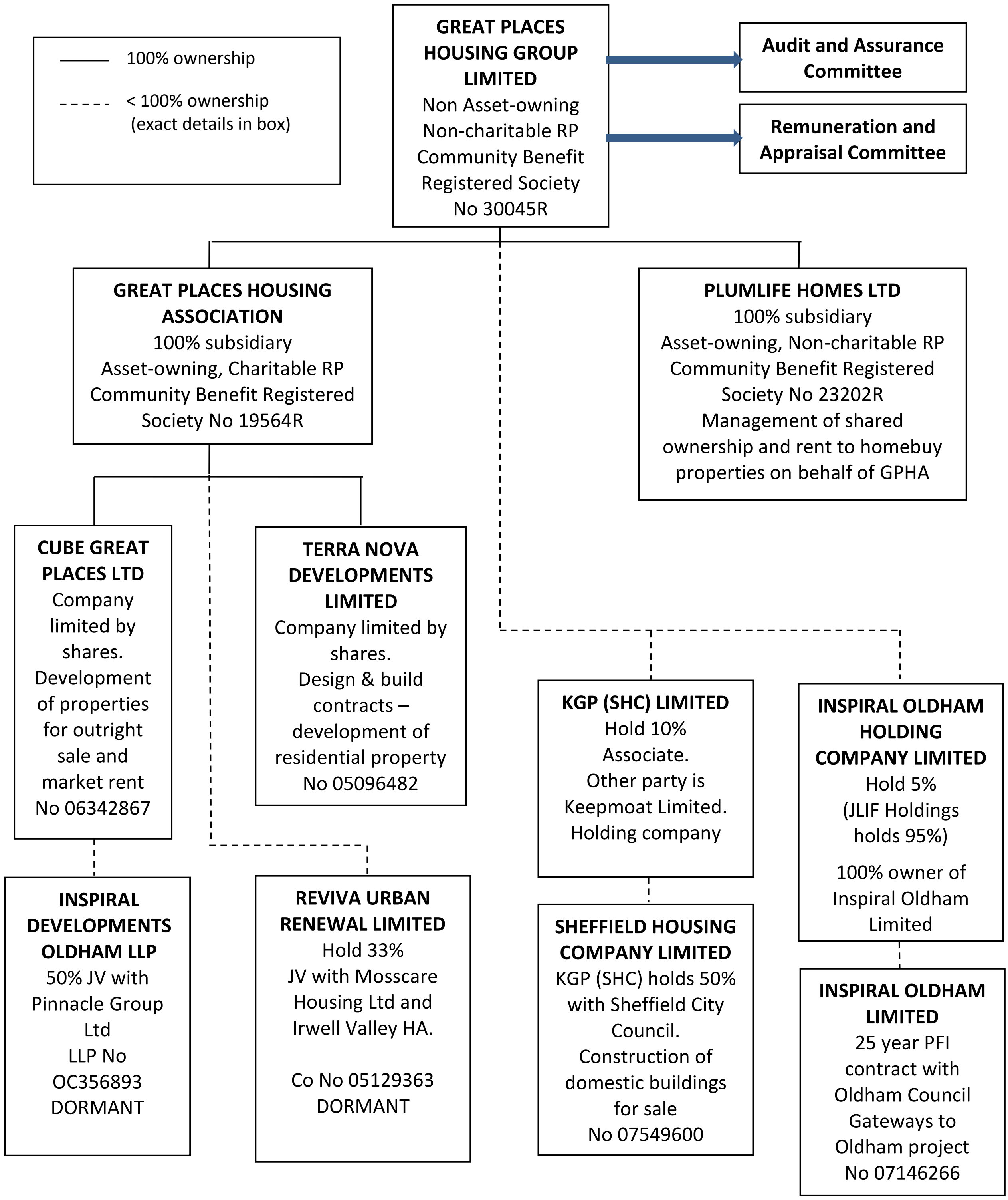
In December 2016 we acquired One Christie Fields, our new head office in South Manchester, which we are now looking forward to moving into. This acquisition makes huge commercial sense, generating significant cost reductions, as well as providing the backdrop for Building Greatness ambition to galvanise cultural change and promote effective, modern working methods.

The near future is likely to be dominated by political uncertainty as Brexit negotiations begin in earnest under the minority Conservative Government. It was a positive feature of the election campaign that all parties acknowledged the existence of a housing crisis which the earlier white paper had identified. There was clear consensus around the need to build more new homes of all tenures and recognition of the positive role that Housing Associations can play. I am sure that Great Places will contribute fully in this.

Tony Davison
Chairman

STRATEGIC REPORT AND REPORT OF THE BOARD

Legal and Governance structure



The Great Places legal and governance structure, shown above, is essentially very simple:

STRATEGIC REPORT AND REPORT OF THE BOARD

Great Places Housing Group Limited ("GPHG" or the "Group") comprises the non asset owning, non charitable parent ("The Association"), which is a Community Benefit Registered Society (CBRS) (formerly known as an Industrial and Provident Society), together with two subsidiaries:

- Great Places Housing Association ("GPHA"), a CBRS with charitable status; and
- Plumlife Homes Limited ("Plumlife"), a CBRS not having charitable status.

GPHA has two active third tier subsidiaries: Cube Great Places Limited ("Cube") and Terra Nova Developments Limited ("Terra Nova"). The Group is also involved in two joint venture companies and one associate company as shown in the diagram, and explained in note 16 to the accounts.

Whilst GPHG has ultimate control, GPHA has responsibility for the management of the Group's general needs and supported properties, Plumlife is responsible for low-cost home ownership and leasehold management and Cube Great Places exists to provide the Group with a vehicle to undertake outright sale and market rent activity.

Statement of Compliance with our Governance Code
The Group Board has adopted a bespoke Code of Governance for the Group which fully incorporates the requirements of the most recent the NHF Code of Governance ("Promoting Board Excellence for Housing Associations" that was published in February 2015), but which actually goes further in some areas to add additional detail and clarity.

During the latter part of 2016/17 the Group underwent an independent triennial Governance review. This confirmed that the Group is fully compliant with the Code of Governance. In November the HCA re-affirmed that the Group has the highest G1 Governance assessment.

A range of information on the composition of our Board is included at note 11 of these statements, including the remuneration of both the non-executive board members and also the executive team.

The Group publishes a wide range of information on its website that seeks to provide all stakeholders with a range of useful "transparency" information. This includes details of all costs over £500 related to the Group's HCA development contracts, which is updated quarterly.

The Great Places Board currently has seven non-executive members, of whom there are four male and three female members, with one vacant position currently being recruited. The Chief Executive is also a Board member. The average attendance at Board meetings between 1 April 2016 and 31 March 2017 was 90%. During that period there were nine scheduled Board meetings, plus two strategic away days. In addition, training or information sessions are held prior to every regular Board meeting.

There are two Committees of the Board – the Audit and Assurance Committee and the Remuneration and Appraisal Committee. Both have clearly defined terms of reference. In addition the Board can create time-bound "Task and Finish" groups through which a small number of Board members can provide additional insight and guidance on specified issues or projects. During 2016/17 four Task and Finish groups have operated – dealing with Governance, acquisition of a new head office, the Business Plan and the Group's Critical Success Factors.

Regulation
Great Places has enjoyed excellent working relations with its regulators for many years, working on a local and national basis, and the Group is a key Homes and Communities Agency Development partner. Great Places received an "In-depth Assessment" (IDA) from the HCA in May/June 2015, although as this was part of a pilot process, no formal rating was given. Following an annual stability review, the HCA re-affirmed the Group's G1/V1 status in November 2016.

STRATEGIC REPORT AND REPORT OF THE BOARD

Statement of compliance with HCA Financial Viability and Governance standard
The Board of Great Places has carefully considered its responsibilities under the HCA Economic Standards covering Rents, VFM and Governance and Financial Viability.

A detailed report has been considered by the Audit and Assurance Committee. This report reviews the evidence presented to support the compliance position against each required outcome of the standard as well as the guidelines laid out in the Code of Practice.

A full register of all relevant law has been developed outlining the legislation that we are required to adhere to, and details of how we meet the requirements of each Act of Parliament. On consideration of the evidence provided, the Group confirms it has met all regulatory requirements during the year and has retained the G1/V1.

The Group's structure is relatively simple and the independence of Cube is designed to ensure social housing assets are not put at undue risk. Any decision to pursue commercial activity via this arm of the business is closely assessed in terms of its impact on the social assets owned by Great Places Housing Association.

Our divestment regime ensures we make the best use of social housing assets by disposing of inefficient stock to generate income to fund the provision of new homes, thereby keeping the value of assets within the sector and ensuring value for money (VfM) for the business in terms of management costs.

Our Board members have all been recruited within the last 4 years and were selected and appointed based on an assessment of the skills and expertise required to discharge the duties of the Board including expertise in finance and housing. The Board members complete an annual evaluation of their effectiveness, and any gaps are addressed via individual development plans.

The Group has an excellent business planning process which embraces a rigorous approach to development of assumptions that have been externally reviewed and verified. They are prudent in respect of liquidity and interest rate risk, and reflect the Group's risk appetite statement. Our Treasury Management team work alongside our independent advisors (Capita) to ensure that the Group has sufficient headroom to meet the business plan commitments, and to remain comfortably within agreed funder covenants.

Stress testing scenarios have been undertaken on a number of occasions during 2016/17 with the Board and the Executive Directors to test the business's resilience against a number of key risks. The stress testing model maps the effect of various scenarios against our 4 golden rule thresholds linked to interest cover, gearing, operating margin and major repair expenditure. It was clear from the stress testing scenarios that the proposed plans satisfied our internal golden rule thresholds.

Great Places operate within a robust procurement and tendering framework to ensure that arrangements do not advance the interests of 3rd parties. Tendering processes are robustly monitored and awards are controlled on a clearly stated cost/quality basis. Processes are in place to identify conflicts of interest at an early stage, and are managed via our probity arrangements to ensure there can be no undue control or influence exerted. A new conflict of interest procedure was launched in January 2017 which will be used to cross reference internal declarations with the procurement process to offset any risk.

Over the past 12-24 months, significant work has gone into developing an assets and liabilities register which would give an independent body swift access to information about the organisation in the event of a potential or actual failure of the business. This register has been reviewed externally and has been positively received. It links closely to the risk register and the business continuity plan, providing a thorough, accurate and up to date record of all assets and liabilities.

STRATEGIC REPORT AND REPORT OF THE BOARD

The Group has always completed HCA returns within stated timeframes, and has taken steps to introduce additional controls to reduce the risk of errors within these returns. We maintain a register of all fraudulent losses which is managed by the Executive Director of Finance, overseen by the Audit and Assurance Committee and reported back to the Regulator annually via the prescribed method and we have a strong track record of transparency and openness with the regulator.

Modern Slavery

Great Places, as an organisation with annual turnover in excess of £36M, is required, under the Modern Slavery Act, to adopt a Modern Slavery transparency statement outlining the steps that the Organisation has taken during the financial year to ensure that slavery and human trafficking is not taking part in any part of its business, including its supply chains. The Board of Great Places approved the statement in July 2017 and the full statement is published on the Great Places website.

During 2016, we committed to deliver a number of actions in order to address the priority areas that we had identified. The information below summarises our progress against these actions:

Action Identified	Progress Made in 2016/17
Take forward actions to engage with our wider supply chain about their understanding of the Modern Slavery Act via routine contract management engagement, and the steps they have taken to reduce the risks within their operations	Within the supply chain for our Repairs and Asset Management teams, and with our facilities management partners, we have introduced a standardised agenda for all contract management meetings which includes a discussion about modern slavery and the principles of the Ethical Trading Initiative Base Code.
Deliver additional, mandatory training to all employees about the implications of the Act, and the steps they should be taking on a daily basis to mitigate risks across the workplace	We have delivered mandatory e-learning on modern slavery to all employees to highlight the key issues, areas of concern, and ways to address any concerns. Our Managers training programme also covers the implications of the Modern Slavery Act.
Re-procure a number of contracts that fall within our higher risk areas	Our procurement documentation has been updated to ensure we are identifying any modern slavery risk areas at the tender stage, and have an awareness of which contractors and partners are obliged to comply with the Modern Slavery Act due to their size and turnover.

Over the next 12 months, we will:

- Re-procure a number of contracts which fall within our high risk areas, including security services, agency staff, groundworks contractors and cleaning contractors;
- Continue to work with our existing contractors and partners to address any concerns relating to Modern Slavery or the use of employment practices which are not in line with the principles of the Ethical Trading Initiative Base Code;
- Continue to raise awareness with our staff and customers about Modern Slavery and how they should respond to any concerns; and
- Raise awareness amongst housing staff of the risks relating to our properties being used to support any forms of modern slavery, and how to address any such concerns.

STRATEGIC REPORT AND REPORT OF THE BOARD

Donations
During the year ended 31 March 2017 the Group has made no political contributions (2016: £nil) and any charitable donations were made during the course of its ordinary activities.

Activities
The Group's primary activities include:

- Management and development of general needs social and affordable housing for rent, supported housing, extra care properties, low-cost home ownership and housing for market sale;
- Management of market rent, leasehold and privately owned property;
- Provision of related services such as financial inclusion and social enterprise activities; and
- Regeneration of neighbourhoods and communities.

As well as owning or managing close to 19,000 properties, the Group is a major developer of new affordable housing.

Net growth of virtually 500 units in 2016/17 represents an increase in properties owned or managed of 2.7%. Around 130 properties were disposed, handed back to landlords or staircased. There were over 225 first tranche and outright sales. The Group built 625 new homes in the year.

2016/17 was another year of growth for Great Places and although not at the same level as 2015/16, it is growth which underpins the Group's realisation of economies of scale.

The 2015-2018 AHGP2 programme for 350 homes (nearly 300 already on site) with just over £12M of grant; and the 2016-2021 Shared Ownership Affordable Homes Programme (SOAHP) for which the Group has an allocation for 872 new homes, with estimated total scheme costs of £114.5M and £18.1M of grant receivable. The allocation comprises 560 shared ownership, 102 affordable rent, 60 supported and 150 rent to buy homes.

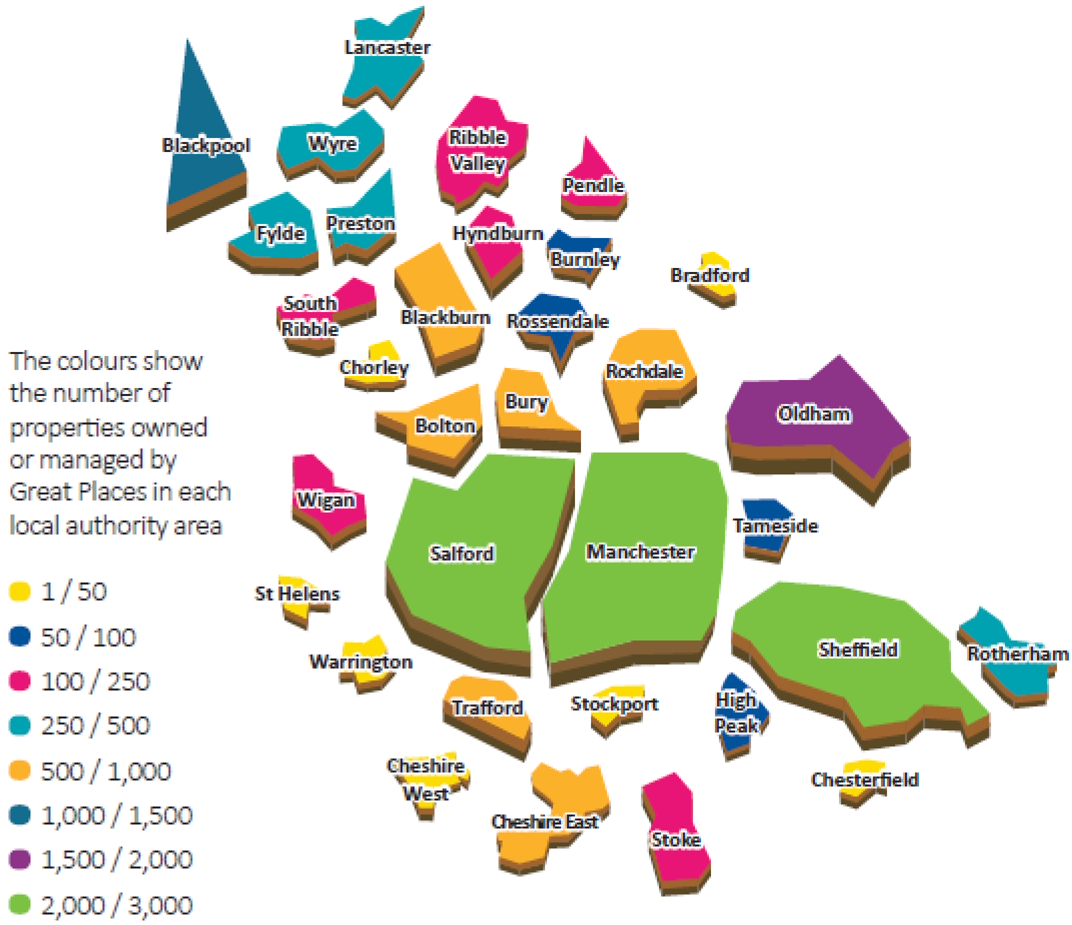
The Group's head office is located in south Manchester and the Group has regional offices in Salford, Blackpool, Oldham, Blackburn, Knutsford and Sheffield.

The Group is active in the 33 local authorities shown in the map overleaf, with particular concentrations in Manchester, Salford, Sheffield, Oldham, Blackpool and Blackburn – these six local authority areas include almost two-thirds of the Group's properties.

STRATEGIC REPORT AND REPORT OF THE BOARD

HOUSING PROPERTIES OWNED/MANAGED	**As at 31 Mar 2017**	**As at 31 Mar 2016**	**As at 31 Mar 2015**	**As at 31 Mar 2014**	**As at 31 Mar 2013**
General Needs Housing	13,143	12,776	12,662	12,049	11,732
Of above – let as affordable rent	*3,377*	*2,853*	*2,353*	*1,576*	*847*
Sheltered Housing	300	300	300	299	299
Extra care Housing	180	180	180	134	134
Supported housing	1,087	1,105	1,140	1,259	1,284
Keyworker	241	245	243	245	353
Leasehold	1,053	822	584	558	519
Shared ownership	1,321	1,232	1,097	1,090	1,086
Homes managed (but owned by a third party)	951	1,117	676	726	710
PFI properties	632	632	633	425	381
Homes owned (but managed by a third party)	56	56	56	76	76
TOTAL	**18,964**	**18,465**	**17,571**	**16,861**	**16,574**
Properties under development	341	743	1,029	701	513

Our Communities



STRATEGIC REPORT AND REPORT OF THE BOARD

OBJECTIVES AND STRATEGY

The Group's vision and values were updated at the end of 2014 following extensive internal and external consultation and have been reconfirmed by the Board in March 2017.

VISION:	Great homes. Great communities. Great People.
Great homes:	Maximising our investment in sustainable homes.
Great communities:	Building successful, vibrant communities.
Great people:	Providing outstanding customer service and support.
VALUES:	We are fair, open and accountable We know, respect and care about our customers We appreciate the effort of everyone who works here We promote partnerships, efficiency and value for money We passionately embrace creativity, change and innovation

We have now completed the second year of our three year Corporate Plan, which focusses on six key corporate priorities. During 2016/17 we have delivered against these priorities as follows:

CUSTOMERS AND COMMUNITIES	ASSETS
• We have improved customer satisfaction across a range of customer groups, such as BME residents and tenants with disability or a long term illness. We are increasingly using text messaging to obtain instant customer feedback, with a greater number of responses and greater insight; • We have procured a new contact centre software solution that will allow customers to contact us using additional channels such as web chat and help us to manage multi-media contact more effectively; • A new solution for mobile working allows colleagues to update data securely and have access to all files and documents in the field; • We have introduced consistent service provision based around opening hours of 8am – 6pm; • We continue to deliver fantastic outcomes in our supported housing schemes; we did lose two services last year but changing our model meant we've managed to retain two other schemes; • Our social investment team supported nearly 200 people into work; • We consulted with customers on the style, tone, content and functionality of our new website which will be launched shortly to allow for greater opportunities for self service and enable greater levels of digital contact.	• Improved our understanding of our assets with 91% of properties now having an up to date stock condition survey, and remaining on target to achieve 100% by March 2018; • Invested c£8M on the replacement of approximately 500 kitchens, 600 bathrooms and 700 boilers; • Refocussed our resources to increase efficiency of all properties with an energy rating of below "D"; • Maintained 100% compliance with the decent homes standard and achieved 100% gas safety compliance for over two years; • Purchased a new office which will allow us to unite teams, promote culture change and accommodate further growth and efficiency opportunities; • An internal audit of asset management provided a low risk "green" report and our tenant scrutiny group "Insight" completed work looking at customer choice and cost effectiveness with a similarly positive conclusion; • The repairs distribution centre has brought sustained benefits in terms of increased first time fix rates, reduced end to end times, reduced costs and improvements in productivity; • Repairs satisfaction has increased to over 92% while the overall cost of the repairs service has reduced significantly.

STRATEGIC REPORT AND REPORT OF THE BOARD

FINANCIAL VIABILITY	PEOPLE
• Achieved savings in response to the 1% rent cut. Turnover maintained at over £100M for the second year running and our surplus is over £12M; • The Building Greatness programme maintains the focus on achieving the savings going forward; • Retained V1 status with HCA; • Maintained our credit ratings with both Fitch and Moody's; • HCA data shows us to be in the top quartile in terms of social housing cost per unit; • Maintained financial headroom to ensure we meet all funding covenants; • Achieved record low arrears for 2016/17 at 2.6%. We collected nearly £100k more cash than the previous year; • During 2016/17 we have continued the implementation of the Business Systems strategy, optimising the mix of acquisition or development of systems using the best available platforms; • By delivering training through our Head of Organisational Development and Talent we have saved over £180k.	• Completed our Executive restructure and strengthened our 2nd tier Directors team through the introduction of three new Directors. The Executive focus on the strategic direction while the Directors focus on the day-to-day running of the business; • Leadership training continues to be rolled out to over 150 managers resulting in the establishment of a high challenge, high support culture. • Our successful leading change conference and staff conference were attended by over 600 members of staff; • Relaunched approach to appraisals with a much closer relationship to the competency framework, 360° feedback and pay progression model; • Introduced a new Equality, Diversity and Inclusion Strategy and approach to Equality Impact Assessments; • Introduced an HR dashboard focussing on absence trends, turnover, and headcount; • Our employee engagement survey response rate was 95% whilst employee engagement figure remained at 79% (UK average of 30%).
GOOD GOVERNANCE	**GROWTH**
• An independent Triennial Governance review concluded that arrangements at Great Places are effective and it would be ready to deal effectively with any IDA requirements; • We are fully compliant with our Code of Governance, an enhanced version of the NHF Code; • The Group's G1 status was confirmed by the HCA in November 2016; • We revised our risk appetite statement and created a "watch list" to identify emerging issues. We introduced assurance mapping to strengthen the links between the Corporate risk register and the internal control framework; • A comprehensive register of assets and liabilities is in place; • Re-appointed Internal Auditors (PWC) in February 2017 for a further 2 years. No critical audit recommendations have been received during the year.	• All HCA delivery targets were met resulting in 539 framework homes being built; • In addition a further 86 homes outside of the HCA programmes were built, giving an overall total of 625 new homes; • Just over 100 homes were disposed of during the year, in line with our strategic approach; • Overall homes owned or managed grew by almost 500 during the year; • Introduced a new business development strategy in September 2016 to set our growth objectives for the period 2016-19; • Updated our approach and strategy to market sales and market rent through Cube; • Delivered c£6M of sales revenue and £0.9M of profit from Cube outright sales schemes. Cube subsequently gift aided £454k back to Great Places Housing Association; • Plumlife delivered 193 first tranche sales generating £13M of sales income and a surplus of £1.3M.

STRATEGIC REPORT AND REPORT OF THE BOARD

Business & Finance Review

The Group recognises that the business environment in which it operates presents a range of external and internal challenges to which we must respond appropriately in order to succeed. The list is not exhaustive, and is complimented by the risk section provided later in this strategic report.

Challenges	Commentary and context
External – Economic Environment	With Article 50 now being triggered, negotiations have begun on the UK's withdrawal from the EU. Until the details of the negotiations are released it is difficult to predict what the impacts could be. The uncertain economic outlook has been further compounded by the General Election result. GDP, the main indicator of economic performance, grew in the final quarter of 2016/17 for the 17th consecutive quarter. The employment rate is at the highest it has been since records began. Inflation has continued to steadily grow, and after a period where wage growth exceeded inflation, the growth in inflation is now exceeding wage growth On an annual basis, house prices in April 2017 rose by 5.6%, the weakest increase in almost 4 years. Both figures indicate that households are starting to react to a squeeze on real incomes as a result of the rising inflation and low wage growth.
External – Political Environment	The election on June 8th resulted in a hung parliament, with a Conservative Government requiring DUP support to achieve a majority. It is uncertain which, if any, of the Conservative party manifesto commitments can be delivered. There was, however, cross party consensus that more homes need to be built. The Government had already announced funding worth a total of £7.1 billion through an expanded and more flexible Affordable Homes Programme, and also stated that they will also provide clarity over future rent levels. Great Places operates in two areas where devolution is progressing, Greater Manchester and the Sheffield City Region and is ensuring it is as closely involved in these processes as possible, which could offer significant opportunities as well as potential risks.
External – Regulatory Environment	The HCA introduced a package of deregulatory changes for social landlords which came into force in April. The measures include the removal of the constitutional consents regime, removal of the disposals consent regime and introduction of new notification requirements The HCA is promoting a pilot of a sector scorecard to measure the efficiency of social housing landlords, with government and sector-wide backing. The scorecard will measure 15 indicators across five areas of the business. The HCA will consider scrapping the requirement for landlords to produce value for money self-assessments if it feels it can instead rely on common "metrics" to measure efficiency. The HCA has delayed the implementation of fees for Social Housing Regulation to October 2017. The HCA has stated that it will commence a consultation on a new VFM standard soon after the election, which is likely to include a greater emphasis on metrics and a focus on housing supply. The Group has responded to a consultation on "rent freedom" and will continue to actively consider any implications of this proposal.

STRATEGIC REPORT AND REPORT OF THE BOARD

Challenges	Commentary and context
External – Housing market	All political parties have identified the need to dramatically increase Housing Supply. The Conservative's strong focus on home ownership seems to have eased, with starter homes and the right to buy being far less prominent policies. The SOAHP funding regime is now slightly less focussed on shared ownership, with potential opportunities for delivery of affordable rented homes. The Group has increased exposure to the housing sales market and operates in a more pro-cyclical operating environment. That same focus means demand for the Group's core social housing properties is likely to remain strong, although we continue to monitor the impact of demographic change. The UK House Price Index, showed average house prices in the UK have increased by 4.1% in the year to March 2017. The East of England and the East Midlands both showed the highest annual growth, with prices increasing by 6.7% in the year to March 2017. The North West showed an increase of 6.2%.The lowest annual growth was in the North East, where prices decreased by 0.4% over the year. The number of approvals for house purchases fell by 2.8% in March to 41,061. Low earnings growth makes affordability challenging, with particular difficulties for younger people trying to get on the housing ladder. The average age of a first-time buyer who has received no financial help from relatives or friends is now 35 and rising. Certain lenders are now offering specialist mortgages designed to help cash-strapped first-timers, while some mainstream mortgage deals are also still available to people with just 5% to put down. The Government's Help to Buy scheme also allows access to mortgage interest rates reserved for borrowers with a deposit of at least 25%, even if they only have 5% of a property's value in savings. The Group achieved close to 200 first tranche shared ownership sales in the year. Staircasing activity has picked up slightly in the year but remains at modest levels.
External – Funding market	There is still no long term funding available from banks, with a focus on shorter maturities and revolving facilities. Funding through the Capital markets is still available, but there has been virtually no issuance, with private placements meeting much of the funding need. Gilt rates remain low and whilst spreads are less predictable, the overall cost of funds remains at very low levels. The highly successful AHF Guarantee Programme bond has now been closed to new business. Great Places' borrowing in the year comprised £55M from Santander, drawn prior to that facility expiring, offset by an £11M repayment on the revolving facility. The 2017/18 business plan indicates that the Group will not need to draw down any funding in 2017/18 and that the existing facilities will last until December 2020.

STRATEGIC REPORT AND REPORT OF THE BOARD

Challenges	Commentary and context
External – costs and inflation	CPI reached a four year high in May 2017 and is expected to grow further as import driven inflation resulting from the decline in sterling following the Brexit vote feeds through. It is expected that inflation will fall back to the 2% Bank of England target in the medium term. UK unemployment has fallen steadily, and wage growth has also slowed. The combined impact of rising imported material prices, a shrinking UK-resident construction workforce, the likely Brexit impact on overseas construction workers and the desire to build more homes is highly likely to push up construction and land costs. Earnings represent c40% of the Group's total cash operating costs, so controlling earnings growth is critical. The impact of the National Living Wage (the Group is a living wage employer) and the potential knock on impact on pay differentials makes the challenge tougher.
External - Supporting People	Significant pressure on Supporting People income continues and the impending introduction of LHA constraints to Supported Housing rents adds further concern. We have responded by ensuring Supported Housing is at the forefront of our transformational change programme (see below). We continue to closely monitor the devolution agenda in Greater Manchester and the Sheffield City Region as well as the health, social care and housing interactions.
Internal – Business Transformation	The Group is now well underway with a process of business transformation designed to deliver efficiency and effectiveness, removing waste and duplication across all activities. Transformational change will be rolled out across the Supporting Housing function in the summer of 2017/18 and start to impact General Needs housing services in the latter part of the year. Transformational change is being supported by Business Systems investment in new systems and upgrades to existing systems and infrastructure.
Internal – Delivery of HCA targets	The Group has again achieved all of its HCA Framework Delivery Agreement targets and remains on target to hit all remaining HCA milestones through to March 2018.
Internal – Financial strength	The Group has grown its surplus to nearly £13M in 2016/17 and delivered excellent results in Operating margin of 31.1%, a surplus of 11.6% of turnover and interest cover of 236%. Both Moodys and Fitch have reaffirmed their ratings of Great Places following their 2016 Annual Reviews (Moodys A2, Fitch A+). The Group also maintained its top financial viability rating (V1) from the HCA in November 2016. Welfare reform and the increasing importance of the Local Housing Allowance both present continuing challenge on the Group's ability to maintain its financial strength.

STRATEGIC REPORT AND REPORT OF THE BOARD

Results for Financial Year ended 31 March 2017
The Group has achieved a surplus after tax of £12.7M for the year ended 31 March 2017, an increase of £0.3M while maintaining the surplus achieved of 11.6%, compared to 11.9% in 2016.

Turnover was £109.4M (2015/16: £103.9M) – the increase due primarily to the levels of outright sales and first tranche sales included within this total.

Operating surplus was £34.0M compared to £33.8M in 2015/16. Adjusted operating surplus (i.e. excluding surplus on property sales) was £31.20M (2015/16: £28.5m). The element relating to social housing activities was £28.2M (2015/16: £28.1M), which represents 90% (2015/16: 99%) of the total operating surplus.

Housing properties at cost reached £1,175M, (2015/16: £1,139M) up £36M (3.1%) in the year and was funded by £4.5M of grant, £9.7M of sales receipts and the remainder from additional debt.

During 2016/17 Great Places continued its very significant commitment to new and existing homes. Over £60M was invested in building new homes, with over 625 new homes delivered in the year. A further £14M of expenditure facilitated over 3,300 programmed improvements to over 2,600 properties in the existing portfolio, whilst there was also £10.6M outlay on the Group’s responsive, re-let and servicing maintenance activities. These figures demonstrate that Great Places has again allocated close to £85M of funding to expand or improve the homes it provides.

For the year ended 31 March	**2017 £M**	**2016 £M**	**2015 restated £M**	**2015 £M ***	**2014 £M ***	**2013 £M ***
Income Statement						
Total turnover	109.4	103.9	89.5	84.3	85.0	79.9
Operating surplus	34.0	33.8	30.6	28.7	25.5	22.9
Surplus for the year after tax	**12.7**	**12.4**	**11.3**	**10.9**	**9.2**	**7.4**
Statement of Financial Position						
Housing properties at cost	1,174.7	1,139.4	1,092.6	1,104.0	1,033.2	971.5
Social housing grant	-	-	-	(535.4)	(517.8)	(506.9)
Depreciation	(147.3)	(134.6)	(124.4)	(74.6)	(73.0)	(66.2)
Investment properties	15.5	13.9	12.7	12.7	-	-
Other fixed assets	10.0	6.4	6.5	6.5	7.2	7.7
Fixed assets	**1,052.9**	**1,025.1**	**987.4**	**513.2**	**449.6**	**406.1**
Investments	9.2	9.9	10.2	0.6	0.2	0.8
Net current assets	45.8	28.4	25.0	34.9	27.9	29.8
Total assets less current liabilities	**1,107.9**	**1,063.4**	**1,022.6**	**548.7**	**477.7**	**436.7**
Creditors due after one year	591.7	550.2	517.7	469.3	411.7	379.9
Social Housing Grant	467.6	473.7	475.1	-	-	-
Reserves	48.6	39.5	29.8	79.4	66.0	56.8
	1,107.9	**1,063.4**	**1,022.6**	**548.7**	**477.7**	**436.7**

STRATEGIC REPORT AND REPORT OF THE BOARD

For the year ended 31 March	2017	2016	2015 restated	2015 *	2014 *	2013 *
Statistics and key ratios						
Surplus % Surplus for the year as % of turnover	11.6%	11.9%	12.7%	12.9%	10.7%	9.3%
Interest Cover (operating surplus, add back surplus/deficit on sale of property in normal course of business, add back depreciation, impairment and gift aid) / (net interest payable) GOLDEN RULE >140%	236%	212%	210%	185%	186%	178%
Interest Cover (As above, but with major repair capitalisation limited to 40% of total major repair expenditure)	214%	202%	194%	169%	170%	156%
Gearing (Total borrowings less cash at bank and in hand)/ (Housing properties at cost less properties under construction) GOLDEN RULE <55%	43.1%	44.0%	44.5%	44.0%	40.5%	41.5%
Social Housing Letting interest cover (Surplus on social housing lettings / net interest paid (in cash flow statement))	1.2x	1.3x	1.4x	1.3x	1.1x	1.6x
Operating Margin before interest % (Operating surplus / turnover excluding grant amortisation) GOLDEN RULE >28%	30.0	28.9	36.2	34.1	30.0	28.8
Recurrent cash interest cover (Operating surplus plus depreciation and impairment / net interest in cash flow statement)	2.1x	2.0x	2.1x	1.8x	1.7X	2.3x
Debt to revenue (Loans less fees plus finance leases / turnover)	4.9x	4.8x	5.2x	5.5x	4.8x	4.8x

**Historic information is under old UK GAAP and has not been restated for FRS 102.*

Listening to our customers
"We know, respect and care about our customers" is a key Great Places value and both 'learn more about the needs and aspirations of our customers' and 'provide more opportunities for customers to shape, influence and challenge our services' are important objectives within the organisation's Corporate Plan.

Our Tenant Scrutiny group continues to challenge the business around areas of service delivery and over the past year, as well as specific reviews into our approach to the delivery of aids and adaptations, tenant communication and planned investment work, has also appraised how well Great Places meets the required outcomes and specific expectations in the Social Housing Regulator's Consumer Standards and left us with some stretching recommendations for improvement.

Great Places has also recently joined the Institute of Customer Service (ICS) which gives us unique insight into the quality of customer service in the UK. We intend to get the most out of our membership and are already developing a training matrix based around their customer service modules.

STRATEGIC REPORT AND REPORT OF THE BOARD

Performance management

The Group manages performance through a balanced scorecard which assesses the achievement of the Corporate Objectives through a range of quantitative and qualitative measures. Each objective is assessed against the relevant set of measures and any corrective action identified. Board focus is on a much smaller suite of "Critical Success Factors" each of which is supported by a wider range of performance indicators.

CRITICAL SUCCESS FACTOR	2015-16 YEAR END	2016-17 MINIMUM TARGET	2016-17 STRETCH TARGET	2016-17 ACTUAL RESULT	
Overall Satisfaction	88.3%	88.0%	90.0%	86.1%	Target Missed
Repairs Satisfaction	91.2%	91.0%	93.0%	92.3%	Target met
Stock condition surveys	82.3%	91.0%	94.0%	91.1%	Target met
Average SAP rating	69.6	71.5	72.5	71.7	Target met
Group Surplus before tax	£12.6M	£11.4M	£11.4M	£13.0M	Target met
Current Arrears including HB	3.3%	3.7%	3.3%	2.6%	Target met
Average re-let time (days)	23.9	24.0	22.0	22.3	Target met
Development Program Completions	368	498	498	539	Target met
Maintain G1 and V1 Ratings	Maintained	Maintained	Maintained	Maintained	Target met
Average days sickness per employee	7.1	7.4	6.8	8.3	Target Missed
Households into work (% tenants)	129 (36%)	150 (50%)	180 (50%)	197 (58%)	Target met

As the tables above, below and overleaf show, 2016/17 has seen the majority of targets exceeded and an improvement on the 2015/16 results for the majority of indicators. The result for current arrears is particularly impressive given the challenging impact of welfare reform.

		2016/17 Actual	2016/17 Target	2015/16 Actual	2014/15 Actual	2013/14 Actual
CUSTOMERS AND COMMUNITITES						
Customers	Overall Satisfaction	86.10%	88.00%	88.30%	86.40%	83.50%
	Satisfaction - complaints handling	68.90%	-	76.20%	59.40%	60.00%
Communities	Tenancy turnover	7.30%	-	8.40%	9.60%	9.40%
	Satisfaction with neighbourhood	78.50%	-	85.50%	85.20%	83.70%
	No of households into work	197	150	129	44	43
ASSETS						
Repairs Delivery	Satisfaction with repairs service	92.30%	91.00%	91.20%	89.20%	82.90%
	Satisfaction – quality of repair	94.40%	-	92.70%	91.20%	87.60%
	Average end to end time to complete a repair (days)	10.0	-	12.9	24.3	-
	Repairs completed at first visit	85.60%	-	83.40%	-	-
Asset Management	Satisfaction with quality of home	82.30%	-	81.40%	80.60%	77.00%
	Decent Homes standard	100.00%	100.00%	100.00%	100.00%	100.00%
	Gas servicing compliance	100.00%	100.00%	100.00%	100.00%	100.00%

STRATEGIC REPORT AND REPORT OF THE BOARD

		2016/17 Actual	2016/17 Target	2015/16 Actual	2014/15 Actual	2013/14 Actual
FINANCIAL VIABILITY						
Overall budget	Achievement of budget surplus	£12.7M	£11.4M	£12.4M	£11.2M	£9.2M
Turnover	Achievement of budget turnover (excluding grant amortisation)	£104.1M	£106.9M	£98.7M	£90.6M	£85.1M
	Average re-let time	22.1 days	24.0 days	23.9 days	27.0 days	33.0 days
	Current arrears	2.60%	3.30%	3.30%	3.80%	3.60%
Operating costs	Achievement of budget (per the management accounts) (excluding cost of sales)	£50.7M	£50.2M	£48.1M	£48.9M	£59.6M
GROWTH						
Building new affordable homes	Satisfaction with new home	97.30%	-	98.10%	97.20%	91.60%
	Units started/completed (HCA framework)	123/539	160/498	94/368	909/730	893/576
PEOPLE						
Engaged staff	% of staff who are satisfied with Great Places as an employer	79.00%	-	79.00%	76.00%	80.00%
	Staff turnover	20.00%	-	16.90%	21.40%	9.80%
	Sickness absence	8.3 days	7.4 days	7.1 days	9.1 days	9.1 days
GOOD GOVERNANCE						
Continuous improvement	Implementation of internal audit recommendations	87.00%	85.00%	82.00%	95.00%	87.00%

VALUE FOR MONEY (VFM) SELF ASSESSMENT

A FULL ACCESSIBLE VERSION OF THIS SELF ASSESSMENT WILL BE AVAILABLE ON OUR WEBSITE (www.greatplaces.org.uk) BY THE END OF SEPTEMBER 2017.

VFM: Overview

Great Places understands the importance of getting more out of our available resources to provide high quality homes and a good customer service – thereby demonstrating value for money. We are a profit for purpose organisation aiming to maximise our surplus to enable us to deliver our identified priorities and to attain our vision of Great Homes, Great Communities, Great People.

For us, value for money is an integral part of our overall strategy to deliver our corporate priorities, rather than an add-on or standalone activity. Our Board monitor progress against the 3-Year Corporate Plan, designed to ensure we maintain an emphasis on delivering core objectives, on becoming a more economic, efficient and effective business, on openness and transparency, and on reacting swiftly and appropriately to the key challenges being faced.

The more efficient we are the more resources we have to build new homes, improve existing homes, enhance services, undertake activities designed to maximise social impact and fund other key corporate priorities. With a clear focus on what matters most, 2016/17 was another successful year for Great Places with highlights including:

STRATEGIC REPORT AND REPORT OF THE BOARD

1. Financial strength preserved with turnover and surplus maintained despite the 1% rent cut
2. Best ever arrears performance and record low void-loss
3. 625 new homes built and record property sales performance
4. Delivery of cost savings and efficiencies to meet our "Building Greatness" targets designed to counteract the 4 year rent reduction.
5. Challenging targets exceeded for 9 out of 11 Critical Success Factors

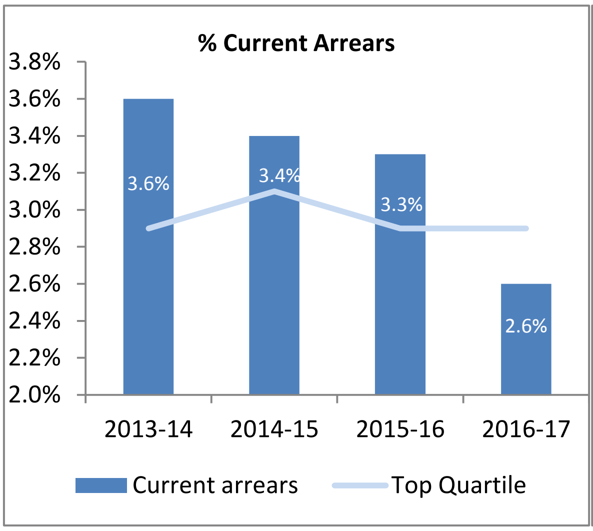
Building Greatness

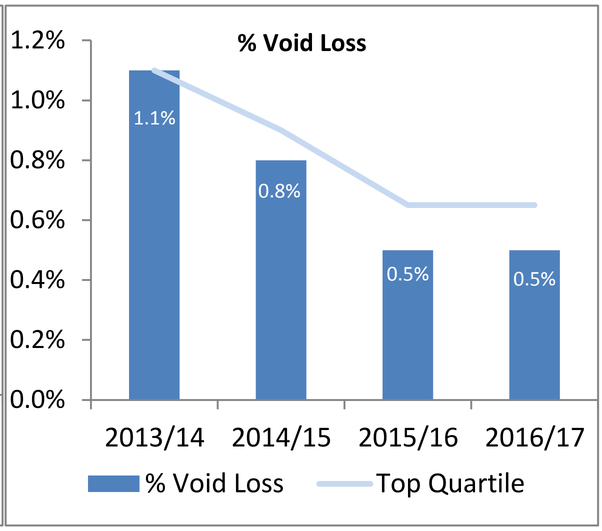
During 2016/17, Great Places has continued to achieve against our vision and values and our corporate priorities, which together provide a clear route map for a successful future, a focus on what matters most, and an emphasis on being a profit for purpose organisation. Improving VFM is central to this view and is embedded in our vision, including 'maximising our investment in sustainable homes', in our values, including 'we promote partnerships, efficiency and value for money', and in our corporate priorities, which has value for money as a specific objective.

However, while still seeking to deliver the objectives set out in the Corporate Plan, the rent reduction in particular, and other adverse changes has meant the Group has been required to thoroughly review its operating processes and the cost base to an extent not identified by the Corporate Plan, which was produced and approved prior to that announcement.

The Group is now well underway with the delivery of what we call "Building Greatness" which we define as: "Our values-led journey of change, to ensure that we are always efficient and effective in delivering our vision".

Arrears and Void Loss





Great Places arrears performance improved from 3.3% to 2.6% over the past year. Despite the 1% rent cut, and allowing for new property and disposals, we collected over £95k more cash in 2016/17 than we did in 2015/16, and the actual amount of year end arrears has reduced by nearly £500k. This is a significant improvement which means that over a period of about 5 years we have gone from bottom to top quartile for arrears performance.

For the fourth year in succession we have improved our re-let time and now have performance which is top quartile compared to our peer group. An improvement in re-let times from 33 days to 21 days represents £125k of additional rent collectable. While the re-let time has reduced, our tenancy turnover figure has, over the same period of time, also reduced from 9.6% to 7.3% while both the average length of terminated tenancy (5.7 years) and the percentage of tenancies terminated within one year of their start (14.5%) have remained steady and stable.

Supported Housing

It remains a key part of the Group's business strategy to maintain the delivery of its Supported Housing services, particularly in times when local authority supporting people budgets are under immense strain. Great Places has already seen and anticipates further significant cuts to the Supporting People budgets – well over 40% in real terms over the last 6 years. In recent years the proportion of income generated by social housing has been consistently around 80% of total turnover.

Supported Housing is part of Great Places' very ethos with client groups such as those with drug and alcohol dependency, the young homeless or teenage parents all being causes to which the Group dedicates its resources for reasons other than just a financial return. We have changed the way we deliver those services, which we now call "Independence and Well Being" as part of our overall Building Greatness initiative.

Growth

As shown by the last two years results, we are seeing first tranche sales and development for sale activity forming a larger part of the overall income mix. In 2016/17 we completed 193 first tranche and 32 outright sales. The ability of Plumlife Homes Limited, as a non-charitable registered provider, and Cube Great Places Limited as a non-regulated subsidiary, to deliver growth through market rent and market sales products complements the GPHA development product.

2016/17 was another highly successful year for Cube with a profit before tax of over £0.8M. After having gift aided £454k back to Great Places Housing Association, Cube's charitable parent, the remaining profit has been retained within the Cube business.

It is worth emphasising that, while growth will always be a key objective for the Group, it is recognised that there will be times when stock sales, disposal and rationalisation are appropriate. As an example, structural changes in the NHS have led to falling demand for keyworker accommodation owned or managed by the Group and we will see our portfolio reducing further over the next year.

Critical Success Factors

During 2016/17, Great Places was focused on 11 critical success factors (CSFs), key indicators which together give a clear overall picture of the health and the performance of the business. They have stayed largely consistent for four years and we can demonstrate improvement for all of them over that period.

To summarise 2016/17 performance for each CSF:

- Overall Satisfaction has missed target by 1.9%;
- Repairs Satisfaction has hit target;
- Average SAP rating has hit target ;
- Stock Condition Survey completion rate has hit target;
- Group Surplus has hit target;
- Current arrears have finished at a record low and beaten stretch target;
- Average re-let times have hit target;
- Great Places completions have hit target;
- G1 and V1 Ratings are being maintained;
- Sickness absence has ended the year worse than target; and
- Households into work – stretch target achieved.

VFM – comparisons and benchmarking

Great Places key cost and performance trends are summarised in the VFM table below:

VFM highlights		**2016/17**	**2015/16**	**2014/15 restated**	**2014/15**	**2013/14**	**2012/13**
Financial VFM indicators							
Operating cost (excluding cost of sales) per home	A	£3,274	£3,488	£3,188	£2,993	£3,268	£3,129
Management cost per home	B	£955	£871	£791	£822	£881	£820
Planned and routine maintenance cost per home	C	£558	£586	£597	£597	£598	£607
Rent void loss per home	D	£49	£48	£66	£66	£80	£74
Housing management VFM indicators							
Current rent arrears	E	2.6%	3.3%	3.4%	3.4%	3.6%	3.5%
Re-let times – general needs properties (days)	F	22	24	28	28	34	25
Resident satisfaction – overall	G	86.1%	88.3%	86.4%	86.4%	83.5%	88.2%
Resident satisfaction – repairs	G	92.3%	91.2%	89.2%	89.2%	82.9%	92.2%

Number of homes = total owned and/or managed
Operating cost (excluding cost of sales), management cost, planned and routine maintenance cost and void loss
Housing management performance indicators per year-end balanced scorecard.

A: Operating costs have decreased by 6% during 2016/17	E: Arrears levels improved to a record low of 2.6%
B: Management costs have increased by 9%, largely due to pension liabilities.	F: Re-let times have improved by a further 2 days
C: Maintenance costs have reduced by a further 4%.	G: Repairs Satisfaction levels have increased again, and are now the highest they have been. Overall resident satisfaction has reduced slightly.
D: Void Loss per home has increased slightly but is still significantly better than previous years.	

We have signed up to the Sector Scorecard pilot and are key players in the Vantage/Performance Indicator Club and the Greater Manchester Providers Performance Group. We recognize that the Regulator is keen to develop a set of common metrics which provide a more transparent and comparable sector-wide view of value for money and are keen on the move to a greater focus on data.

Entity	Social Housing Units Managed	Social Housing Cost CPU (£K)	Management CPU (£K)	Service Charge CPU (£K)	Maintenance CPU (£K)	Major Repairs CPU (£K)	Other Social Housing Costs CPU (£K)
Great Places HA	15,077	3.06	0.94	0.29	0.68	0.86	0.28
Sector Level Data							
Upper Quartile		4.30	1.27	0.61	1.18	1.13	0.41
Median		3.55	0.95	0.36	0.98	0.80	0.20
Lower Quartile		3.19	0.70	0.23	0.81	0.53	0.08
Quartile		Best	2nd	2nd	Best	3rd	3rd

Key points include:

- Our overall cost per unit is top quartile;
- We are comparatively big spenders around major works, but this is a priority area linked to improving the quality of our homes;
- The figures provided are for Great Places Housing Association. If we consider the Group position our headline costs reduce further to £2.74; and
- By 2019/20, we predict that our Group unit costs will be down to £2.58 which is a 6% headline reduction and a decrease of 15% in real terms.

VFM: Embedding a Strategic Approach
Having a strategic approach to VFM, and making decisions to ensure we make the best use of the Group's resources, is not new for Great Places and the significant improvement in financial performance and quality of service delivery over recent years is prime evidence of success in this regard. Improving VFM is viewed as a sign of good governance in action, as a means of achieving corporate objectives and as a key determinant of business effectiveness.

Over the past year, the Group has had successes, including:
- In 2015 Great Places made the decision to directly manage its repairs service supply chain and launched its own distribution centre. In 2016/17 this has delivered material cost savings of £147k and supported increases in first time fix rates, increased operative productivity, reduced end to end times and an increase in overall customer satisfaction;
- During 2016-17 the Great Places repairs service undertook a review of its sub-contract expenditure, which led to transference of some works to the Great Places directly employed team which had increased capacity due to the improved productivity, and improvements to the sub-contractor management process. Overall this has delivered £347k year on year savings to the business;
- In line with our profit for purpose ethos we continue to ensure that factors generating social value are maximized, including debt advice, apprenticeships and financial inclusion, with an emphasis on getting our tenants into work. During 2016/17, we generated £2.3m savings for our customers and delivered 197 households into work, of which 114 were our residents;
- Our strategic Great Value group continues to be wide-ranging and challenging considering broader VFM issues beyond its original remit of procurement. That said, the group now has delegated responsibilities to approve procurement up to £2m and a more effective approach to challenging whether good contract management is taking place; and
- Over the past 6 months our enhanced central Procurement Team has realised savings of £137k and has a high profile work plan which shows potential savings of up to £1m over the course of the next financial year.

Through our strategic approach, VFM is incorporated into all decision-making with an acknowledgement that we cannot deliver our vision and values without delivering VFM. We always seek the optimum of low costs, high performance and high levels of customer satisfaction.

VFM: Achievement of savings and planned savings for future years
Having completed a revised business plan in October 2015, and in line with our Building Greatness approach, we have identified a number of explicit cost-saving actions to meet the shortfall in rent predicated by government policy. In putting together subsequent budgets and business plans, it has been possible to determine which of those immediate cost saving actions have actually been turned into real budget savings. We also regularly review progress against longer cost savings assumptions and efficiencies – where actions may be underway but results will not materialise until subsequent years.

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There is a clear path to achieve the savings necessary to offset the impact of cuts in social rents and enable us to continue to provide quality services focused on improved VFM. It provides clarity over how we will increase operating efficiency over the next five years.

VFM: Sweating our Assets
A key driver of increasing our surplus has been a renewed focus on profitability. In addition to the benefits arising from lower interest costs and lower maintenance costs, the Group has several initiatives in place designed to improve our operating margin and this includes actions to divest less profitable business streams and an asset management-led programme of property disposals, as we have moved from an operational to a strategic approach to divestment.

Great Places have developed a robust set of tools that allows us to understand the value of every property we own. A comprehensive suite of KPIs, informed by extensive asset information, enables us to report on each property by Open Market Value, Book Value, Existing Use Value and Net Present Value. By taking account of past and future performance factors such as, planned investment works, demand, energy performance and stock isolation, we are able to identify with some accuracy those properties which perform well and those which don't.

Based on this, we make informed, evidence-based VFM decisions using relative performance data. We divest where that is the best option, and invest where we wish to address performance in priority neighbourhoods.

We will continue to do more around understanding our return on assets, as measured against our objectives and in terms of getting a better idea of management 'effort' for each property and then costing it, as well as building in external factors such as crime, indices of multiple deprivation etc.

VFM: Conclusion
2016/17 was a good year for Great Places and there are many figures to substantiate that. It is clear that the vision and values permeate all that we do, that there is a shared view of Great Places as a 'profit for purpose' organisation with a strong commitment to prioritise social impact in our activities. Nowhere is this more evident than in our commitment to build new affordable homes, activity we will continue to prioritise, as stated in our corporate plan.

We again claim that a simple output which shows the performance of Great Places standing out from the crowd is in delivery of new homes and growing our business.

Last year, we built 625 new homes representing an increase in stock of almost 4%. Based on information provided by Inside Housing, this puts us amongst the top 20 of the 'biggest developers' nationally, one of the few top developers who are solely northern-based, and a top performer in terms of new homes built as a proportion of total stock owned at 3.3%. In terms of what Great Places manages to achieve from its asset base, we consider that we are delivering exceptional VFM.

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Accounting policies

The Group's principal accounting policies are set out within the notes to the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of improvements, housing property depreciation, impairment, and the treatment of shared ownership properties.

Treasury Management Policy, capital structure, cash flows and liquidity

The Group reviewed and revised its Treasury Strategy in July 2016 and will do so again in July 2017.

The Group's borrowing increased by £41.7M during the year to part fund the Group's ongoing development activity, which was achieved through:

- £55.9M drawdown of existing loan facilities;
- £11.0M repayment of revolving credit facility; and
- £3.2M of scheduled loan repayments.

Capital Structure (loan and finance lease liabilities)						
As at 31 March	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Maturity	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	4,817	3,208	1,610	1,760	1,796	1,651
Between one and two years	9,929	2,659	3,165	1,828	1,777	1,684
Between two and five years	30,357	34,537	5,337	14,160	8,151	6,945
After five years	499,617	462,616	464,062	399,297	372,537	324,227
TOTAL	**544,720**	**503,020**	**474,174**	**417,045**	**384,261**	**334,507**
Fixed including Cancellable	470,402 (86%)	473,020 (94%)	444,157 (94%)	380,371 (91%)	345,835 (90%)	210,484 (63%)
Variable	74,318 (14%)	30,000 (6%)	30,017 (6%)	36,674 (9%)	38,426 (10%)	124,023 (37%)
Own name Bond Issue	201,676	201,712	201,748	181,453	148,578	-
Post 2007 facilities	310,117	265,226	234,722	194,095	194,095	291,296
Other legacy debt	32,927	36,082	37,704	41,497	41,588	43,211

The Group's borrowings are principally from banks, building societies and the debt capital markets, at both fixed and floating rates of interest. The approved Hedging Strategy identifies an approach that allows for flexibility and caters for a changing interest rate environment, setting targets across a range of interest rates. The strategy approved in July 2016 specifies that a minimum of 75% fixed rate debt should be maintained. As at 31 March 2017 the Group had 86% fixed rate debt.

During 2017/18 the Group does not expect to draw any new debt, with opening cash balances and operating cash generation being sufficient to meet the requirements for the year.

The Group's loans are secured against housing properties using either Existing Use Value – Social Housing (EUV-SH) or Market Value Subject to Tenancy (MVST). Properties are revalued by valuers appointed by the relevant funder at intervals stated in the loan documentation.

Interest rate swaps are used to provide a hedge against the Group's exposure to interest rate fluctuations. The hedging strategy is regularly updated to ensure it remains appropriate in an ever changing financial climate and also in response to the Group's funding strategy.

Hedging is one of the tools adopted to have managed the market price risk of interest costs, and together with a range of sensitivity analyses run against the Group's business plan allows Great Places to monitor its exposure in this regard. No new hedging was undertaken in the year.

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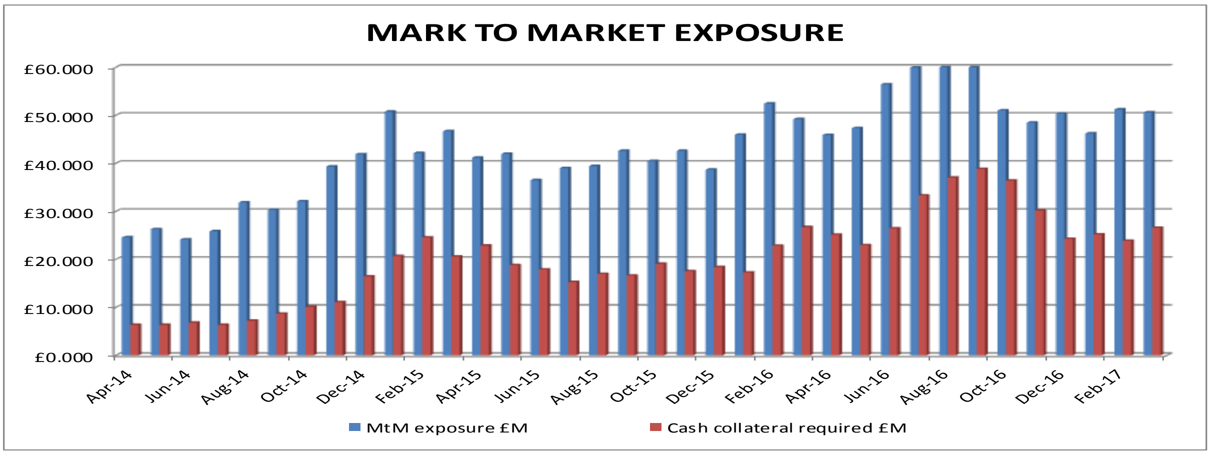
The fixed rate transactions include a mix of embedded and stand alone swaps. The stand alone swaps are transacted through International Swaps and Derivatives Association ('ISDA') agreements.

A total of £26.6M of cash collateral (as shown on the following table) was provided to counterparties at 31 March 2017 and is included within investments on the balance sheet. The average maturity of the swaps is 13 years.

Standalone Swaps – Mark to Market (MtM) Exposure					
Counterparty	**Unsecured Threshold**	**MtM Exposure**	**Collateral requirement**	**Property**	**Cash**
Barclays	£7,500,000	£10,526,937	£3,026,937	£0	£2,750,000
Lloyds	£7,500,000	£14,121,110	£6,621,110	£0	£6,760,000
RBS	£3,000,000	£15,885,239	£12,885,239	£0	£12,993,874
Santander	£4,900,000	£9,170,193	£4,270,193	£0	£4,060,000
Credit Suisse	£3,000,000	£901,353	£0	£0	£0
As at 31 March 2017	**£25,900,000**	**£50,604,832**	**£26,803,479**	**£0**	**£26,563,874**
As at 31 March 2016	**£25,900,000**	**£49,217,187**	**£25,235,283**	**£0**	**£26,720,068**
As at 31 March 2015	**£25,900,000**	**£46,707,633**	**£22,809,873**	**£0**	**£20,600,505**
As at 31 March 2014	**£25,900,000**	**£24,111,815**	**£4,600,796**	**£0**	**£6,751,000**
As at 31 March 2013	**£25,900,000**	**£35,622,445**	**£12,138,466**	**£0**	**£12,011,000**
Movement in year	**£0**	**£1,387,645**	**£1,568,196**	**£0**	**-£156,194**

A further £0.4M of cash collateral was paid to counterparties between 1 and 4 April 2017, following the valuations made on 31 March 2017.

Over the last three years there has been significant volatility in medium to long term interest rate expectations which has seen the level of mark to market exposure, and cash collateral requirement, fluctuate substantially.



The fixed rates of interest on the whole portfolio range from 2.19% to 11.50%. On the standalone swaps the fixed rates range from 2.19% to 4.97%.

The Group's lending agreements require compliance with a number of financial and non-financial covenants, most notably interest cover and gearing, both of which are shown on page 15. The Group's position is monitored on an on-going basis. The Group borrows and lends only in sterling and so is not exposed to currency risk.

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Our latest management accounting information and business plan projections confirm that the Group is in compliance with its loan covenants at the balance sheet date and we expect to remain compliant in the foreseeable future.

Cash flows
Cash flows during the year are shown in the consolidated cash flow statement on page 47 and 48. The major influences on the scale and timing of future borrowings are the costs, grant and sales receipts for the Group's development programme.

Liquidity, cash management and investment
The Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group shall ensure it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft, revolving credit or other stand-by facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business and service objectives. These requirements are set out in the approved Treasury Management Strategy and are monitored regularly as part of the cash flow reporting regime.

The Group business plan identifies gross funding requirements over the next three years of £56M (with nothing required in 2017/18). At 31 March 2017, undrawn long term bank facilities amount to £50M. We also have a further £60M of short term revolving facilities available. These facilities are intended to finance the Group's ongoing development activity. The current business plan indicates the long term facilities meet our cash requirements until around December 2020.

As at 31 March 2017 the Group had all of the £60M revolving facility fully secured, with the long term facilities either fully secured or with security identified and charging work underway. This comfortably meets the liquidity requirements set out in the Treasury Management Policy which was updated in March 2016.

The Group holds its surplus cash as cash or cash equivalents and will not invest in gilts, equities or other non-money assets.

Future Outlook
Great Places delivers a wide range of high quality services to almost 19,000 homes including a significant portfolio of supported housing, and is also one of the most prolific developing Housing Associations in the North of England. The ability to continue this combination relies on the Group remaining financially strong, being attractive to lenders and investors and continuing to be well governed. The future outlook for Great Places is positive, but is dependent on a number of factors:

Firstly, the Group must ensure it delivers on the savings and efficiencies which form our response to the July 2015 Budget rent reductions. It must also absorb the continuing adverse impact of Welfare reform and any other policy change that may occur. Failure to do so will see cash generation decline, surplus and margins eroded, and a reduction in the Group's ability to attract future funding at competitive rates, which will curtail the Group's continuing development aspirations.

Secondly, the process of Business Transformation must help the Group become even more efficient and cost effective through sustainable change. Root and branch review of all activities must help eliminate waste and duplication, ensure we maximise the benefits of technology whilst delivering excellent services. Business Transformation is the cornerstone of Group's medium term efficiency strategy and will help re-establish some of the financial strength that the rent reductions have diluted. Good progress has been made in the latter part of 2016/17 and we expect to see the roll out of a new operating model for the Supported Housing business in the summer of 2017, with equivalent changes for General Needs Housing Services following later this financial year.

STRATEGIC REPORT AND REPORT OF THE BOARD

Thirdly, the Group must respond appropriately to ongoing changes in Supported Housing. The Group already cross subsidises these activities, but the proposals to introduce LHA caps to the vast majority of our Supported schemes, coupled with ongoing reductions to Supporting People funding, will have a significant impact on Great Places and our agency partners. The transformational work explained above will be a major part of this response.

Fourthly, Great Places must successfully deliver its existing HCA Development commitments and position itself to maximise any future opportunities that arise, particularly as it seems the focus on home ownership is easing. This will be supported by seeking to expand the outright sales activity undertaken by Cube, to c100 units per annum, in order to generate profit to subsidise wider Group activity.

The rise in shared ownership and outright sales activity significantly increases the sales risk inherent in the Group's operations. 2016/27 saw over 200 such properties sold by the Group's Plumlife sales team. In 2017/18 that figure will be c160 sales.

The Housing Market remains relatively strong in many (but far from all) areas and the Group feels confident that its market awareness can identify the right locations for sales activity, whilst remaining vigilant as to a potential market slow down and not getting left with large numbers of unsold stock property.

The Group also plans to expand its market rental activity. Fifteen new market rental homes were completed in 2016/17 adding to 100 market rent units at 6 different schemes operated through Cube under the Plumlife brand and 192 units in management through involvement in the hugely successful "Tribe" development in East Manchester. We plan to deliver around 150 new market rent properties on three sites across South Manchester over the next 18 months.

The Group continues to plan to fund the investment needs of its housing stock in full – a modest void disposal programme will also continue and this includes divestment of properties which are simply uneconomic to bring up to the required standard. We have made preparations (albeit that these are now suspended awaiting further progress) for the introduction of the Voluntary Right to Buy scheme, recognising that this could generate significant cash receipts that the Group would recycle into replacement of the lost assets, potentially as either affordable rent or shared ownership homes.

The Group has agreed funding facilities in place that will meet all known and expected commitments through to December 2020. Whilst the Group has the ability to go back to the capital markets to "tap" the existing bond, it is also alert to new opportunities as they arise such as the Affordable Housing Guarantee Funding, of which the Group secured £50M.

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Risk management

While risk is inherent and unavoidable in every activity that any organisation undertakes, Great Places' risk management strategy is designed to manage risks in the best possible way and reduce their potential for damage down to an acceptable level. Innovation will help the Group remain financially viable and commercially dynamic, but these always entail risk and we do not wish to turn the Group into an excessively risk-averse organisation.

The Group's approach to risk continues to develop. We have introduced a "watch list" to accompany the risk register to identify awareness of emerging issues and we have revised the risk appetite statement. We have also introduced, in conjunction with PWC our internal auditors, a new assurance map strengthening the links between the corporate risk register and the internal control framework across the three lines of defence. The risk register is reviewed on an ongoing basis by management and half-yearly at Board level, with consideration of target risks and compound risks as part of that process.

The strategic register currently contains 19 risks as shown in the following extract from the register (some risks have been de-escalated into departmental risk registers).

No.	Corporate Priority	Risk	Pre-Control Score	Post-Control Score
1.1	Customers & Communities	Poor customer experience	**L/H**	**VL/M**
1.3	Customers & Communities	Ability to deliver supported housing	**H/M**	**M/H**
1.5	Customers & Communities	Ability to pay rent	**H/H**	**M/M**
2.1	Growth	Development programme failure	**M/H**	**L/M**
2.2	Growth	Failure to maximise growth opportunities	**M/M**	**L/M**
2.3	Growth	Failure of the sales and disposals programme	**H/H**	**M/M**
3.1	Assets	Poor performing repairs delivery	**H/H**	**M/M**
3.2	Assets	Failure to manage assets/maximise their value	**H/H**	**M/M**
4.2	People	Recruitment, retention and engagement	**M/M**	**M/M**
4.4	People	Impact of Business Transformation	**M/H**	**M/H**
4.5	People	Impact of the Office move	**M/H**	**L/M**
5.1	Financial Viability	Finance is unavailable or too expensive	**M/H**	**L/M**
5.2	Financial Viability	Reduced surplus	**H/H**	**M/M**
5.3	Financial Viability	Failure to achieve value for money	**M/M**	**M/L**
5.4	Financial Viability	Ineffective business systems	**H/H**	**M/M**
6.1	Good Governance	Regulatory downgrade	**H/M**	**L/M**
6.2	Good Governance	Failure to comply with health & safety legislation	**H/H**	**H/M**
6.3	Good Governance	Insufficient internal controls	**H/M**	**M/L**
6.4	Good Governance	Impact of Executive team restructure	**M/M**	**M/L**

Key: VL = 'Very Low', L = 'Low', M = 'Medium' and H = 'High'.

The risks with the highest post control scores are explained in a little more detail in the following table, however far greater detail is included in the full Strategic risk register.

Risk description, impact and consequence	Controls and mitigations
1.3 Inability to deliver Supported Housing on the same scale The Group's ability to deliver supported housing services is constrained by income reductions imposed by commissioning bodies or by Government rent policy, or by losing contracts in a competitive market. **Results in:** A potential inability for the Group to continue to provide the same level of support for the most vulnerable people in our communities.	• Business transformation review to be rolled out in the summer of 2017; • Revised approach will seek to avoid creating a dependency culture amongst residents – the function has been rebranded as "Independence and Wellbeing"; • Increased joint working with local authorities, commissioning bodies and partner agencies; • Actively seeking and winning new income streams, including those that are not property reliant, such as floating support type services; • Consider alternative uses for buildings, redevelopment or disposal.
1.5 Ability to pay rent Customers are unable to pay their rent as they receive reduced benefit due to Welfare Reform. Direct payment of rent to the customers under Universal Credit leads to non-payment as customers use the funds for other costs. Increased collection costs due to more individual transactions. **Results in:** An adverse impact on cash collection and financial strength.	• Newly created regional rent teams focussing on arrears are supported by specialist teams including social investment and financial inclusion; • The core housing system has been upgraded, notably with the implementation of the arrangements module which is assisting income management processes; • The Allpay contract has been re-procured and transaction costs have reduced; • Detailed customer and vulnerability profiling allows tailoring of services and proactive recognition of potential issues in advance.
2.1 Development programme failure Failure to deliver our contracted development programmes on time. Failure to secure suitable sites for a development pipeline. Unable to secure the required levels of funding – be that through grant, debt or other sources. Failure of programme due to the insolvency of key partners. Relationships with developers fail and opportunities cease to come forward. Fail to sell outright or shared ownership sales products at the right	• The Group has an appropriately resourced, clearly focused, high quality and experienced development team which has the full confidence of the HCA and is well respected by local authorities and other partners; • The Group has a good track record of adapting to changing political priorities; • The Group leads the ICNW procurement framework which ensures a pool of high quality contractors and consultants; • Funding is in place to meet all committed projects and programmes; • Programmes of disposals and conversions are in place to create capacity; • Great Places has invested in long term development opportunities such as the Sheffield Housing Company; • The Group has built good relationships with developers

<table>
<tr><th>Risk description, impact and consequence</th><th>Controls and mitigations</th></tr>
<tr><td>price or within the right timescales (see also 2.3 sales risk).

Results in: Not meeting growth, sales and financial targets. A breakdown in the relationship with the HCA and other partners. Loss of influence. Damage to reputation.</td><td>and builders which will help maximise the flow of S106 and other opportunities;
• The sales team is experienced and fully resourced to meet challenging sales volume targets;
• Specialist staffing skills have been recruited in order to help to deliver an appropriate land bank;
• Robust development policies and procedures are supported by independent audit arrangements.</td></tr>
<tr><td>3.1 Poor performing repairs delivery

A failure to effectively deliver the responsive repairs service, with increased likelihood of unanswered calls, missed appointments, fewer first time fixes, ineffective logistics, poor productivity, reduced customer satisfaction (risk 1.1) and poor value for money.

Results in: Potential serious detriment under our duty of care to customers and potential regulatory intervention linked to the home standard. Reduced customer satisfaction. Reduced VFM.</td><td>• Our repairs distribution centre, which opened in October 2015, has brought many sustained benefits:
o to customers in terms of first time fix rates and reduced end to end times – with subsequent significant increases in customer satisfaction;
o to the business in terms of reduced materials cost, reduced waste disposal cost, reduced fuel costs, productivity improvements and reduced travel time; and
o to employees as a result of better scheduling, higher availability of parts and reduced travelling.
• Upgraded mobile devices have been provided for all operatives with specific measures put in place to address known areas of poor coverage.
• The fleet has been re-procured, with savings in both leasing and fuel costs achieved.</td></tr>
<tr><td>3.2 Failure to manage assets

Poor quality or out of date information, and/or a reliance on cloned/extrapolated information.

Unable to fully utilise the asset management system.

Ensure all assets comply with Building Regulations.

Results in: An inability to fully understand the condition of the property portfolio, with an increased likelihood of our homes being unsafe, falling into poor condition, becoming non-compliant with legislation or the regulatory standard, or losing value.</td><td>• The strengthened Directors team includes the new post of Director of Assets;
• Upgrades undertaken, with more to follow, for the PIMSS asset management system, taking advantage of currently unused functionality notably around planning, compliance and gas servicing;
• Ongoing programme of stock condition surveys to be undertaken by in-house staff with target of 100% surveys by March 2018, having achieved 91% by March 2017;
• Investment programme works procured and planned on more cost effective three-year cycles rather than annual programmes;
• Buildings are assessed regularly and are managed effectively; and
• All asset related policies are up to date and in line with current legislation.</td></tr>
<tr><td>4.4 Business Transformation Impact

Lack of appropriate resources to deliver on a wide enough scale.</td><td>• Properly resourced team including existing operational staff, external consultancy support and also specialist</td></tr>
</table>

Risk description, impact and consequence	Controls and mitigations
Pace of change too slow. Unable to create sufficient buy in across the Organisation. **Results in:** Failure to deliver the efficiencies that are targeted. Failure to embed the culture change that is needed to deliver sustainable benefits.	functions such as HR; • Existing staff roles are back-filled so that they can focus on the new role and not worry about still having to do their "day job"; • Careful planning to identify dependencies and linkages as the transformation methodology is rolled out across several areas of the business; • Close working between the Business Transformation team and Business Systems to make the best use of technology; • Executive team all attend the project Board to provide scrutiny, challenge and oversight, and are involved in the ongoing activities of the team; • Strong communications plan using a range of channels to ensure everyone in the Organisation is kept informed, not just the areas immediately affected.
5.1 Finance is unavailable or too expensive There is a sector wide reduction in the availability of suitable finance. The cost of funding is affected by an increase in interest rates (market-wide) or interest margins (sector or GP-specific factors), making the funding unaffordable. Great Places becomes less attractive to funders / investors and its ability to attract suitable finance is diminished. The Group has insufficient unencumbered assets to meet the security requirements for the Group's planned debt. **Results in:** The Group does not have the required funding in place, or cannot access or afford the extra funding, to meet development or other aspirations.	• Ensure financial strength with growing surplus, twin credit ratings and V1 HCA assessment; • Robust, high quality business planning and stress testing processes in place; • Funding in place up to 2020/21, a minimum of 12 months funding secured in advance and a £20M cash buffer maintained; • Treasury strategy reviewed annually, taking independent Treasury advice; • Hedged debt portfolio protects against rate rises; • The Group is in a position to "tap" its bond issue, which would take the GP issue to over £250M and into the relevant index, making it more attractive to funders; • Quarterly performance updates issued to the stock exchange to meet the best practice guidance of the investor community; • Strong relationship management with existing funders helps control the risk of re-price; • New developments are available for security usage with minimal time delay and properties are released from security swiftly once revaluations are received; • Proactive reviews of security usage to ensure values are optimised; • Legacy debt regularly reviewed for repayment opportunities and security release.
5.2 Reduced surplus Rental income growth is constrained by Government policy or regulatory	• Prudent business plan assumptions allow headroom for adverse changes, and feed into a robust budgetary process, detailed sensitivity analysis and stress testing;

Risk description, impact and consequence	Controls and mitigations
change - such as rent formula change, LHA restrictions, benefit changes, affordability, etc. (see also risk 1.5 above). Shallow demand leads to increased void loss. Rising inflation or weak cost control means expenditure rises more quickly than expected. **Results in:** Reduced surplus could lead to a failure to meet financial targets or expectations, or generate covenant breaches.	• Opportunities for profitable diversification and alternative, ideally unregulated, income streams are actively pursued and then carefully considered; • The core neighbourhood strategy actively tackles issues around areas of shallow demand; • The Great Value group provide scrutiny and challenge to all new initiatives; • Well resourced and properly skilled procurement resources ensure that VFM is a priority; • The performance management regime is being strengthened through the roll out of performance dashboards and more robust appraisal processes; • Business Transformation will identify and eliminate inefficiency, waste and duplication.
5.4 Ineffective Business systems Failure to provide our staff with the tools they need to do their jobs effectively. Failure to offer our customers an attractive, modern means of interaction and engagement. Failure to protect our systems or data from cyber crime due to poor IT security. Failure to ensure data is of sufficient quality. **Results in:** Inefficiency, waste and duplication. Inaccurate or missing data leads to incorrect decisions being made. Poor productivity and staff frustration. Customer-facing services are out-dated and unattractive to customers. Ransomware can lead to unavailability of systems or data. Data breaches can lead to prosecution, fines and reputational damage.	• The existing Business Systems Strategy identifies priorities though to March 2018; • Development of a revised strategy is soon to commence, with an initial baselining exercise being independently undertaken; • There is close working between the Business Systems and Business Transformation teams; • A robust project governance structure has been introduced; • Infrastructure has been reviewed and upgraded including enhanced business continuity processes; • The skills base of the Business Systems team has been enhanced; • The Group has built up a broad market intelligence capacity which, combined with improved relationship management with key suppliers, means all options are carefully evaluated before decisions made; • A more balanced approach recognises the benefits of both in-house development and off the shelf system acquisitions; • Penetration testing has been undertaken and far tougher and more resilient controls and practices implemented; • The Group plans to be “Cyber essentials” compliant.
6.1 Regulatory Downgrade Failure to comply with the code of Governance. Failure to comply with the regulatory	• An independent triennial Governance review has confirmed that the Group is fully compliant with its new Code of Governance (based on the 2015 NHF Code); • Governance arrangements have been strengthened by

Risk description, impact and consequence	Controls and mitigations
framework, including the VFM standard (risk 5.3). Failure to have an effective and embedded risk and assurance framework. Failure to be aware of, or respond to changes in legislation or regulation. **Results in:** Regulatory downgrade, negative reputational impact, breach of legislative requirements or difficulties in obtaining funding.	the recruitment of a new Head of Governance role; • A "watch list" accompanies the risk register to identify awareness of emerging issues; • A new assurance map strengthens the links between the Corporate risk register and the internal control framework across the three lines of defence; • The HCA's requirement to ensure the protection of social housing assets sits comfortably with the Great Places structure, where non-regulated activity is focussed through Cube; • The Group has an up to date Register of Assets and Liabilities.
6.2 Failure to comply with Health and Safety legislation Failure to ensure Health and safety of staff, contractors and consultants. Failure to ensure health and safety of customers – particularly where their properties are covered by servicing contracts. **Results in:** Statutory action by the HSE and/or regulatory failure due to creating "serious detriment" under our duty of care to customers.	• Strengthened Corporate Health and Safety team; • Restructured and renewed Compliance team within Growth and Assets Directorate; • OHSAS 18001 accreditation; • "Near miss" reporting introduced; • Tenant H&S compliance policies and procedures; • 3rd party audit arrangements; • 10 month gas servicing cycle provides headroom to deal with all problem cases; • Over 24 months of continuous 100% gas safety compliance.
6.3 Failure of internal controls Failure to maintain effective financial and other controls. Failure to effectively manage people, or performance; to protect social housing assets or data. Failure to sufficiently plan for business interruption. **Results in:** Negative reputational impact, breach of legislation, breach of regulatory standards, regulatory action, or loss through business interruption.	• Strong Audit and Assurance Committee with clear terms of reference; • Strong internal audit function in place with a robust three year plan linked to the risk register; • Maintenance of appropriate segregation of responsibilities; • Accurate and timely regulatory submissions reported to Board through the scorecard; • Full suite of strategies, policies and procedures in place and regularly updated; • Regular testing of business continuity plans including third party input; • The assurance map clarifies the three lines of defence approach to internal control.

STRATEGIC REPORT AND REPORT OF THE BOARD

Board members and executive directors

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

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

The executive directors are the Group Chief Executive and the other members of the Group's senior management team. They hold no interest in the Group's shares and act as executives within the authority delegated by the Board. Periods served by the executive directors are shown in note 11.

Of the executive directors, only the Group Chief Executive is a member of the Great Places Board. 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 2014/15, 2015/16 or 2016/17. Further information on the emoluments of the executive directors is included in note 11 to the audited financial statements.

Executive Pensions

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

Staff Pension costs

As at 31 March 2017 the Group participates in four defined benefit pension schemes, the Social Housing Pension Scheme (SHPS, 159 staff participate), the Pension Trust Growth Plan (2 staff participate), the South Yorkshire Pension Fund (SYPF, 10 participants) and the Greater Manchester Pension fund (GMPF, 6 participants). SYPF is a final salary related scheme open to employees that work on the Sheffield stock transfer. GMPF is a final salary related scheme open to employees working on the Oldham PFI.

The Group has contributed to the schemes in accordance with levels, set by the actuaries, of between 4.4% and 8.8%, together with further lump sum payments to address the historic deficit.

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) as at September 2011. The next valuation is due to be undertaken as at 30 September 2017.

The Group pays deficit reduction contributions over periods that will end between October 2020 and October 2026. From March 2015, as a result of the introduction of new UK GAAP, these payments will be disclosed as a liability, reducing to nil over the period to October 2026. These payments and liabilities reflect the deficit reduction plans implemented by SHPS. See notes 27 and 35.

A SHPS defined contribution scheme is also available (281 participants) – this is also open to all new employees as well as having formed the basis for auto-enrolment in November 2013. The scheme requires contributions of either 3% or 5% from both employee and employer.

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Internal controls assurance

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

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

- Our approach to assurance, based around the 3 lines of defence model;
  - The existence of the Audit and Assurance Committee, with appropriate terms of reference;
  - An independent internal audit function; and
  - The external auditors;
- Financial and non-financial performance monitoring and management;
- Appropriate communications structures;
- Effective tenant scrutiny arrangements;
- Effective strategies, policies and procedures; and
- External stakeholders, including the regulator and accreditation bodies.

Internal Controls Framework

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

The main forms of assurance are:

- Our Risk and Assurance Strategy (approved by Board in October 2015) reinforced by a comprehensive Risk Policy (approved by Board in October 2016) and methodology which is monitored via routine risk reporting to every Board meeting, with detailed 6 monthly reviews, and additional scrutiny provided by Audit and Assurance Committee members;
- A refined Executive structure, supported by a strengthened Director team, reflecting key business and strategic priorities, which operate within a framework that effectively identifies and manages the risk of achieving those priorities;
- The prioritisation of Critical Success Factors (CSF's) linked to corporate priorities which include minimum and aspirational stretch targets, which help to ensure our performance management framework is focused on what matters most and on providing focus and assurance;
- Appointment of experienced and suitably qualified staff to take responsibility for important business functions. Annual appraisals (based around our Competency Framework) and monthly reviews to maintain high standards of performance, and revised HR processes to address any gaps or failings;
- A managed "Strategies, Policies and Procedures" site on the intranet to ensure that documents are signed off by the appropriate management forums, and are reviewed regularly. Board review and approve all key corporate strategies. The whistleblowing and anti-fraud policies, and a register of all actual or potential frauds, are reported to Audit and Assurance Committee, and to the regulator via an annual report;
- Financial forecasts and budgets which allow the Board and the management team to monitor key financial risks and spend in terms of achieving budgets in the short, medium and long term;
- Annual audit reports to Board from both internal and external auditors, and meetings with Audit and Assurance Committee members without officers present to allow them to raise any concerns;

- Compliance reports and regulatory judgements issued by the Homes and Communities Agency and other regulatory bodies;
- A full range of insurances in place to safeguard assets which are regularly reviewed to ensure they are fit for purpose;
- A rigorous approvals process (and scheme of delegations contained within the Code of Governance) to ensure that all significant new initiatives, major commitments, development schemes and investment projects are subject to formal authorisation procedures by the Executive Team, the Board, or the Committees of the Board;
- External accreditations and assurance reviews e.g. credit rating reviews from Moody's and Fitch, a triennial governance review completed by DTP and a health and safety review conducted by Housing Quality Network;
- Governance arrangements which provide for the Board to be able to create time-bound "Task and Finish" groups through which a small number of Board members can provide additional insight and guidance on specific issues or projects; and
- Health and safety infrastructure with architecture of meetings from local to strategic.

Progress during 2016/17

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

- Board approved nine corporate strategies that were identified in the 2015-18 Corporate Plan – this leaves only two out of the identified 26 documents which are still to go through the approvals process during year three of the corporate plan. In order to ensure that any actions / milestones identified within the strategy are delivered, we have introduced an action plan tracker which is monitored by the Head of Business Assurance and reported to the Directors team on a quarterly basis;
- Financial performance is monitored by means of an Executive Director of Finance report which is submitted to every Board meeting, as are budget and business plan reports and management accounts;
- Introduction of a programme board with responsibility for oversight of the seven Building Greatness themes led by the Executive Director of Finance in order to support the achievement of further efficiencies;
- Appointment of a Head of Governance – with specific responsibilities around implementing the recommendations from the triennial governance review, reviewing the code of governance and the assets and liabilities register, and providing effective support to the Executive, Board and Committee members to enable them to effectively undertake their strategic role and drive forward the company to meet its corporate objectives;
- Enhancements to the risk management framework – with a new Risk Management Policy approved in October 2016, and an embedded framework of risk registers at strategic, operational and project level, including the articulation of our risk appetite statement and tolerance levels, and the identification of risk targets.
- In order to fully assess the effectiveness of our governance arrangements and our compliance with the Code of Governance, Angela Lomax of DTP was commissioned to provide challenge and oversight taking into account best practice, regulatory expectations, Board and Committee effectiveness and value for money. This review concluded that: "G*overnance arrangements at Great Places are effective. Our observations of both the Board and Audit and Assurance Committee indicated high performing members, who are well engaged, contribute effectively and provide added value to the organisation".*

Audit work undertaken in 2016/17

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

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

The collaborative assessment was an IT Risk Diagnostic report assessing progress against 35 indicators. This report had also been completed in the previous year and the report showed progress in 25 out of 35 areas. Internal audit follow up has also been conducted on four occasions during the year. Out of 53 recommendations due, 47 were shown as fully implemented representing an 89% implementation rate.

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

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

Internal controls assurance conclusion

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

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

- That there are suitable internal controls for maintaining adequate accounting records, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities;
- That no weaknesses have been identified which would have resulted in material misstatement or loss and which would have required disclosure in these financial statements; and
- That there is sufficient evidence to confirm that adequate systems of internal control have existed and have operated throughout the year and that those systems have been aligned to the management of significant risks facing the organisation.

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

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

The Board also confirms that it is satisfied that there are ongoing processes in place to identify, evaluate, control and manage any significant risks faced by the organisation. These processes have

STRATEGIC REPORT AND REPORT OF THE BOARD

been in place during the year under review, up to the date of the annual report and accounts and they are regularly reviewed by the Board.

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

Going concern
After making enquiries, the Board has a reasonable expectation that the Group 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 Group's latest business plan (approved April 2017) which demonstrates that the Group has funding facilities in place that will last for over three years and that it is fully able to service its debt facilities whilst continuing to comply with all its funders' covenants. Therefore the Board continues to adopt the going concern basis in the financial statements.

Annual general meeting
The annual general meeting will be held on 7 September 2017 at Southern Gate, Manchester.

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

Statement of compliance
In preparing the Strategic Report and the Report of the Board, the Board has followed the principles set out in the SORP 2014.

STRATEGIC REPORT AND REPORT OF THE BOARD

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 group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the group and 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 group and 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 group and 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 27 July 2017 and signed on its behalf by:

Phil Elvy

Company Secretary

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

We have audited the financial statements of Great Places Housing Group Limited for the year ended 31 March 2017 which comprise the consolidated and association statement of comprehensive income, the consolidated and association balance sheet, the consolidated and association statement of changes in reserves, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the board and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Association's affairs as at 31 March 2017 and of the Group's and parent Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

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

BDO LLP

BDO LLP
Statutory Auditor
Manchester
United Kingdom

Date: 01/08/2017

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

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2017 £'000	2016 £'000
Turnover			
(excluding amortisation of government grants, First tranche sales and outright sales)		**84,851**	84,055
Amortisation of government grants	23	**5,346**	5,274
First tranche sales and outright sales	4	**19,221**	14,590
Total turnover	4	**109,418**	103,919
Operating costs	4	**(61,905)**	(64,203)
Cost of sales	4	**(16,269)**	(11,245)
Surplus on sale of fixed assets – housing properties	5	**2,765**	5,287
Surplus on sale of fixed assets – investment properties	5	**27**	-
Operating surplus	6	**34,036**	33,758
Share of operating profit of joint venture	16	**4**	-
Interest receivable	7	**261**	265
Interest payable and financing costs	8	**(21,460)**	(21,779)
SHPS pension re-measurement	27	**(276)**	65
Income from fixed asset investment	16	**169**	-
Interest from fixed asset investment	16	**47**	-
Movement in fair value of financial instruments	8	**167**	(75)
Movement in fair value of investment properties	13	**24**	380
Surplus on ordinary activities before taxation		**12,972**	12,614
Tax on surplus on ordinary activities	10	**(308)**	(222)
Surplus for the financial year		**12,664**	12,392
Actuarial (losses)/gains on defined benefit pension schemes	35c	**(560)**	221
Movement in fair value of hedged financial instruments	8	**(2,938)**	(2,921)
Other comprehensive income		**(3,498)**	(2,700)
Total comprehensive income for the year		**9,166**	9,692

All amounts relate to continuing activities.

The accompanying notes on pages 49 to 98 form part of these financial statements.

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

Board member
A. Davison

Board member
J. Fitzgerald

Secretary
P. Elvy

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2017

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Note	2017 £'000	2016 £'000
Turnover	4	**16,194**	16,126
Operating costs	4	**(15,687)**	(16,137)
Operating surplus/(deficit)	6	**507**	(11)
Interest receivable and other income	7	**18,139**	18,141
Interest payable and financing costs	8	**(18,196)**	(18,187)
SHPS pension re-measurement	27	**(65)**	16
Income from fixed asset investment	16	**82**	-
Interest from fixed asset investment	16	**47**	-
Surplus/(deficit) on ordinary activities before taxation		**514**	(41)
Tax on surplus on ordinary activities	10	**(169)**	(9)
Surplus/(deficit) and total comprehensive income for the financial year		**345**	(50)

All amounts relate to continuing activities.

The accompanying notes on pages 49 to 98 form part of these financial statements.

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

Board member
A. Davison

Board member
J. Fitzgerald

Secretary
P. Elvy

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2017

CONSOLIDATED BALANCE SHEET

	Note	2017 £'000	2016 £'000
Tangible fixed assets			
Housing properties	12	**1,174,730**	1,139,447
Less: depreciation	12	**(147,337)**	(134,608)
Investment properties	13	**15,500**	13,905
Other tangible fixed assets	14	**10,020**	6,353
		1,052,913	1,025,097
Fixed asset investments			
Homebuy loans	15	**8,134**	8,796
Investments	16	**999**	999
Investment in associate	16	**15**	43
Investment in joint venture	16	**10**	101
Total fixed asset investments		**9,158**	9,939
Total fixed assets		**1,062,071**	1,035,036
Current assets			
Stock and work in progress	17	**10,046**	15,094
Debtors	18	**8,883**	9,376
Investments	19	**30,416**	29,424
Cash and cash equivalents		**55,429**	31,014
		104,774	84,908
Creditors: Amounts falling due within one year	20	**(58,936)**	(56,544)
Net current assets		**45,838**	28,364
Total assets less current liabilities		**1,107,909**	1,063,400
Creditors:			
Deferred capital grant due after more than one year	21	**(467,550)**	(473,686)
Other creditors falling due after more than one year	21	**(590,558)**	(549,684)
Pension liability	35c	**(1,182)**	(577)
Net assets		**48,619**	39,453
Capital and reserves			
Share capital (non-equity)	28	**-**	-
Cash flow hedge reserve		**(49,703)**	(46,765)
Designated reserve		**161**	153
Revaluation reserve		**2,023**	1,999
Income and expenditure reserve		**96,138**	84,066
Consolidated funds		**48,619**	39,453

The accompanying notes on pages 49 to 98 form part of these financial statements.

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

A C Davison   J Fitzgerald   P Elvy

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

ASSOCIATION BALANCE SHEET

	Note	2017 £'000	2016 £'000
Tangible fixed assets			
Other tangible fixed assets	14	**1,133**	1,219
Fixed asset investments			
Investments	16	**421**	421
Investment in associate	16	**63**	63
Total fixed asset investments		**484**	484
Total fixed assets		**1,617**	1,703
Debtors: Amounts falling due after one year	18	**484,368**	429,054
Current assets			
Debtors	18	**15,358**	22,844
Investments	19	**26,564**	26,720
Cash and cash equivalents		**108**	276
		42,030	49,840
Creditors: Amounts falling due within one year	20	**(42,768)**	(39,698)
Net current (liabilities)/assets		**(738)**	10,142
Total assets less current liabilities		**485,247**	440,899
Creditors:			
Amounts falling due after more than one year	21	**(486,618)**	(442,615)
Net liabilities		**(1,371)**	(1,716)
Capital and reserves			
Share capital (non-equity)	28	**-**	-
Cash flow hedge reserve		**-**	-
Income and expenditure reserve		**(1,371)**	(1,716)
Association's deficit		**(1,371)**	(1,716)

The accompanying notes on pages 49 to 98 form part of these financial statements.

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

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

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2017

CONSOLIDATED STATEMENT OF CHANGE IN RESERVES

	Cash flow hedge reserve	Revaluation reserve	Designated Reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2016	**(46,765)**	**1,999**	**153**	**84,066**	**39,453**
Surplus for the year	**-**	**-**	**-**	**12,664**	**12,664**
Actuarial losses on defined benefit pension scheme	-	-	-	(560)	(560)
Movement in fair value of hedged financial instruments	(2,938)	-	-	-	(2,938)
Other comprehensive income for the year	**(2,938)**	**-**	**-**	**(560)**	**(3,498)**
Reserves Transfers:					
Transfer to revaluation reserve from income and expenditure reserve (note 13)	-	24	-	(24)	-
Transfer of expenditure to income and expenditure reserve from designated reserve	-	-	8	(8)	-
Balance at 31 March 2017	**(49,703)**	**2,023**	**161**	**96,138**	**48,619**

	Cash flow hedge reserve	Revaluation reserve	Designated Reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2015	**(43,844)**	**1,861**	**175**	**71,569**	**29,761**
Surplus for the year	**-**	**-**	**-**	**12,392**	**12,392**
Actuarial gains on defined benefit pension scheme	-	-	-	221	221
Movement in fair value of hedged financial instruments	(2,921)	-	-	-	(2,921)
Other comprehensive income for the year	**(2,921)**	**-**	**-**	**221**	**(2,700)**
Reserves Transfers:					
Transfer to revaluation reserve from income and expenditure reserve (note 13)	-	138	-	(138)	-
Transfer of expenditure from income and expenditure reserve to designated reserve	-	-	(22)	22	-
Balance at 31 March 2016	**(46,765)**	**1,999**	**153**	**84,066**	**39,453**

ASSOCIATION STATEMENT OF CHANGE IN RESERVES

	Income and expenditure reserve	Total
	£'000	£'000
Balance at 1 April 2016	**(1,716)**	**(1,716)**
Surplus for the year and total comprehensive income	**345**	**345**
Balance at 31 March 2017	**(1,371)**	**(1,371)**

	Income and expenditure reserve	Total
	£'000	£'000
Balance at 1 April 2015	**(1,666)**	**(1,666)**
Deficit for the year and total comprehensive income	**(50)**	**(50)**
Balance at 31 March 2016	**(1,716)**	**(1,716)**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2017	2016
	£'000	£'000
Cash flows from operating activities		
Surplus for the financial year	**12,664**	12,392
Depreciation of fixed assets - housing properties	**14,708**	13,870
Impairment – housing properties	**1,190**	222
Impairment – work in progress	**160**	-
Depreciation of fixed assets - other	**1,421**	736
Amortised grant	**(5,346)**	(5,274)
Share of surplus in joint venture	**(4)**	-
Net fair value (gains) recognised in profit or loss	**(191)**	(305)
Interest payable and finance costs	**21,460**	21,779
Interest received	**(261)**	(265)
Taxation expense	**308**	222
Difference between net LGPS pension expense & cash contribution	**45**	64
Surplus on the sale of fixed assets - housing properties	**(2,765)**	(5,287)
Proceeds from sale of fixed assets – housing properties	**9,665**	14,337
(Increase) in trade and other debtors	**(229)**	(1,068)
Decrease/(Increase) in stocks	**4,888**	(7,578)
Increase/(Decrease) in trade and other creditors	**11,016**	(2,759)
Difference between net SHPS/PTGP pension expense and cash contribution	**(799)**	2,403
Cash from operations	**67,930**	43,489
Corporation tax paid	**(278)**	(27)
Net cash generated from operating activities	**67,652**	43,462

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	2017 £'000	2016 £'000
Cash flows from investing activities		
Purchase and construction of fixed asset housing properties	**(60,250)**	(58,187)
Social housing grant received	**4,454**	8,539
Homebuy loans repaid	**637**	828
Fixed asset investments – net cash received	**216**	47
Sale of other fixed assets	**124**	-
Purchase of other fixed assets	**(5,137)**	(551)
Purchase and construction of investment properties	**(915)**	(462)
Purchase of current asset investments	**(27,050)**	(28,633)
Sale of current asset investments	**26,058**	33,479
Interest received	**261**	265
Net cash used in investing activities	**(61,602)**	(44,675)
Cash flows from financing activities		
Interest paid	**(23,279)**	(22,285)
Loan issue costs and other fees incurred	**(162)**	(752)
Bank loans received	**55,905**	62,500
Bank loans repaid	**(14,099)**	(33,540)
Net cash from financing	**18,365**	5,923
Increase in cash	**24,415**	4,710
Cash at beginning of year	**31,014**	26,304
Cash at end of year	**55,429**	31,014

NOTES TO THE FINANCIAL STATEMENTS

1 Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a social housing provider.

2 Accounting policies

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

Basis of accounting

The financial statements of the Group and Association have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Great Places Housing Group included the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, "Accounting by registered social housing providers" 2014, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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

In preparing the separate financial statements of the parent Association, advantage has been taken of the disclosure exemptions available in FRS 102 insofar as no cash flow statement has been presented for the parent Association.

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

Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March using acquisition accounting.

Value Added Tax (VAT)

The Group is VAT registered. However, excluding Terra Nova, 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.

Reserves

The Group designates those reserves which have been set aside for uses which, in the judgement of the Directors, prevent them from being regarded as part of the free reserves of the Association as designated reserves. The Group 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 Group.

2 Accounting policies (continued)

Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, which can only be withdrawn without penalty on maturity, or by giving notice of more than one working day.

Service charges

The Group 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 Group'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 based on anticipated construction cost, the effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, we 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 Executive Directors' 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.
- Whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

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

Other key sources of estimation uncertainty

Tangible fixed assets (see notes 12 to 16)

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

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

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

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

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

Financial instruments – borrowings – Negative compensation and funding indemnity clauses

The Group's loan facilities have been assessed as basic financial instruments. The Group'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 Group) would benefit from a compensation premium.

The Group does not consider that the clause allowing the Group 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 Group considers that this particular loan clause is specifically compliant with section 11.9b and 11.9c of FRS 102 and that the substance of this loan arrangement was that it was always intended to be a simple fixed rate loan arrangement.

NOTES TO THE FINANCIAL STATEMENTS

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 Group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- First tranche sales of Low Cost Home Ownership housing properties and other 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 and sales of properties built for sale are recognised at the point of the legal completion of the sale.

Grants

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

Leased assets

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The assets leased by the Group 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 charge to the income statement on a straight-line basis over the term of the lease.

Property managed by agents

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

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 Group, these are included as income in the income statement and expenditure to the extent that they are passed to the agent.

NOTES TO THE FINANCIAL STATEMENTS

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

GROUP	Turnover	Cost of sales	Operating costs	Operating surplus
		2017		
	£'000	£'000	£'000	£'000
Social housing lettings	**84,328**	**-**	**(56,167)**	**28,161**
Other social housing activities				
Supporting people	2,307	-	(3,259)	(952)
Properties owned but managed by other organisations	1,348	-	(762)	586
First tranche shared ownership sales	13,168	(11,884)	-	1,284
Marketing income	543	-	(285)	258
Other	666	-	(419)	247
	18,032	**(11,884)**	**(4,725)**	**1,423**
Non-social housing activities				
Market and commercial rented	1,005	-	(794)	211
Developments for sale	6,053	(4,385)	(219)	1,449
	7,058	**(4,385)**	**(1,013)**	**1,660**
	109,418	**(16,269)**	**(61,905)**	**31,244**
Profit on disposal of fixed assets (note 5)				2,792
				34,036

GROUP	Turnover	Cost of sales	Operating costs	Operating surplus
		2016		
	£'000	£'000	£'000	£'000
Social housing lettings	**82,946**	**-**	**(54,851)**	**28,095**
Other social housing activities				
Supporting people	2,640	-	(4,121)	(1,481)
Properties owned but managed by other organisations	1,299	-	(683)	616
First tranche shared ownership sales	8,496	(7,323)	-	1,173
SHPS pension deficit (note 27)	-	-	(3,264)	(3,264)
Marketing income	493	-	(118)	375
Other	970	-	(393)	577
	13,898	**(7,323)**	**(8,579)**	**(2,004)**
Non-social housing activities				
Market and commercial rented	981	-	(773)	208
Developments for sale	6,094	(3,922)	-	2,172
	7,075	**(3,922)**	**(773)**	**2,380**
	103,919	**(11,245)**	**(64,203)**	**28,471**
Profit on disposal of fixed assets (note 5)				5,287
				33,758

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

ASSOCIATION	2017			
	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000
Management and development services	16,194	-	(15,687)	507
	16,194	**-**	**(15,687)**	**507**

ASSOCIATION	2016			
	Turnover	Cost of sales	Operating costs	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000
Management and development services	16,126	-	(15,514)	612
SHPS Pension deficit (note 27)	-	-	(623)	(623)
	16,126	**-**	**(16,137)**	**(11)**

NOTES TO THE FINANCIAL STATEMENTS

4. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)
Particulars of income and expenditure from social housing lettings

	2017					2016
GROUP	**General needs housing**	**Supported housing and housing for older people**	**Key worker housing**	**Low cost home ownership**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Rent receivable net of identifiable service charges	59,059	7,762	949	4,021	71,791	70,614
Service charge income	2,276	3,314	-	220	5,810	5,757
Charges for support services	-	341	-	-	341	346
Net rental income	**61,335**	**11,417**	**949**	**4,241**	**77,942**	**76,717**
Amortisation of government grants	4,194	759	1	363	5,317	5,246
Other income	340	667	62	-	1,069	983
Turnover from social housing lettings	**65,869**	**12,843**	**1,012**	**4,604**	**84,328**	**82,946**
Management	16,386	458	494	712	18,050	16,043
Services	2,613	2,946	333	248	6,140	5,943
Routine maintenance	8,668	1,239	108	192	10,207	10,373
Planned maintenance	86	261	-	-	347	419
Major repairs expenditure	3,574	552	8	20	4,154	6,407
Bad debts	320	10	(7)	18	341	410
Property lease charges	208	28	-	-	236	327
Depreciation of housing properties:						
-annual charge	12,098	1,638	64	831	14,631	13,793
-accelerated on disposal of components	767	76	-	-	843	892
Impairment of housing properties	400	790	-	-	1,190	222
Other costs	27	1	-	-	28	22
Operating expenditure on social housing lettings	45,147	7,999	1,000	2,021	56,167	54,851
Operating surplus on social housing lettings	**20,722**	**4,844**	**12**	**2,583**	**28,161**	**28,095**
Void losses	337	420	143	18	918	879

5 Surplus on sale of fixed assets – housing properties

GROUP

	Investment properties 2017	Shared ownership 2017	Other housing properties 2017	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds (net of costs)	120	3,221	5,606	8,947	15,492
Carrying value of fixed assets	(93)	(1,593)	(1,956)	(3,642)	(4,889)
	27	1,628	3,650	5,305	10,603
Capital grant recycled (note 24)	-	(821)	(1,610)	(2,431)	(4,847)
Disposal proceeds fund (note 25)	-	-	(82)	(82)	(469)
	27	807	1,958	2,792	5,287

The Association has no sales of housing properties.

6 Operating surplus/(deficit)

The operating surplus/(deficit) is arrived at after charging:

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Depreciation of housing properties	14,708	13,870	-	-
Accelerated depreciation on component disposal	843	892	-	-
Impairment of housing properties	1,190	222	-	-
Impairment of work in progress	160	-	-	-
Depreciation of other tangible fixed assets	1,421	736	546	685
Amounts paid under operating leases:				
-Land and buildings	231	241	-	-
-Vehicles	466	486	466	486
-Photocopiers and printers	20	15	20	15
Auditors' remuneration (excluding VAT)				
-for the audit of the financial statements	53	51	12	12
-for other audit related services	6	2	6	-
-for other services relating to taxation	28	18	10	6

NOTES TO THE FINANCIAL STATEMENTS

7 Interest receivable and other income

Policy

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

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Interest receivable and similar income	261	265	-	2
Loan interest recharged to Group companies	-	-	18,139	18,139
	261	265	18,139	18,141

8 Interest 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 Group 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.

Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk. To mitigate against this risk the Group 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 Group has designated each of the swaps, with the exception of the Credit Suisse swap, against existing drawn floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk are recognised in the income statement.

8 Interest and financing costs (continued)

Leased assets

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

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Finance leases	185	178	-	-
Loans and bank overdrafts	22,000	21,918	18,139	18,139
Unwinding of pension discount cost (note 27)	206	148	57	48
Other finance costs including non utilisation fees, commitment fees and arrangement fees amortised or written off	948	933	-	-
	23,339	23,177	18,196	18,187
Interest payable capitalised on housing properties under construction	(1,879)	(1,398)	-	-
	21,460	21,779	18,196	18,187

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Other financing costs (note 22c)				
(Gain)/loss on fair value of non-hedged derivative instruments	(167)	75	2,771	2,996
Gain on fair value of non-hedged derivative instruments	-	-	(2,771)	(2,996)
Other financing costs through other comprehensive income				
Loss on fair value of hedged derivative instruments	2,938	2,921	-	-
	24,231	**24,775**	**18,196**	**18,187**

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

It is the Association which is the legal party to the swap agreements, but subsidiary Great Places Housing Association (GPHA) has indemnified the Association against any obligations in relation to the swaps. Therefore the ultimate cost is borne by GPHA and the Association shows an equal gain and loss in relation to its fair value asset due from GPHA (note 18) and the fair value liability to the swap counterparties (notes 20 and 21).

The swap fair values have been obtained from the valuations provided by the swap counterparties at each reporting date and compared with valuations obtained from the Group's treasury advisors for assurance.

NOTES TO THE FINANCIAL STATEMENTS

9 Gift Aid

A gift aid payment of £280K (2016: £500K) was made by Plumlife Homes Limited to Great Places Housing Association on 31 March 2017.

Two further gift aid payments were declared to Great Places Housing Association by the Boards of Terra Nova Developments Limited and Cube Great Places Limited of £45K (2016: £110K) on 21 March 2017 and of £454K (2016: £958K) on 16 March 2017 respectively. It is therefore deemed for the purposes of s338 of the Income & Corporation Taxes Act 1988 to be a charge on income in the respective accounting period.

These transactions are eliminated on consolidation.

10 Tax on surplus on ordinary activities

Policies

Taxation

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense is recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

10 Tax on surplus on ordinary activities (continued)

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax charge for year	240	207	103	-
Adjustments in respect of prior years	55	(6)	53	(12)
	295	201	156	(12)
Deferred tax				
Net origination and reversal of timing differences	13	16	13	16
Adjustments in respect of prior years	-	5	-	-
Effect of tax rate change on opening balance	-	-	-	5
	-	21	13	21
	308	222	169	9

	Group 2017	Group 2016	Association 2017	Association 2016
Tax reconciliations				
Surplus on ordinary activities before tax	12,972	12,614	514	(41)
Less: exempt due to charitable status of subsidiary association	(11,973)	(11,589)	-	-
	999	1,025	514	(41)
Whereon corporation tax at the standard rate of 20% (2016: 20%)	200	205	103	(8)
Effects of:				
Expenses not deductible for tax purposes (primarily property depreciation and development expenditure)	55	8	-	8
Income not taxable for tax purposes – fixed assets	(13)	(9)		-
Chargeable gains	-	1		-
Adjustments to tax charge in respect of previous periods – current tax	55	(6)	53	(12)
Adjustments to tax charge in respect of previous periods – deferred tax	-	4		-
Marginal relief	(2)	(2)		-
Deferred tax charge for the year	13	21	13	21
Total tax charge	308	222	169	9

NOTES TO THE FINANCIAL STATEMENTS

10 Tax on surplus on ordinary activities (continued)

Deferred tax	**Group**		**Association**	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
At the beginning of the year	96	117	96	117
Charge for year	(13)	(21)	(13)	(21)
At the end of the year– asset (note 18)	83	96	83	96
Comprising				
Accelerated capital allowance	83	81	83	81
Short term timing difference	-	15	-	15
	83	96	83	96

11. Directors and members

The directors of the Association are the members of the Board including the chief executive and those officers who are directors and who report directly to the Board or to the chief executive.

Executive Directors	**Group**		**Association**	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Emoluments of the Association's executive directors (including pension contributions)	633	818	633	818
of which: Amount paid to third parties	98	126	98	126

The number of executive directors who received emoluments (including pension contributions, contractual termination payments, performance bonus and pay in lieu of notice) in the following ranges was:

	Group		**Association**	
	2017	**2016**	**2017**	**2016**
	No.	**No.**	**No.**	**No.**
£90,001 to £100,000	1	-	1	-
£100,001 to £110,000	-	1	-	1
£110,001 to £120,000	2	-	2	-
£120,001 to £130,000	-	2	-	2
£130,001 to £140,000	1	-	1	-
£140,001 to £150,000	-	2	-	2
£160,001 to £170,000	1	1	1	1

NOTES TO THE FINANCIAL STATEMENTS

11. Directors and members (continued)

The amounts shown above are in relation to the Group's executive directors who were paid solely in respect of the performance of their duties.

Emoluments of the highest paid executive, excluding pension contributions.

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Wages and salaries	158	155	158	155
Total	158	155	158	155

The Chief Executive received emoluments totalling £158K (2016: £155K). The Chief Executive is an ordinary member of the Social Housing Pension Scheme. The scheme is a final salary scheme funded by contributions from the employer and employee. A contribution of £7K (2016: £14K) was paid by the employer in addition to those made by the Chief Executive himself.

On 1 April 2010, the Social Housing Pension Scheme (SHPS) started to collect contributions in respect of historic pension deficits through a lump sum payment levied on the employer, rather than a percentage that could be directly attributed to individual SHPS members. As such the historic deficit pension contributions relating to the Executive Directors cannot be ascertained and are not included in the figures above.

Other Staff

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

	Group		Association	
	2017	2016	2017	2016
	No.	No.	No.	No.
£60,001 to £70,000	6	4	4	4
£70,001 to £80,000	3	4	2	2
£90,001 to £100,000	-	1	-	1

11. Directors and members (continued)

Non Executive Directors

The fees and expenses paid by the Association during the year, to the non-executive Directors, its subsidiary Boards and its Committees, are shown below.

Boards and Committees

Name	Date served (if not for whole period)	GPHG	GPHA	PLUMLIFE	CUBE	A&AC	R&AC	2017 £'000	2016 £'000
Celia Cashman		✓	✓	✓		✓		6	6
Tony Davison		✓	✓	✓			✓	14	14
Jan Fitzgerald		✓	✓	✓			✓	6	6
Jerry Green		✓	✓	✓		✓		7	7
Brendan Nevin		✓	✓	✓				6	6
Jenny Rayner		✓	✓	✓			✓	8	8
David Robinson		✓	✓	✓	✓		✓	6	6
Richard Sear	To 24.04.17	✓	✓	✓		✓		6	6
Will Taylor					✓			7	2
								66	**61**

KEY **A&AC** is the Audit and Assurance Committee, **R&AC** is the Remuneration and Appraisal Committee.

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.

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership units for a share ranging between 35% and 75% of value. The buyer has the right to purchase further proportions and up to 100% based on the market value 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 depreciation and 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.

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

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

Leased assets

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

12 Tangible fixed assets – housing properties (continued)

Impairment

The housing property portfolio for the Group 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 Group 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 Group 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 Group. The fair values 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

GROUP	Social housing properties held for letting	Other social housing properties held for letting	Housing properties for letting under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total housing properties
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2016	969,401	1,087	52,960	102,068	13,931	1,139,447
Additions	656	-	28,112	341	8,710	37,819
Components capitalised	10,257	-	-	2	-	10,259
Interest capitalised	-	-	812	-	926	1,738
Schemes completed	41,382	-	(41,382)	9,399	(9,399)	-
Disposals	(9,055)	-	(190)	(2,824)	-	(12,069)
Component disposals	(2,464)	-	-	-	-	(2,464)
Reclassification	(310)	-	190	120	-	-
At 31 March 2017	1,009,867	1,087	40,502	109,106	14,168	1,174,730
Depreciation and impairment						
At 1 April 2016	126,263	143	150	8,052	-	134,608
Charged in year	13,850	8	-	850	-	14,708
Component disposal	(1,622)	-	-	-	-	(1,622)
Released on disposal	(1,129)	-	(150)	(268)	-	(1,547)
Impairment charge	1,190	-	-	-	-	1,190
At 31 March 2017	138,552	151	-	8,634	-	147,337
Net book value						
At 31 March 2017	**871,315**	**936**	**40,502**	**100,472**	**14,168**	**1,027,393**
At 31 March 2016	**843,138**	**944**	**52,810**	**94,016**	**13,931**	**1,004,839**

12 Tangible fixed assets – housing properties (continued)

GROUP

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

Social housing grant	**2017**	**2016**
	£'000	**£'000**
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	527,076	527,752
Revenue grant	68,772	60,584
	595,848	**588,336**

Housing properties book value, net of depreciation impairment	**2017**	**2016**
	£'000	**£'000**
Freehold land and buildings	748,337	739,745
Long leasehold land and buildings	279,056	265,094
	1,027,393	**1,004,839**

Impairment

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

ASSOCIATION

The Association has no housing property assets.

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.

NOTES TO THE FINANCIAL STATEMENTS

13 Tangible fixed assets – investment properties (continued)

GROUP	Investment Properties Competed	Investment Properties Under Construction	Investment Properties Total 2017	Investment Properties Total 2016
	£'000	£'000	£'000	£'000
Completed investment properties				
At the beginning on the year (completed at valuation)	13,085	820	13,905	12,705
Additions	-	1,661	1,661	820
Transfers on completion	1,801	(1,801)	-	-
Disposals	(90)	-	(90)	-
Revaluation	24	-	24	380
At the end of the year	**14,820**	**680**	**15,500**	**13,905**

The investment properties were valued at 31 March 2017 by Thomson Associates, on the basis of Market Value, as defined in the Valuation Standards of the Royal Institution of Chartered Surveyors. The surplus on revaluation of investment properties is £24k. This has been credited to the revaluation reserve as it represents an increase to original property values rather than a reversal of a previous negative revaluation.

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

Historical cost of completed investment properties	**2017**	**2016**
	£'000	**£'000**
Gross cost	16,101	14,561
Accumulated depreciation based on historical cost	(5,144)	(5,066)
Historical cost net book value	**10,957**	**9,495**

14 Tangible fixed assets – other

Policy

Other tangible fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS

14 Tangible fixed assets – other (continued)

Policy (continued)

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

GROUP	Freehold offices £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2016	6,102	2,483	47	8,632
Additions	4,628	509	-	5,137
Disposals	-	(1,093)	(18)	(1,111)
At 31 March 2017	**10,730**	**1,899**	**29**	**12,658**
Depreciation and Impairment				
At 1 April 2016	968	1,282	29	2,279
Charged in year	875	538	8	1,421
Released on disposal	-	(1,049)	(13)	(1,062)
At 31 March 2017	**1,843**	**771**	**24**	**2,638**
Net book value				
At 31 March 2017	**8,887**	**1,128**	**5**	**10,020**
At 31 March 2016	**5,134**	**1,201**	**18**	**6,353**

ASSOCIATION	Computers £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2016	2,483	47	2,530
Additions	509	-	509
Disposals	(1,093)	(18)	(1,111)
At 31 March 2017	**1,899**	**29**	**1,928**
Depreciation			
At 1 April 2016	1,282	29	1,311
Charge for the year	538	8	546
Released on disposal	(1,049)	(13)	(1,062)
At 31 March 2017	**771**	**24**	**795**
Net book value			
At 31 March 2017	**1,128**	**5**	**1,133**
At 31 March 2016	**1,201**	**18**	**1,219**

NOTES TO THE FINANCIAL STATEMENTS

15 Investments – Homebuy loans

Policy

Homebuy loans

Homebuy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest and any impairment loss is recognised in the income statement to the extent that it cannot be offset against the Homebuy grant. Grant relating to Homebuy equity is recognised as deferred income until the loan is redeemed and the grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent that the proceeds permit. The Group 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.

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

16 Fixed asset investment

Policies

Associates and joint ventures

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Other fixed asset Investments

All other investments are accounted for at cost less any accumulated impairment.

16 Fixed asset investment (continued)

Fixed asset investments GROUP	**Joint venture Inspiral Developments Oldham LLP**	**Joint venture Reviva Urban Renewal**	**Joint ventures total**	**Associated undertaking Keepmoat Great Places**	**Other investments**
	£'000s	**£'000s**	**£'000**	**£'000s**	**£'000s**
Cost					
At 1st April 2016	47	10	57	63	999
Additions	-	-	-	-	-
Disposal	(47)	-	(47)	-	-
At 31st March 2017	-	10	10	63	999
Share of retained profits					
At 1st April 2016	44	-	44	(20)	-
Adjustment	(44)	-	(44)	-	-
Loss for the year	-	-	-	(28)	-
At 31st March 2017	-	-	-	(48)	-
Net Book Value					
At 31st March 2017	**-**	**10**	**10**	**15**	**999**
At 31st March 2016	**91**	**10**	**101**	**43**	**999**

The Group has the following interests in Joint ventures:

	2017	**2016**
	£'000s	**£'000s**
Share of current assets	10	149
Share of liabilities – due within one year	-	(48)
Share of net assets	**10**	**101**

Other investments comprise: Shared equity loans £548K (2016: £548K); Help to Buy Investment £30K (2016: £30K); Investment in Inspiral Oldham Holding Company Limited £421K (2016: £421K).

Inspiral Oldham Holding Company Limited ("Inspiral") is a company in which the Group has a 5% interest. The other party to the venture is John Laing Investments Limited. Inspiral fully owns Inspiral Oldham Limited which is the Special Purpose Vehicle that operates the Gateways to Oldham PFI project.

Keepmoat Great Places Limited ("KGP") is a company in which the Group has a 10% interest and exercises significant influence over the board of KGP having 2 out of the 5 board members of KGP. The other party to the venture is Keepmoat Limited. KGP in turn has a 50% share of Sheffield Housing Company Limited.

Reviva Urban Renewal Limited ("Reviva") is a company in which the Group has a one third interest, through its subsidiary GPHA. The other parties to the joint venture are Mosscare Housing Limited and Irwell Valley Housing Association. The company did not trade in the current year.

NOTES TO THE FINANCIAL STATEMENTS

16 Fixed asset investment (continued)

Inspiral Developments Oldham LLP (IDO) is a company which the Group through Cube Great Places Limited (Cube) had a 50% interest. The other party to the venture was Pinnacle Regeneration Limited. IDO is in the process of being wound up and a final dividend was paid to Cube of £87K.

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of Business
Joint Ventures			
Reviva Urban Renewal Limited	England	33.33%	Regeneration
Inspiral Developments Oldham LLP	England	50.00%	Construction of housing properties for sale
Associated Undertakings			
Keepmoat Great Places Limited	England	10.00%	Construction of housing properties for sale and rent

Income from investments	**2017 £'000**	**2016 £'000**
Share of operating profit of Inspiral Developments Oldham LLP	4	-
Dividend income:		
Inspiral Developments Oldham LLP	87	-
Inspiral Oldham Holding Company Limited	82	-
	169	-
Interest received from Inspiral Oldham Holding Company Limited	47	-

ASSOCIATION	**Associated undertaking Keepmoat Great Places £'000s**	**Other Investments £'000s**
Cost		
At 1st April 2016	63	421
Additions	-	-
Repayments in the year	-	-
At 31st March 2017	**63**	**421**

Income from investments	**2017 £'000**	**2016 £'000**
Dividend income from Inspiral Developments Oldham LLP	87	-
Interest received from Inspiral Oldham Holding Company Limited	47	-

NOTES TO THE FINANCIAL STATEMENTS

17 Stock and work in progress

Policy

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

Materials 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.

17 Stock and work in progress (continued)

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Shared ownership properties:				
- completed	1,381	2,854	-	-
- under construction	4,813	7,268	-	-
Other properties for sale:				
- under construction	-	104	-	-
Work in progress	3,417	4,561	-	-
Materials stock	435	307	-	-
	10,046	**15,094**	**-**	**-**

The figures above include £371K (2016: £752K) of capitalised interest.

18 Debtors

Policy

Social Housing Grant (SHG)

SHG due from the Home and Communities Agency is included as a current asset.

Debtors

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

18 Debtors (continued)

Recoverable amount of rental and other trade receivables

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

Rent and service charge agreements

The Group 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.

	Group		Association	
	2017	2016	2017	2016
Due within one year	£'000	£'000	£'000	£'000
Rent and service charges receivable	3,751	4,148	-	-
Provision for bad and doubtful debts	(2,032)	(2,276)	-	-
	1,719	1,872	-	-
Due from subsidiary undertakings	-	-	10,105	17,965
Trade debtors	616	404	64	17
Social housing grant receivable	858	729	-	-
Others debtors	4,724	5,414	94	58
Interest rate swap (note 8 / 22c)	-	-	4,826	4,550
Deferred tax (note 10)	83	96	83	96
Prepayments and accrued income	883	861	186	158
	8,883	**9,376**	**15,358**	**22,844**
Due after more than one year				
Due from subsidiary undertakings	-	-	438,589	385,771
Interest rate swap (note 8 / 22c)	-	-	45,779	43,283
	-	-	484,368	429,054
Total debtors	**8,883**	**9,376**	**499,726**	**451,898**

The Association's debt due after more than one year represents amounts due from subsidiary undertakings of £484M (2016: £429M). This is the on-lent Group loan facility which is included as debt (notes 20 and 21) and interest rate swap balance (note 22c).

19 Current asset investments

Policy

Investments

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

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Other investments	30,416	29,424	26,564	26,720

These are monies held by counterparties as collateral for loans or interest rate swaps and are held separately to cash at bank.

20 Creditors: amounts falling due within one year

Policy

Creditors

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

Social housing grant (SHG)

SHG received in advance from the Homes and Communities Agency is included as a current liability.

Holiday pay accrual

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

Leaseholder sinking funds

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

NOTES TO THE FINANCIAL STATEMENTS

20 Creditors: amounts falling due within one year

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Debt, net of arrangement fees (note 22a)	4,743	3,135	3,087	37
Obligations under finance leases (note 22b)	74	73	-	-
Trade creditors	2,340	2,265	409	417
Rent and service charges received in advance	2,300	1,948	-	-
SHG received in advance	895	225	-	-
Deferred capital grant (note 23)	5,558	5,325	-	-
Amounts owed to group undertakings	-	-	26,564	26,720
Recycled capital grant fund (note 24)	2,863	-	-	-
Disposal proceeds fund (note 25)	470	-	-	-
Corporation tax	227	210	126	-
Other taxation and social security	460	420	233	208
SHPS pension deficit (note 27)	1,331	1,281	433	415
Interest rate swap (note 22c)	4,826	4,550	4,826	4,550
Leaseholder sinking funds	9,120	8,518	-	-
Other creditors	12,478	13,883	6,025	6,085
Accruals and deferred income	11,251	14,711	1,065	1,266
	58,936	**56,544**	**42,768**	**39,698**

Included within cash balances is £9,120K (2016: £8,518K) 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

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Debt, net of arrangement fees (note 22a)	529,994	489,523	438,589	396,771
Obligations under finance leases (note 22b)	3,125	3,199	-	-
Deferred capital grant (note 23)	467,550	473,686	-	-
Recycled capital grant fund (note 24)	3,084	3,866	-	-
Disposal proceeds fund (note 25)	82	470	-	-
SHPS pension deficit (note 27)	8,465	9,314	2,250	2,561
Interest rate swap (note 22c)	45,779	43,283	45,779	43,283
Other creditors	29	29	-	-
	1,058,108	**1,023,370**	**486,618**	**442,615**
Creditors: amounts falling due after more than one year excluding deferred capital grant	590,558	549,684	486,618	442,615

22 Debt analysis

Policies

Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk. To mitigate against this risk the Group 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 Group has designated each of the swaps other than the one held with Credit Suisse against existing drawn floating rate debt. To the extent that 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.

Discounts and premium on financial assets

Any discount or premium realised on the issue of a bond or similar financial asset is capitalised and offset or added to the bond principal, and is then amortised to the income statement on a straight line basis over the term of the asset.

	Group		Association	
	2017	2016	2017	2016
a) Loans are repayable as follows:	£'000	£'000	£'000	£'000
In one year or less or on demand	4,743	3,135	3,087	37
In more than one year, but not more than two years	9,853	2,585	8,148	934
In more than two years, but not more than five years	30,091	34,301	24,572	28,992
In more than five years	496,834	459,727	405,869	366,845
	541,521	499,748	441,676	396,808
Less: Loan arrangement fees	(6,784)	(7,090)	-	-
	534,737	492,658	441,676	396,808

	Group		Association	
Bond issue premium and discount	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
November 2012 bond issue proceeds	150,000	150,000	150,000	150,000
Discount on November 2012 issue	(1,327)	(1,353)	(1,327)	(1,353)
December 2013 bond issue proceeds	31,780	31,780	31,780	31,780
Premium on December 2013 issue	832	848	832	848
October 2014 bond issue proceeds	18,220	18,220	18,220	18,220
Premium on October 2014 issue	2,171	2,217	2,171	2,217
	201,676	201,712	201,676	201,712

22 Debt analysis (continued)

In December 2007, Great Places Housing Group completed a refinancing exercise. As a result, several housing loans held by its subsidiary undertakings were repaid and refinanced through new Group facilities. These facilities are loans to GPHG and then on-lent to its subsidiary GPHA under a guarantee structure. As such these loans are presented in GPHA as an intercompany loan.

Loans are repayable at varying rates of interest in instalments. Housing loans are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest. Further details are given in note 36.

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

On 22nd October 2012, Great Places issued a bond for £200m. £150m was on lent to GPHA and £50m was retained. The bond was issued at a fixed rate of 4.81% for a term of 30 years. The bond was issued on the Professional Securities Market of the London Stock Exchange.

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 £50m retained bond. The release resulted in the issue of £18.22m of bonds at a spread of 1.02% over the gilt yield to provide a fixed rate funding at an all in cost of 4.002%.

b) Obligations under finance leases:

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
In one year or less or on demand	74	73	-	-
In more than one year, but not more than two years	76	74	-	-
In more than two years, but not more than five years	266	236	-	-
In more than five years	2,783	2,889	-	-
	3,199	**3,272**	**-**	**-**

c) Interest rate swaps

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
In one year or less or on demand	4,826	4,550	4,826	4,550
In more than one year, but not more than two years	4,826	4,550	4,826	4,550
In more than two years, but not more than five years	13,455	13,038	13,455	13,038
In more than five years	27,498	25,695	27,498	25,695
	50,605	**47,833**	**50,605**	**47,833**

22 Debt analysis (continued)

It is the Association which is the legal party to the swap agreements but subsidiary Great Places Housing Association (GPHA) has indemnified the Association against any obligations in relation to the swaps and therefore the ultimate cost is borne by GPHA. The Association shows an equal gain and loss in relation to its fair value asset due from GPHA (note 18) and the fair value liability to the swap counterparties (notes 20 and 21). The fair value movements in the year are set out in note 8. Details of the swap arrangements the Association has entered into are set out below:

In December 2007, GPHG entered into a number of swaps, the details of which are:

- Santander for a period of 25 years to 18 December 2032, the loan principal subject to the swap at 31 March 2017 is £10 million at a rate of 4.965%;

- Royal Bank of Scotland plc for a period of 30 years to 19 December 2037 the loan principal subject to the swap at 31 March 2017 is £20 million at a rate of 4.92%;

- Lloyds Banking Group for a period of 25 years to 20 December 2032, the loan principal subject to the swap at 31 March 2017 is £15 million at a rate of 4.945%;

- Barclays Bank plc for a period of 40 years to 1 October 2047, the loan principal subject to the swap at 31 March 2017 is £26 million at a rate of 4.82%.

In April 2009, GPHG entered into the following swap:

- Lloyds Banking Group for a period of 20 years to April 2029, the value of the swap at 31 March 2017 is £16 million at a rate of 4.56%.

In October 2009, GPHG entered into a number of swaps, the details of which are:

- Royal Bank of Scotland plc for a period of 15 years to November 2024, the loan principal subject to the swap at 31 March 2017 is £11 million at a rate of 4.28%;

- Barclays Bank plc for a period of 20 years to October 2029, the loan principal subject to the swap at 31 March 2017 is £5 million at a rate of 4.28%;

- Barclays Bank plc for a period of 25 years to October 2034, the loan principal subject to the swap at 31 March 2017 is £10 million at a rate of 4.22%;

- Barclays Bank plc for a period of 22 years to October 2031, the loan principal subject to the swap at 31 March 2017 is £10 million at a rate of 4.26%;

- Santander for a period of 26 years to October 2035, the loan principal subject to the swap at 31 March 2017 is £5 million at a rate of 4.195%;

- Santander for a period of 17 years to October 2026, the loan principal subject to the swap at 31 March 2017 is £5 million at a rate of 4.27%.

In October 2011, GPHG entered into the following swap:

- Credit Suisse International for a period of 8 years to October 2019, the loan principal subject to the swap at 31 March 2017 is £20m at a rate of 2.2975%.

22 Debt analysis (continued)

d) Debenture stocks:

Included in the loan balances above are the following balances:

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
THFC (Indexed 2) Ltd. -				
5.5% Index- linked stock, 2024				
Balance as at 31 March	447	483	-	-
THFC Ltd -				
11.5% Debenture stock, 2016				
Balance as at 31 March	-	1,500	-	-
8.625% Debenture stock, 2023				
Balance as at 31 March	750	750	-	-

The Debenture loans noted below are repayable by single payments as follows:

Lender	Stock	Repayment date
THFC Ltd	8.625% Debenture, 2023	13 October 2023
THFC Ltd	5.5% Index linked, 2024	7 December 2024

23 Deferred capital grant

Policy

Government grants

Government grants include grants receivable from the Homes and Communities Agency (the HCA), local authorities, and other government organisations. Grant in relation to newly acquired or existing housing properties is accounted for using the 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.

Grant relating to Homebuy loans 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.

23 Deferred capital grant (continued)

GROUP	Social housing grant 2017 £'000	Homebuy grant 2017 £'000	Total 2017 £'000	Total 2016 £'000
At the beginning of the year	470,215	8,796	479,011	480,406
Grants received in the year	7,512	-	7,512	10,494
Grants recycled in the year	(2,513)	(637)	(3,150)	(4,847)
Grants disposed in the year	(4,733)	(25)	(4,758)	(1,734)
Grant reinstated from other registered providers	25	-	25	-
Disposal of component grant	(5)	-	(5)	-
Grants amortised in the year:				
- social housing lettings	(5,317)	-	(5,317)	(5,245)
- other housing lettings	(29)	-	(29)	(29)
Reclassification	(181)	-	(181)	(9)
Transferred to properties for sale	-	-	-	(25)
At the end of the year	**464,974**	**8,134**	**473,108**	**479,011**

ASSOCIATION

The Association has no deferred capital grant.

24 Recycled capital grant fund

Policy

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

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At the beginning of the year	3,866	3,137	-	-
Grants recycled			-	-
- housing properties	2,431	4,019		
- homebuy	637	828		
Interest accrued	17	21	-	-
Development of properties	(1,004)	(4,139)	-	-
At the end of the year	**5,947**	**3,866**	**-**	**-**

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24 Recycled capital grant fund

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Of which:				
Due within one year	2,863	-	-	-
Due greater than one year	3,084	3,866	-	-
	5,947	**3,866**	**-**	**-**

25 Disposal proceeds fund

Policy

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

25 Disposal proceeds fund (continued)

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

26 Financial instruments

Policy

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

Non-basic financial instruments are recognised at fair value 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).

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets measured at historical cost:				
- Homebuy loans	8,134	8,796	-	-
- Trade receivables	616	404	64	17
- Other receivables	8,267	8,972	449,057	404,048
- Current asset investments	30,416	29,424	26,564	26,720
- Cash and cash equivalents	55,429	31,014	108	276
Intergroup derivative financial instrument measured at fair value through income and expenditure:	-	-	50,605	47,833
Total financial assets	**102,862**	**78,610**	**526,398**	**478,894**

	Group		Association	
	2017	**2016**	**2017**	**2016**
Financial liabilities	**£'000**	**£'000**	**£'000**	**£'000**
Financial liabilities measured at historical cost:				
- Loans payable	534,737	492,658	441,676	396,808
- Trade creditors	2,340	2,265	409	417
- Other creditors	53,055	54,875	36,696	37,255
- Finance leases	3,199	3,272	-	-
- Deferred capital grant	473,108	479,011	-	-
Derivative financial instruments designated as hedges of variable interest rate risk	49,704	46,765	-	-
Derivative financial instruments measured at fair value through income and expenditure	901	1,068	50,605	47,833
Total financial liabilities	**1,117,044**	**1,079,914**	**529,386**	**482,313**

26 Financial instruments (continued)

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

The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102 and had a fair value of £49,704k (2016: £46,765k) at the balance sheet date. The cash flows arising from the interest rate swaps will continue until their maturity in the periods 20th November 2024 to 19th December 2037, coincidental with the repayment of the term loans. The change in fair value in the period was £2,938k (2016: £2,921k) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

The swap with Credit Suisse is not effectively hedged and is therefore measured at fair value through the income statement in line with FRS 102, the change in fair value in the period for this swap was an increase of £167k (2016: decrease of £75k).

In the Association financial statements, a subsidiary, Great Places Housing Association, has indemnified the Association against any obligations in relation to the swaps, an equal and opposite unhedged asset and liability is shown in the balance sheet and the gains and losses in the income statement offset each other.

27 Pension deficit

Policy

The Group has recognised a liability for the SHPS 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.

	Group		Association	
Pension deficit contribution provision	**2017**	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
At the beginning of the year	10,595	8,192	2,976	2,663
Charged to income and expense:				
- Re-measurement - amendments to the contribution schedule	-	3,264	-	623
- Re-measurement - changes in assumptions	276	(65)	65	(16)
Unwinding of discount (interest expense - note 8)	206	148	57	48
Contribution paid	(1,281)	(944)	(415)	(342)
At the end of the year	**9,796**	**10,595**	**2,683**	**2,976**

27 Pension deficit (continued)

Of which:				
Payable within one year	1,331	1,281	433	415
Payable after more than one year	8,465	9,314	2,250	2,561
	9,796	**10,595**	**2,683**	**2,976**

The discount rate used in calculating the SHPS pension deficit contribution liability changed from 2.06% at 31 March 2016 to 1.33% at 31 March 2017, this led to the re-measurement of the liability above. Further details of the SHPS and PTGP schemes and contribution agreements are given in notes 35a and 35b.

28 Non-equity share capital

	2017	2016
	£	£
Shares of £1 each issued and fully paid		
At the beginning of the year	8	8
Shares issued during the year	-	-
Shares surrendered during the year	-	-
At the end of the year	**8**	**8**

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 Group 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

	Group		Association	
a) Capital expenditure commitments were as follows:	**2017 £'000**	**2016 £'000**	**2017 £'000**	**2016 £'000**
Expenditure contracted but not provided for in the accounts	40,377	55,696	-	-
Expenditure authorised by the Board, but not contracted	133,971	50,689	-	-
	174,348	**106,385**	**-**	**-**

Capital commitments for the Association will be funded as follows:

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Existing loan facilities	63,605	40,877	-	-
First tranche and outright sales	38,353	19,553	-	-
Grants	23,667	9,170	-	-
Existing reserves	48,723	36,785	-	-
	174,348	**106,385**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

29 Financial commitments (continued)

b) Operating leases:

The Group and the Association had minimum lease payments under non-cancellable operating leases as set out below:

	Group		Association	
	2017	**2016**	**2017**	**2016**
Other:	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	490	82	490	82
Two to five years	1,526	179	1,526	179
	2,016	**261**	**2,016**	**261**

30 Group structure

Great Places Housing Group Limited (the "Association") is the parent entity and controlling party of a Group with the following subsidiaries:

Plumlife Homes Limited
Great Places Housing Association ('GPHA')
Cube Great Places Limited (a direct subsidiary of GPHA)
Terra Nova Developments Limited (a direct subsidiary of GPHA)

GPHA is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered charitable social landlord.

Plumlife Homes Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered non-charitable social landlord.

The undernoted subsidiaries are registered under the Companies Act 2006, are registered in England and are limited by shares:

Terra Nova Developments Limited	Percentage held or controlled - 100%
Cube Great Places Limited	Percentage held or controlled - 100%

Of the subsidiaries, Great Places Housing Association, Cube Great Places Limited, Plumlife Homes Limited and Terra Nova Developments Limited traded during the year.

The Group has an interest in several Joint Venture companies and one Associate as detailed in note 16.

31 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 Group has acquired a number of properties from other register providers which had social housing grant (SHG) attached. In line with the SORP these transactions were recorded at fair value and the SHG is not shown on the balance sheet of the Group. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2017, the value of grant received in respect of these properties that had not been disposed of was £13,120k (2016: £13,178k).

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 GPHA. The guarantee structure also covers the interest rate swaps entered into by GPHG.

As disclosed in note 18, £439M (2016: £386M) of the Group’s loans are on lent to GPHA under this structure.

32 Related party transactions

The Group has taken advantage of the exemption available under FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

Joint venture and associated companies

During the year Cube Great Places Limited received a final dividend of £48K from its joint venture Inspiral Oldham Holding Company Limited.

The following receivable balances relating to Joint Ventures and associated companies were included in the consolidated balance sheet:

	2017	**2016**
	£’000	**£’000**
Loans	63	63
Trading balances	-	(125)
	63	**(62)**

Transactions with related entities

The Association provides management services, other services and loans to its subsidiaries.

The Association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below:

32 Related party transactions (continued)

Payable to association from subsidiaries	Management charges		Other charges		Interest charges	
	2017 £'000s	2016 £'000s	2017 £'000s	2016 £'000s	2017 £'000s	2016 £'000s
Non-regulated entities						
Cube Great Places Limited	29	31	-	-	141	304
Terra Nova Developments Limited	30	30	-	-	-	-
Regulated entities						
Great Places Housing Association	9,144	9,200	1,139	1,094	18,139	18,139
Plumlife Homes Limited	288	310	490	420	-	-
	9,491	**9,571**	**1,629**	**1,514**	**18,280**	**18,443**

Intra Group management fees

Intra-group management fees are receivable by the Association from subsidiaries to cover the running costs the Association incurs on behalf of managing its subsidiaries and providing services. The Management fee is calculated on a service by service basis using varying methods of allocation. The costs are allocated as follows:

Service provided	Basis of allocation
Human resources, payroll, training	Staff numbers
Information and Communication technology	ICT users
Management accounting	Weighted average units and staff numbers
Treasury services	Net debt
Purchase ledger , procurement	Operating Costs
Communications and marketing	Weighted average units and staff numbers
Executive	Weighted average units and staff numbers

Other intra-group charges

Other intra-group charges are payable to the Association from subsidiaries and relate to staff recharges.

In March 2017 Terra Nova declared a gift aid payment to GPHA of £45K (2016: £110K). In March 2017 Cube Great Places Limited declared a gift aid payment of GPHA of £454K (2016: £958K).

Intra-group interest charges

Intra-group interest is charged by the association to its subsidiaries at an agreed commercial rate. At present the only such arrangement is in respect of a loan facility to a maximum of £25M provided by GPHA to Cube Great Places Limited approved by the Board of GPHA, Cube and GPHG in December 2013. The loan is advanced in instalments to meet approved expenditure on development for sale and market rent projects. Loan repayments are made as soon as sales receipts are received.

	Opening Balance £'000s	Movement £000's	Closing Balance £'000s
GPHA loan to Cube Great Places Limited	3,868	1,577	5,445

NOTES TO THE FINANCIAL STATEMENTS

32 Related party transactions (continued)

Transactions with non-regulated entities

During the year GPHG had intra-group transactions with its third tier subsidiary Terra Nova Developments Limited (Terra Nova), a non-regulated entity, of £49K (2016: £11K) relating to housing property design and build services.

During the year GPHA had intra-group transactions with its subsidiary Terra Nova of £14,195K (2016: £22,377K) relating to housing property design and build services.

During the year Plumlife Homes Limited had intra-group transactions with Terra Nova of £67K (2016: £113K) relating to marketing services.

Joint Ventures and associated companies

Cube Great Places Limited has paid £nil (2016: £nil) to its joint venture Inspiral Developments Oldham LLP, a non-regulated entity, during the year and received back £48K (2016: nil).

GPHG has an investment of £421K (2016: £421K) in Inspiral Oldham Holding Company Limited, a non-regulated entity and it has an investment in its Associate Keepmoat Great Places Limited of £63K (2016: £63K).

33 Accommodation in management and development

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

	Group		Association	
	2017	2016	2017	2016
	No	No	No	No
General housing				
- social housing	9,905	10,122	-	-
- affordable housing	3,418	2,853	-	-
- non-social housing	116	101		
Supported housing	1,274	1,285	-	-
Key worker housing	241	245	-	-
Low cost home ownership	2,374	2,054	-	-
Total owned	**17,328**	**16,660**	-	-
Accommodation managed for others				
- social housing	841	642	-	-
- non-social housing	739	1,107	-	-
Total managed	**18,908**	**18,409**	-	-
Accommodation in development at year end	341	743	-	-

34 Accommodation managed by others

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

	Group		Association	
	2017	2016	2017	2016
	No	No	No	No
Housing accommodation	56	56	-	-

35 Employees

Policy

The Group 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), the second administered by the Greater 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.

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

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 costs are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

The Group also participates in one defined contribution schemes operated the Social Housing Pension Scheme. Contributions payable under these schemes are charged to the income statement in the period to which they relate.

Employee numbers

Average monthly number of employees expressed as full time equivalents:

	Group		Association	
	2017	**2016**	**2017**	**2016**
	No	**No**	**No**	**No**
Administration	120	116	110	106
Development	43	43	43	43
Housing, support and care	320	332	-	-
Maintenance	143	123	135	123
	626	**614**	**288**	**272**

Employee costs:

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	16,895	16,789	8,654	8,014
Social security costs	1,592	1,388	847	704
Other pension costs	994	1,193	494	544
SHPS deficit contributions	(799)	(861)	(293)	(310)
SHPS re-measurement	-	3,264	-	623
	18,682	**21,773**	**9,702**	**9,575**

35 Employees (continued)

a) Social Housing Pension Scheme

The Group 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 Group 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 Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

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

Deficit contributions

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

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 and 3 deficit contributions.

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

a) Social Housing Pension Scheme

Reconciliation of opening and closing provisions

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Provision at the beginning of the year	10,502	8,122	2,976	2,663
Unwinding of the discount factor (interest expense)	204	147	57	48
Deficit contribution paid	(1,271)	(935)	(415)	(342)
Re-measurement - impact of any change in assumptions	273	(64)	65	(16)
Re-measurement - amendments to the contribution schedule	-	3,232	-	623
Provision at the end of the year	**9,708**	**10,502**	**2,683**	**2,976**

Income and expenditure impact	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Interest expense	204	147	57	48
Re-measurement – impact of any change in assumptions	273	(64)	65	(16)
Re-measurement – amendments to the contribution schedule	-	3,232	-	623

Assumptions	Group and Association	
	2017	**2016**
	% per annum	**% per annum**
Rate of discount	1.33	2.06

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

Deficit contribution schedule

The Group 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 Group's balance sheet liability.

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

a) Social Housing Pension Scheme

	Group		Association	
Year ending	**2017**	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Year 1	1,321	1,271	433	415
Year 2	1,372	1,321	451	433
Year 3	1,426	1,372	471	451
Year 4	1,236	1,426	377	471
Year 5	1,031	1,236	276	377
Year 6	1,068	1,031	287	276
Year 7	908	1,068	207	287
Year 8	734	908	120	207
Year 9	757	734	124	120
Year 10	390	757	64	124
Year 11	-	390	-	64

b) Pension Trust's Growth Plan

The Group 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 Group 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 Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2013 to 31 March 2012:	£13.9m per annum (payable monthly and increasing by 3% each year on 1st April)

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

b) Pension's Trust Growth Plan

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 shortfall, the Trustee has asked the participating employers to pay additional contributions 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)

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

Reconciliation of opening and closing provisions	**Group**	
	2017	**2016**
	£'000	**£'000**
Provision at the beginning of the year	93	70
Unwinding of discount factor (interest expense)	2	1
Deficit contribution paid	(10)	(8)
Re-measurement - impact of any change in assumptions	3	(2)
Re-measurement - amendments to the contribution schedule	-	32
Provision at the end of the year	**88**	**93**

Income and expenditure impact	**Group**	
	2017	**2016**
	£'000	**£'000**
Interest expense	2	1
Re-measurement – impact of any change in assumptions	3	(2)
Re-measurement – amendments to the contribution schedule	-	32

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

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

b) Pension Trust's Growth Plan

Deficit contribution schedule

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

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

The Group 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 Group's balance sheet liability.

c) Local Government Pension Schemes (Group)

The Group participates in two Local Government Pension Schemes (LGPS), one administered by South Yorkshire Pensions Authority (SYPA) and one by Greater Manchester Pension Fund (GMPF). They are both defined benefit multi-employer benefit schemes administered under the Regulations governing the Local Government Pension Scheme. At 31 March 2017 there were 17 active members of the Schemes employed by the Group.

The Group's contribution to the LGPS for the year ended 31 March 2017 was £61K (2016: £59K) and the employer's contribution rate is 12.4% (2016: 12.4%) for SYPA and 18.8% (2016: 18.2%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £57K.

In accordance with accounting standards, the Group has grouped the disclosures of the two local government pension schemes in line with FRS 102. In addition, the full requirements of FRS 102 have been adopted.

A full actuarial valuation was carried out at 31 March 2016 and supplementary figures were provided for 31 March 2017 by a qualified independent actuary.

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

c) Local Government Pension Schemes (Group)

Financial Assumptions:

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

	As at 31/03/17	As at 31/03/16
Rate of increase in salaries	3.2% - 3.45%	3.5% - 3.85%
Discount rate for scheme liabilities	2.6%	3.5% - 3.7%
Rate of increase in pensions	2.2% - 2.4%	2.1% - 2.2%
Inflation (CPI)	2.2%	2.1%

Mortality Assumptions:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

c) Local Government Pension Schemes (Group)

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

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

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

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

The expected return on assets represents the long-term future expected investment return to be earned on the assets during the year calculated at the start of the accounting year.

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

c) Local Government Pension Schemes (Group)

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

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

36 Financial liabilities

The Group's policy on Treasury management, capital structures, cash flow and liquidity is set out at pages 23 to 26 of the Strategic Report and Report of the Board.

Financial liabilities – interest rate risk profile

The Group's financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Group's financial liabilities (loans and finance lease) at 31 March was:

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Floating rate	73,781	30,000	77,000	32,095
Fixed rate	470,849	473,020	364,676	364,713
Total (notes 22a and 22b)	**544,720**	**503,020**	**441,676**	**396,808**

The Group's fixed rate financial liabilities have a weighted average interest rate of 4.42% (2016: 4.45%) and the weighted average period for which it is fixed is 21.2 years (2016: 23.6 years).

The floating rate financial liabilities comprise bank loans that bear interest at rates based on 1-month, 3-month or 6-month LIBOR. The debt maturity profile is shown in note 22.

The Group has undrawn, committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Expiring in one year or less	-	10,000	-	10,000
Expiring in more than one year but not more than two years	110,000	-	110,000	-
Expiring in more than two years	-	154,905	-	154,905
	110,000	**164,905**	**110,000**	**164,905**